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## **CRH MEDICAL CORPORATION**

Suite 578 - 999 Canada Place, World Trade Center  
Vancouver, British Columbia, Canada V6C 3E1

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### **2017 SHARE UNIT PLAN**

**1,424,646 Common Shares**

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This prospectus relates to up to 1,424,646 common shares of CRH Medical Corporation, issuable pursuant to share units (“Share Units”) granted to U.S. participants in the 2017 Share Unit Plan, which we refer to in this prospectus as the “Plan.” This prospectus does not cover any resales of common shares issued pursuant to the Plan, and you are not authorized to make any use of this prospectus in connection with any resale of common shares. See “Restrictions on Resale.”

**This document constitutes part of a prospectus covering securities that have been registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”). These securities have not been approved or disapproved by the Securities and Exchange Commission (the “Commission”) nor has the Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is June 26, 2017.**

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### Schedule A: 2017 Share Unit Plan

Unless context otherwise requires, any references in this prospectus to “Corporation,” “CRH,” “we,” “our,” and “us” refer to CRH Medical Corporation.

**CRH MEDICAL CORPORATION  
2017 SHARE UNIT PLAN**

**SUMMARY**

*You should read the following summary together with the more detailed information regarding the Plan in Schedule A, which forms a part of this prospectus.*

**Introduction**

CRH is a corporation organized under the *Business Corporations Act* (British Columbia) having its principal executive office at the address shown on the cover of this prospectus. This prospectus covers up to 2,259,000 of our common shares that may be issued pursuant to Share Units under the Plan.

**General Information**

The Plan was approved by our board of directors (the “Board”) on May 5, 2017 and by our shareholders on June 8, 2017. A copy of the Plan is attached as Schedule A to this prospectus and is an important part of this prospectus. If there are differences between this summary and the provisions of the Plan, the provisions of the Plan and the terms of your Grant Agreement (as defined below) will govern.

The Plan serves as a successor to our Share Unit Plan approved by shareholders on June 19, 2014 (the “Prior Plan”). No further grants will be made under the Prior Plan. Notwithstanding this Plan’s effectiveness, all grants made under the Prior Plan will continue to be governed solely by the terms and conditions of the applicable Grant Agreement and the Prior Plan.

All Share Unit grants under this Plan will be subject to the Clawback Policy approved by the Board on May 5, 2017, and to any other policy that we adopt relating to the “clawback” of the value of Share Units issued under this Plan.

The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, and is not qualified under Section 401(a) of the United States Internal Revenue Code of 1986, as amended (the “Code”).

**Eligibility**

Parties eligible to receive Share Units include directors, eligible consultants and full-time or part-time employees of the Corporation or any of its subsidiaries designated for inclusion under the Plan (“Designated Subsidiaries”). Such parties are referred to as “Participants.”

## **Purpose of the Plan**

The Plan has been established by the Corporation to assist in the recruitment and retention of highly qualified directors, employees and consultants by providing a means to reward superior performance, to motivate Participants under the Plan to achieve important corporate and personal objectives and, through the issuance of Share Units in the Corporation to Participants under the Plan, to better align the interests of Participants with the long-term interests of shareholders.

## **Administration of the Plan**

The Plan will be administered by the Corporation's Compensation Committee (the "Committee"), or by any other committee or person designated by the Board.

The Committee has full and complete authority to interpret the Plan, prescribe rules and regulations hereunder and make such other determinations as it deems necessary or desirable. All actions taken and decisions made by the Committee are final, conclusive and binding on all parties concerned, including, but not limited to, the Participants and their beneficiaries and legal representatives, the Corporation and each Designated Subsidiary. All expenses of administration of the Plan shall be borne by the Corporation.

The Corporation shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At its discretion, the Corporation will send the Participant statements setting forth the details of his or her Share Units, including the grant date and the numbers of vested and unvested Share Units held by each Participant. These statements will be deemed to be accepted as correct by the Participant unless written notice to the contrary is given to the Corporation within 30 days after such statement is given to the Participant.

The Plan's administration is subject to all applicable provisions of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, as well as the applicable rules of any stock exchange upon which our common shares are listed (together, "Applicable Law").

The Corporation may, at its discretion, appoint one or more persons or companies to provide services in connection with the Plan including without limitation, administrative and record-keeping services.

## **Shares Subject to the Plan**

The aggregate number of common shares that may be reserved for issuance at the time Share Units are granted cannot exceed:

- (a) 5% of the number of our issued and outstanding common shares at the time of the grant, when combined with the common shares reserved for issuance under the Prior Plan; and
- (b) 10% of our issued and outstanding common shares at the time of the grant, when combined with securities issuable under any other security-based compensation arrangement of the Corporation.

The aggregate number of common shares that may be issued to Insiders (as defined in the Plan), either upon the payout of outstanding Share Units under this Plan or the Prior Plan or under any other security-based compensation arrangement of the Corporation, cannot exceed:

- (a) at any time, 10% of our issued and outstanding common shares; and
- (b) within a one-year period, 10% of our issued and outstanding common shares.

The number of Share Units granted to a non-employee director under this Plan, together with all other equity securities granted to such director under any other security-based compensation arrangement of the Corporation, cannot exceed an equity award value of \$150,000 annually, provided that the total value of stock options issued to such director cannot exceed \$100,000 annually (based on fair values determined by our board of directors on the applicable grant date).

You will not have any rights of a shareholder until the common shares are issued to you.

## **Grant of Share Units**

The Corporation may grant Share Units to any Participant in such number and at such times as the Corporation may determine. Such Share Units can be granted as a bonus or similar payment in respect of the Participant's services or otherwise as compensation, including as an incentive for future performance. In granting Share Units to a Participant, the Corporation will designate in an agreement between the Corporation and the Participant (the "Grant Agreement") the:

- (a) number of Share Units granted;

- (b) applicable time-based vesting conditions;
- (c) applicable performance-based vesting conditions;
- (d) payout date of the Share Units;
- (e) expiry date of the Share Units; and
- (f) other terms and conditions required under the Plan or consistent with the Plan, as deemed appropriate by the Corporation.

The Corporation may, after the date a Share Unit is granted, waive any such conditions, provided that the waiver does not accelerate the payout date specified in the Grant Agreement.

Neither designation as a Participant nor the grant of any Share Units to any Participant entitles any Participant to the grant or additional grant of any Share Units.

### **Vesting of Share Units**

A Share Unit will vest when all conditions set forth in the Plan and the applicable Grant Agreement have either been satisfied or waived in accordance with the “Grant of Share Units” section above. The conditions included in a Grant Agreement may relate to all or any portion of the Share Units granted under the Grant Agreement and may be graduated such that different percentages of the Share Units granted will vest upon the satisfaction of one or more such conditions.

### **Payouts Under Share Units**

On the payout date specified in a Participant's Grant Agreement, the Corporation must issue or provide a payout for all vested Share Units held by the Participant to which the payout date applies. Payouts take the form of common shares of the Corporation issued from treasury in an amount equal to the number of vested Share Units to which the payout date applies, subject to any applicable deductions or withholdings.

No fractional common shares will be issued and any fractional entitlements will be rounded down to the nearest whole number. The Participant will not have any rights with regard to any fractional entitlement disregarded as a result.

Common shares issued from treasury will be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the common shares had been issued for money.

The Corporation and any Designated Subsidiary may withhold from any amount payable to a Participant, either under the Plan or otherwise, amounts necessary to ensure that the Corporation or Designated Subsidiary will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to tax withholding or

other required deductions, including on the amount, if any, includable in the income of a Participant. The Corporation and its Designated Subsidiaries will also have the right to satisfy any such withholding tax liability by retaining, acquiring or selling on behalf of a Participant any common shares which would otherwise be issued to a Participant under his/her Grant Agreement.

### **Change of Control**

Notwithstanding the conditions as to vesting of Share Units contained in any Grant Agreement and except as otherwise provided in the “Section 409A” section below, if at any time within one year from the date of a Change of Control (as defined in the Plan):

- (a) the Participant’s relationship with the Corporation is terminated by the Corporation without cause; or
- (b) the Participant resigns after any of the following events, each without the written consent of the Participant:
  - (i) a material change in the Participant’s position or duties, responsibilities, title or office in effect immediately prior to a Change of Control, which includes any removal of the Participant from or any failure to re-elect or re-appoint the Participant to any such position or office;
  - (ii) a cumulative reduction in the Participant’s overall annual compensation for services provided to the Corporation of 5% or more in a 12-month period;
  - (iii) any change to the terms or conditions of the Participant’s employment that would constitute “constructive dismissal” under common law, which the Corporation fails to remedy within 30 days of receiving written notice by the Participant of such change; or
  - (iv) the Corporation relocates the Participant to any place other than the location at which the Participant reported for work on a regular basis immediately prior to a Change of Control or a place within 15 kilometers of that location,

all outstanding Share Units held by the Participant will vest and the payout date for such Share Units will be accelerated to the Participant's Termination Date or date of resignation, as applicable; provided, however, that:

- (a) if any such Share Units are subject to performance-based vesting conditions, the vesting of such Share Units will accelerate only to the extent that such conditions have been satisfied; and

- (b) if a performance-based vesting condition is, in the discretion of the Corporation's board of directors, capable of being partially performed, the vesting of any such Share Units will accelerate on a pro rata basis to reflect the degree to which the condition has been satisfied.

### **Termination and Forfeiture of Share Units**

Share Units which have not vested by the date a Participant ceases, for any reason, to be a Participant (the "Termination Date") will be terminated and forfeited by the Participant. If, however, a Participant ceases to be an employee as a result of termination without cause, the Corporation may, at its discretion, permit all or a portion of the Participant's Share Units to continue to vest in accordance with their terms during any statutory or common law severance period, any period of reasonable notice required by law or as otherwise determined by the Corporation.

The transfer of an employee from the Corporation to a Designated Subsidiary, from a Designated Subsidiary to the Corporation or from a Designated Subsidiary to another Designated Subsidiary shall not be considered a termination of employment for the purposes of the Plan, nor shall it be considered a termination of employment if a Participant is placed on such other leave of absence which is considered by the Corporation as continuing intact the employment relationship.

Where a Participant ceases to be a Participant as a result of any of the circumstances described under "Change of Control" above, the vesting of any outstanding Share Units will be governed by the provisions of that section.

Except:

- (a) as otherwise provided in the "Assignability and Transferability" section below;
- (b) to the extent that a Participant's vested Share Units are subject to U.S. federal income tax; and
- (c) to the extent that Section 409A of the Code and the Treasury Regulations promulgated thereunder as in effect from time to time ("Section 409A") applies to a Participant's vested Share Units, as provided in "Section 409A" below,

if a Participant's Termination Date occurs before the payout date for any vested Share Units, the payout date for such Share Units will, notwithstanding any terms in the applicable Grant Agreement, be accelerated to the Termination Date. The Corporation will, as soon as practicable after the Termination Date, issue the common shares underlying the vested Share Units to the Participant (or designated beneficiary, as described in the "Assignability and Transferability" section below).



## **Expiry of Share Units**

The expiry date for each Share Unit will be determined by the Corporation and cannot be later than two years after the Participant's Termination Date. Employees will cease their employment on the date that notice of termination is provided to the employee. Eligible consultants will cease to be eligible consultants on the date the written contract between the eligible consultant and the Corporation or any Designated Subsidiary is terminated or expires and the eligible consultant no longer provides services thereunder. Any outstanding Share Unit, if not previously redeemed or terminated and forfeited in accordance with the Plan, will terminate on the expiry date for the Share Unit.

## **Assignability and Transferability**

The interest of any Participant under the Plan or in any Share Unit is not transferable or assignable other than by operation of law, or upon death pursuant to will or the laws of descent and distribution or, at the Corporation's sole discretion, to a personal holding company or family trust. A Participant may designate a beneficiary to receive benefits payable under the Plan upon the Participant's death and may change this designation. Any such designations and changes will be subject to the Applicable Law and must be in the form, and filed with the Corporation by the method, determined by the Corporation. If no formal designation of a beneficiary is made, any benefits that are payable under the Plan upon the death of a Participant will be received by the Participant's legal representative.

## **Effects of Changes in our Share Capital**

If the number of our outstanding common shares changes as a result of a subdivision, consolidation or distribution of our common shares, each Participant's outstanding Share Units will be adjusted to equal the number of common shares which would be held by the Participant immediately after the subdivision, consolidation or distribution had the Participant held common shares on that date equal to the number of outstanding Share Units held by the Participant on the record date fixed for such subdivision, consolidation or distribution.

In the event of any other change, other than as specified above, in the number or kind of outstanding common shares or of any shares or other securities into which such common shares were changed or exchanged, each common share referred to in the Plan, or each share into which such common share was changed or exchanged, will be substituted by the kind of securities into which each outstanding common share will be changed or exchanged. An adjustment will be made, if required, in the number of Share Units then held by a Participant, with the amount of such adjustment reasonably determined by the Committee.

For all substitutions, changes or adjustments described above, it is generally required that the aggregate Market Value (as defined in the Plan) of the Share Units held by a Participant prior to such substitution, change or adjustment be changed to equal the Market Value of the Share Units after the substitution, change or adjustment.

## **Amendment, Suspension or Termination of the Plan**

Shareholder approval will be required in accordance with the requirements of the TSX for the following amendments:

- (a) an increase in the maximum number of common shares that may be:
  - (i) reserved for issuance at the time Share Units are granted (described in the “Shares Subject to the Plan” section above); or
  - (ii) issued to Insiders (described in the “Shares Subject to the Plan” section above),other than increases pursuant to the “Effects of Changes in our Share Capital” section above;
- (b) an extension of the expiry date for Share Units granted to Insiders;
- (c) other types of compensation through a common share issuance;
- (d) an expansion of the rights of a Participant to assign Share Units (other than as described in the “Assignability and Transferability” section above);
- (e) the addition of additional categories of Participants (other than as contemplated in the “Effects of Changes in our Share Capital” section above);
- (f) an amendment to the number of Share Units that can be granted to non-employee directors (described in the “Shares Subject to the Plan” section above); or
- (g) an amendment to any of the provisions of this section.

The Corporation may, without notice, at any time and without shareholder approval, amend the Plan or any provisions thereof in such manner as the Corporation, in its sole discretion, determines appropriate, including, without limitation:

- (a) to make formal minor or technical modifications to any of the provisions of the Plan;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to change the vesting provisions of Share Units;

- (d) to change the termination provisions of Share Units or the Plan, where such change does not extend the expiry date of the applicable Share Units;
- (e) to make the amendments contemplated by subsection (e) of the “Section 409A” section below; or
- (f) to make any amendments necessary or advisable because of any change in any Applicable Law,

provided, however, that no amendment of the Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights accrued to such Participants with respect to Share Units granted prior to the date of the amendment.

If the Corporation terminates the Plan, Share Units previously granted will, at the discretion of the Corporation, either (a) be settled immediately in accordance with the terms of the Plan in effect at such time, or (b) remain outstanding and in effect and settled in due course in accordance with the applicable terms and conditions, in either case without shareholder approval.

#### **Section 409A**

It is intended that the provisions of the Plan comply with Section 409A and all provisions of the Plan will be construed and interpreted consistently with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything in the Plan to the contrary, the Corporation may provide in a Grant Agreement for Share Units granted to Participants whose benefits under the Plan are or may become subject to Section 409A, such terms and conditions as may be required for compliance with Section 409A.

In addition, the following will apply to the extent that a Participant’s Share Units are subject to Section 409A:

- (a) Except as permitted under Section 409A, any Share Units, or payment with respect to Share Units, may not be reduced by, or offset against, any amount owing by the Participant to the Corporation or any Designated Subsidiary;
- (b) If a Participant otherwise would become entitled to payment in respect of any Share Units as a result of ceasing to be a Participant on a Termination Date, any payment will be made at that time only if the Participant has experienced a “separation from service” (as defined in Section 409A);
- (c) If a Participant is a “specified employee” (as defined in Section 409A) at the time he or she otherwise would be entitled to payment as a result of separation from service, any payment that otherwise would be payable during the six-month period following the separation from service will be delayed and will be paid on the first day of the seventh month following

the date of such separation from service or, if earlier, the Participant's date of death;

- (d) If Share Units would otherwise become payable upon a Change of Control (as defined in the Plan), the payment will occur at that time only if the change of control also constitutes a "change in ownership", a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Corporation as defined under Section 409A. If not, unless otherwise permitted under Section 409A, payouts in respect of Share Units will be payable as if the Change of Control had not occurred;
- (e) If the Corporation determines that any amounts payable will be taxable to a Participant under Section 409A, the Corporation may, prior to making the payment, (i) adopt amendments to the Plan and Share Units or to any related policies and procedures, including amendments with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Grant Agreement and/or (ii) take other actions as the Corporation determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A; and
- (f) If the Corporation terminates the Plan, the time and manner of payment of amounts subject to Section 409A will be made in accordance with the rules under Section 409A. The Plan will not be terminated except as permitted under Section 409A. No change to the termination provisions of Share Units or the Plan (where such changes do not extend the expiry date of the applicable Share Units) will be made except as permitted under Section 409A.

### **General Provisions**

The Plan will enure to the benefit of and be binding upon the Corporation, its successors and assigns.

The Corporation's grant of any Share Units or the issuance of any common shares hereunder is subject to compliance with Applicable Law. As a condition for participation in the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Corporation or Designated Subsidiary all information and undertakings as may be required to permit compliance with Applicable Law.

Your participation in the Plan is entirely voluntary and any decision not to participate will not affect your employment or contractual relationship.

The Plan shall be an unfunded obligation of the Corporation and no action taken by the Corporation pursuant to the Plan shall be deemed to create a trust. Your right to receive common shares pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Corporation.

Neither designation of an employee as a Participant nor the grant of any Share Units to any Participant entitles any Participant to the grant, or any additional grant, as the case may be, of any Share Units under the Plan. Neither the Plan nor any action taken thereunder shall interfere with the right of the Corporation or a Designated Subsidiary to terminate a Participant's employment, or service under contract, at any time. Neither any period of notice, if any, nor any payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall be considered as extending the period of employment for the purposes of the Plan.

The Corporation has no obligation to issue any common shares unless such common shares have been duly listed, upon official notice of issuance, with all stock exchanges on which the common shares are listed for trading.

Common shares issued under the Plan may be subject to limitations on sale or resale under applicable securities laws.

The price of our common shares may fluctuate and the Plan does not provide for any guarantee in respect of any loss or profit that Participants may incur as a result of such price fluctuations.

Participants will be responsible for any and all tax consequences resulting from their participation in the Plan and we urge all Participants to consult with their own tax advisors in connection with such participation. Participants will be liable for any taxes or penalties which may be payable to a taxing authority relating to the granting of Share Units and the sale of shares acquired upon the vesting of a Share Unit. The delivery of common shares pursuant to a Share Unit is contingent upon satisfaction of applicable withholding requirements and applicable taxes may be withheld from any cash payment in settlement of a Share Unit. See "Certain U.S. Federal Income Tax Considerations" and "Certain Canadian Federal Income Tax Considerations."

### **Governing Law**

The Plan is established under the laws of the Province of British Columbia and the rights of all parties and the construction of each provision of the Plan and any Share Units will be construed according to the laws of the Province of British Columbia.

### **RESTRICTIONS ON RESALE**

This prospectus is not available for reoffers or resales of the Corporation's common shares. Our "affiliates," as that term is defined in Rule 144(a) under the U.S. Securities Act, which generally includes our executive officers, directors and principal shareholders, may resell the common shares only pursuant to Rule 144 unless some other exemption from registration is available, such as the exemption for resales of common shares outside the United States pursuant to Regulation S under the U.S. Securities Act. The registration requirements of the U.S. Securities Act do not restrict resales of shares acquired under the Plan by persons who are not our "affiliates," unless for some other

reason they could be deemed "underwriters" or "dealers" for purposes of the U.S. Securities Act.

### **CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general summary of certain United States federal income tax consequences applicable to Share Unit holders who are citizens or residents of the United States with respect to the grant and exercise of the Share Units granted pursuant to the Plan. This summary is based on the Code, Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect on the date hereof and all of which are subject to change. This summary is of a general nature only and does not address all aspects of United States federal income taxation that may be relevant to a Share Unit holder based on such Share Unit holder's particular circumstances, and does not describe state, local, foreign and other tax consequences that may be applicable. This summary is not intended to be, and should not be construed to be, legal or tax advice to any Share Unit holder and no representation with respect to the tax consequences to any Share Unit holder is made. **Accordingly, prospective Share Unit holders are advised to consult with their own tax advisors regarding the specific tax consequences relevant to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdictions, of having been granted Share Units under the Plan, receiving the underlying shares when the Share Unit vests and disposing of the shares received upon the vesting of such Share Units.**

In general, the grant of a Share Unit will not result in income for the Share Unit holder or in a tax deduction for us. Upon the settlement of the Share Unit, the Share Unit holder will recognize ordinary income equal to the aggregate value of the payment received, and we generally will be entitled to a tax deduction in the same amount.

Each Participant, any beneficiary or the Participant's estate, as the case may be, is solely liable for the satisfaction of all taxes and penalties that may be imposed on, or for the account of, the Participant in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Designated Subsidiary or affiliate has any obligation to indemnify or otherwise hold the Participant, beneficiary or estate harmless from any such taxes or penalties.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary, of certain Canadian federal income tax considerations generally applicable to the grant and exercise of a Share Unit and acquiring, holding and disposing of shares pursuant to the Plan by a Share Unit holder who is an individual (other than a trust) and who at all relevant times:

- (a) is not and never was resident or employed or deemed to be resident or employed in Canada for purposes of the Income Tax Act (Canada) (the "Act"), and whose entitlement to acquire shares under the Plan cannot reasonably be regarded as having been received (i) as consideration or

partial consideration for entering into a contract of service or an agreement to perform a service where such service is to be performed in Canada, or for undertaking not to enter into such a contract or agreement with another party, or (ii) as remuneration or partial remuneration from, or reasonably attributable to, the duties of an office or employment or as compensation or partial compensation for services performed or to be performed in Canada;

- (b) is a resident of the United States and not a resident of Canada for purposes of the Canada-United States Income Tax Convention (1980), as amended (the “Convention”) and is entitled to full benefits under the Convention;
- (c) deals at arm's length with us and is not affiliated with us;
- (d) holds the Share Units and shares issued pursuant to the Plan as capital property;
- (e) is not in a relationship with us such that we would be considered a “foreign affiliate” of such Share Unit holder; and
- (f) does not hold or use and is not deemed to hold or use, the Share Units or shares in the course of carrying on, or otherwise in connection with, a business carried on or deemed to be carried on in Canada or as part of the business property of a permanent establishment in Canada.

Share Units and shares issued pursuant to the Plan will generally be considered to be capital property to a Share Unit holder unless such Share Units or shares are held in the course of carrying on a business of buying or selling securities or in an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Convention, the Act, regulations made pursuant to the Act (the “Regulations”), any proposed amendments to the Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) published in writing prior to the date hereof but it does not take into account tax laws of any province or territory of Canada or of any other jurisdiction outside Canada. Except for the foregoing, this summary does not take into account or anticipate changes in the law, whether by legislative, governmental or judicial action or decision, or the administrative policies or assessing practices of the CRA.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Share Unit holder. This summary is not exhaustive of all Canadian federal income tax considerations. Share Unit holders should seek independent advice from their own tax advisors as to the income tax consequences to them having regard to their particular circumstances.

For purposes of the Act, all amounts relating to the grant and exercise of a Share Unit and the acquiring, holding and disposing of shares must be expressed in Canadian dollars. Amounts denominated in United States currency generally must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the particular day the particular amount arose, or such other rate of exchange as is acceptable to the CRA.

The grant and exercise of a Share Unit under the Plan will not cause a Share Unit holder to be subject to tax under the Act.

A Share Unit holder will not be subject to tax under the Act upon a subsequent disposition of any shares received upon the vesting of a Share Unit (other than a disposition to us) provided the value of the shares is not derived principally from real property situated in Canada for purposes of the Convention.

Amounts in respect of shares paid or credited or deemed to be paid or credited as, on account or in lieu of payment of, or in satisfaction of, dividends to a Share Unit holder will be subject to Canadian withholding tax at a rate of 25% pursuant to the Act. The terms of the Convention will generally reduce the rate of this tax to 15% of the gross amount of the dividend.

#### **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We will provide without charge to you, upon your written or oral request, any or all of the documents that have been or may be incorporated by reference in this prospectus and in the registration statement on Form S-8 registering the common shares described in this prospectus, other than exhibits to those documents (unless those exhibits are specifically incorporated by reference into that document). Documents incorporated by reference in the registration statement are also incorporated by reference into this prospectus. These requests, as well as any requests for additional information or questions regarding the Plan, should be directed to:

**CRH Medical Corporation  
Suite 578 - 999 Canada Place, World Trade Center  
Vancouver, British Columbia, Canada V6C 3E1  
Attention: Richard Bear  
(604) 633-1440 ext 1048**

Additionally, updating and other information with respect to the common shares and the Plan will be provided to you in the future without charge as required by the U.S. Securities Act.

We are subject to the informational requirements of the U.S. Securities Exchange Act of 1934 as amended, and file reports with, or furnish information to, the Commission. Under a multijurisdictional disclosure system adopted by the United States, we are



permitted to prepare such reports and other information in accordance with the disclosure requirements of Canada, which are different from those of the United States. Reports and other information filed or furnished by us with the Commission may be inspected and copied at the public reference room of the Commission at 100 F Street, NE, Room 1580, Washington, D.C. 20549. Copies of such material may be obtained through the public reference room of the Commission in Washington, D.C., at prescribed rates. You may call the Commission at 1-800-SEC-0330 for further information on the public reference room or the public reference room directly at 1-202-551-8090. The Commission maintains a web site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants, such as us, that are filed electronically with the Commission. Reports and other information that has been filed or furnished by us to Canadian securities commissions is available on our public profile at [www.sedar.com](http://www.sedar.com).

Our common shares are listed on the TSX under the ticker symbol "CRH" and the NYSE MKT under the ticker symbol "CRHM." Reports and other information concerning CRH, in the form filed with the Commission, can also be inspected at the offices of the NYSE MKT at 86 Trinity Plaza, New York, NY 10006.

## SCHEDULE "A"

### 2017 SHARE UNIT PLAN

#### CRH MEDICAL CORPORATION 2017 SHARE UNIT PLAN

#### 1. PURPOSE

- 1.1 This Plan has been established by the Corporation to assist the Corporation in the recruitment and retention of highly qualified directors, employees and consultants by providing a means to reward superior performance, to motivate Participants under the Plan to achieve important corporate and personal objectives and, through the issuance of Share Units in the Corporation to Participants under the Plan, to better align the interests of Participants with the long-term interests of Shareholders.
- 1.2 This Plan shall serve as the successor to the Corporation's current Share Unit Plan approved by shareholders on June 19, 2014 (the "**Prior Plan**"), and no further awards shall be made under the Prior Plan from and after the effective date of this Plan. All outstanding awards under the Prior Plan immediately prior to the effective date of this Plan shall be included in the maximum number of Shares and other limitations set forth in Section 11 herein. However, each such award shall continue to be governed solely by the terms and conditions of the instrument evidencing such grant and the Prior Plan, and no provision of this Plan shall affect or otherwise modify the rights or obligations of holders of such awards.

#### 2. PLAN DEFINITIONS AND INTERPRETATIONS

In this Plan, the following terms have the following meanings:

- (a) "**Account**" means the bookkeeping account established and maintained by the Corporation for each Participant in which the number of Share Units of the Participant are recorded;
- (b) "**Applicable Law**" means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;
- (c) "**Beneficiary**" means any person designated by the Participant as his or her beneficiary under the Plan in accordance with Section 14.1 or, failing any such effective designation, the Participant's legal representative;
- (d) "**Board**" means the Board of Directors of the Corporation;
- (e) "**Cause**" has the meaning ascribed to the phrase "cause" or "just cause for termination" under the laws of British Columbia;
- (f) "**Change of Control**" means:
- (i) the acquisition whether directly or indirectly, by a person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the Securities Act (British Columbia) and the rules and regulations thereunder) of voting securities of the Corporation which, together with any other voting securities of the Corporation held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all outstanding voting securities of the Corporation;

- (ii) an amalgamation, arrangement or other form of business combination of the Corporation with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all outstanding voting securities of the Corporation (including a merged or successor company) resulting from the business combination; or
  - (iii) the sale, lease or exchange of all or substantially all of the property of the Corporation to another person, other than a subsidiary of the Corporation or other than in the ordinary course of business of the Corporation;
- (g) **“Committee”** means the Compensation Committee of the Board or any other committee or person designated by the Board to administer the Plan, provided, however, if the Company ceases to qualify as a “foreign private issuer” (as defined in Rule 3b-4 under the Exchange Act), the Committee shall be a committee of the Board comprised of not less than two Directors, and each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3;
- (h) **“Corporation”** means CRH Medical Corporation and its respective successors and assigns, and any reference in the Plan to action by the Corporation means action by or under the authority of the Board or any person or committee that has been designated for the purpose by the Board including, without limitation, the Committee;
- (i) **“Designated Subsidiary”** means an entity (including a partnership) in which the Corporation holds, directly or indirectly, a majority voting interest and which has been designated by the Corporation for purposes of the Plan from time to time;
- (j) **“Director”** means a director of the Corporation or any of its Designated Subsidiaries;
- (k) **“Eligible Consultant”** means an individual, other than an Employee, that (i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Corporation or any Designated Subsidiary under a written contract between the Corporation or the Designated Subsidiary and the individual or a company of which the individual consultant is an employee, (ii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Designated Subsidiary, and (iii) does not provide services in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the registrant's securities;
- (l) **“Employee”** means an employee of the Corporation or any of its Designated Subsidiaries or any combination or partnership of such corporations;
- (m) **“Employer”** means the Corporation, the Designated Subsidiary or the combination or partnership of such corporations that employs the Participant or that employed the Participant immediately prior to the Participant’s Termination Date;
- (n) **“Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended;
- (o) **“Expiry Date”** means, with respect to Share Units granted to a Participant, the date determined by the Corporation for such purpose for such grant, which date shall be no later than the date which is two years after the Participant’s Termination Date;
- (p) **“Fiscal Year”** means a fiscal year of the Corporation;
- (q) **“Good Reason”** means the occurrence of any one or more of the following without a Participant's written consent:

- (i) a material change in the Participant's position or duties, responsibilities, title or office in effect immediately prior to a Change of Control, which includes any removal of the Participant from or any failure to re-elect or re-appoint the Participant to any such position or office;
- (ii) a reduction in the Participant's overall annual compensation for services provided to the Corporation in the cumulative amount of 5% or more within a 12 month period;
- (iii) any change to the terms or conditions of the employment of the Participant that would constitute "constructive dismissal" as that term is defined at common law which the Company fails to remedy within thirty (30) days of receiving written notice from the Participant of any such change; or
- (iv) the Corporation relocating the Participant to any place other than the location at which the Participant reported for work on a regular basis immediately prior to a Change of Control or a place within 15 kilometres of that location;
- (r) **"Grant Agreement"** means an agreement between the Corporation and a Participant under which Share Units are granted, together with such amendments, deletions or changes thereto as are permitted under the Plan;
- (s) **"Grant Date"** of a Share Unit means the date a Share Unit is granted to a Participant under the Plan;
- (t) **"Insider"** has the meaning provided for purposes of the TSX relating to Security Based Compensation Arrangements;
- (u) **"Joint Actor"** means a person acting "jointly or in concert with" another person within the meaning of Section 96 of the *Securities Act* (British Columbia) or as such section may be amended or re-enacted from time to time;
- (v) **"Market Value"** with respect to a Share as at any date means the arithmetic average of the closing price of the Shares traded on the TSX for the five (5) trading days on which a board lot was traded immediately preceding such date (or, if the Shares are not then listed and posted for trading on the TSX, on such stock exchange on which the Shares are then listed and posted for trading as may be selected for such purpose by the Corporation). In the event that the Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the Market Value of the Shares as determined by the Board in its discretion, acting reasonably and in good faith;
- (w) **"Participant"** means a bona fide full-time or part-time Employee, an Eligible Consultant or a Director who, in any such case, has been designated by the Corporation for participation in the Plan;
- (x) **"Payout Date"** means a date selected by the Corporation, in accordance with and as contemplated by Sections 3.2, 6.1 and 7.1;
- (y) **"Plan"** means this Share Unit Plan;
- (z) **"Reorganization"** means any (i) capital reorganization, (ii) merger, (iii) amalgamation, or (iv) arrangement or other scheme of reorganization;
- (aa) **"Rule 16b-3"** means Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act or any successor rule or regulation;

- (bb) **"Section 409A"** means Section 409A of the *U.S. Internal Revenue Code of 1986, as amended*, and the Treasury Regulations promulgated thereunder as in effect from time to time;
- (cc) **"Securities Act"** means the U.S. Securities Act of 1933, as amended;
- (dd) **"Security Based Compensation Arrangement"** has the meaning defined in the provisions of the TSX Company Manual relating to security based compensation arrangements;
- (ee) **"Shareholders"** means the holders of Shares;
- (ff) **"Shares"** mean common shares of the Corporation and includes any securities of the Corporation into which such common shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed, pursuant to a Reorganization or otherwise;
- (gg) **"Share Unit"** means a unit credited by means of an entry on the books of the Corporation to a Participant pursuant to the Plan, representing the right to receive, subject to and in accordance with the Plan, for each Vested Share Unit one Share, at the time, in the manner, and subject to the terms, set forth in the Plan and the applicable Grant Agreement;
- (hh) **"Stock Exchange Rules"** means the applicable rules of any stock exchange upon which Shares are listed;
- (ii) **"Termination Date"** means the date on which a Participant ceases, for any reason including resignation, termination, death or disability, to be an active Employee, an Eligible Consultant, or a Director, as the case may be, and, in the case of a Participant who is an Employee, where the employment is terminated by the Employer, whether wrongful or for Cause or otherwise, such date shall be the date notice of termination is provided and, in the case of a Participant who is an Eligible Consultant, the date the written contract between the Eligible Consultant and the Corporation or any Designated Subsidiary is terminated or expires and the Eligible Consultant no longer provides services thereunder;
- (jj) **"TSX"** means the Toronto Stock Exchange; and
- (kk) **"Vested Share Units"** shall mean Share Units in respect of which all vesting terms and conditions set forth in the Plan and the applicable Grant Agreement have been either satisfied or waived in accordance with the Plan.

2.2 In this Plan, unless the context requires otherwise, words importing the singular number may be construed to extend to and include the plural number, and words importing the plural number may be construed to extend to and include the singular number.

### 3. GRANT OF SHARE UNITS AND TERMS

3.1 The Corporation may grant Share Units to such Participant or Participants in such number and at such times as the Corporation may, in its sole discretion, determine, as a bonus or similar payment in respect of services rendered by the Participant for a Fiscal Year or otherwise as compensation, including as an incentive for future performance by the Participant.

3.2 In granting any Share Units pursuant to Section 3.1, the Corporation shall designate:

- (a) the number of Share Units which are being granted to the Participant;
- (b) any time based conditions as to vesting of the Share Units to become Vested Share Units;

- (c) any performance based conditions as to vesting of the Share Units to become Vested Share Units;
- (d) the Payout Date, which shall in no event be later than the Expiry Date; and
- (e) the Expiry Date;

which shall be set out in the Grant Agreement.

- 3.3 The conditions may relate to all or any portion of the Share Units in a grant and may be graduated such that different percentages of the Share Units in a grant will become Vested Share Units depending on the extent of satisfaction of one or more such conditions. The Corporation may, in its discretion and having regard to the best interests of the Corporation, subsequent to the Grant Date of a Share Unit, waive any such conditions, provided that the waiver of such conditions will not accelerate the time of payment with respect to such Share Units, and the payout will occur on the Payout Date as set forth in the Grant Agreement or pursuant to Sections 7.1 or 8.3 of the Plan, if applicable.
- 3.4 Each grant of Share Units hereunder shall be subject to any policy of the Corporation that may be in place from time to time relating to the “clawback” of the value of any Share Units hereunder in certain circumstances.

#### 4. GRANT AGREEMENT

- 4.1 Each grant of a Share Unit will be set forth in a Grant Agreement containing terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Corporation may, in its sole discretion, deem appropriate.

#### 5. SHARE UNIT GRANTS AND ACCOUNTS

- 5.1 An Account shall be maintained by the Corporation for each Participant. On the Grant Date, the Account will be credited with the Share Units granted to a Participant on that date.

#### 6. PAYOUTS

- 6.1 On each Payout Date, the Participant shall be entitled to receive, and the Corporation shall issue, a payout with respect to those Vested Share Units in the Participant’s Account to which the Payout Date relates, in the following form: subject to the limitations set forth in Section 11.2 below, Shares issued from treasury equal in number to the Vested Share Units in the Participant’s Account to which the Payout Date relates, subject to any applicable deductions and withholdings.
- 6.2 No fractional Shares shall be issued and any fractional entitlements will be rounded down to the nearest whole number.
- 6.3 Shares issued by the Corporation from treasury under Section 6.1 of this Plan shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Corporation would have received if the Shares had been issued for money.
- 6.4 The Corporation or a Designated Subsidiary may withhold from any amount payable by the Corporation to a Participant, including income or any other payments, such amount as may be necessary so as to ensure that the Corporation or the Designated Subsidiary will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. Each of the Corporation or a Designated Subsidiary shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling on behalf of a Participant any Shares which would otherwise be issued to a Participant hereunder.

7. CHANGE OF CONTROL

- 7.1 Subject to Section 16 hereof, notwithstanding the conditions as to vesting of Share Units contained in any individual Grant Agreement, if at any time within one year from the date of a Change of Control: (i) a Participant's relationship with the Corporation is terminated by the Corporation other than for Cause or (ii) a Participant resigns for Good Reason, all outstanding Share Units held by such Participant shall become Vested Share Units and the Payout Date in connection with such Participant's Vested Share Units shall be accelerated to the date of such Participant's termination or resignation for Good Reason and the Corporation shall issue Shares to such Participants with respect to such Vested Share Units in accordance with Sections 6 and 8; provided that in the event that any Share Units are subject to performance-based vesting conditions, then the vesting of such Share Units shall accelerate only to the extent that such performance-based vesting conditions have been satisfied and further provided that if a performance-based vesting condition is, in the Board's discretion, capable of being partially performed, then vesting shall be accelerated on a pro rata basis to reflect the degree to which the vesting condition has been satisfied, as determined by the Board.

8. TERMINATION OF EMPLOYMENT AND FORFEITURES

- 8.1 Unless otherwise determined by the Corporation pursuant to Section 7.1 or 8.2, on a Participant's Termination Date, any Share Units in a Participant's Account which are not Vested Share Units shall terminate and be forfeited.
- 8.2 Notwithstanding Section 8.1, where a Participant ceases to be an Employee as a result of the termination of his or her employment without Cause, then in respect of each grant of Share Units made to such Participant, at the Corporation's discretion, all or a portion of such Participant's Share Units may be permitted to continue to vest, in accordance with their terms, during any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by the Corporation in its sole discretion.
- 8.3 Except (i) as otherwise provided in Section 16, (ii) to the extent that a Participant's Vested Share Units are subject to U.S. Federal Income Tax, and (iii) to the extent that Section 409A applies to a Participant's Vested Share Units; then in the event a Participant's Termination Date is prior to the Payout Date with respect to any Vested Share Units in such Participant's Account, the Payout Date with respect to such Vested Share Units shall, notwithstanding any provision in the Grant Agreement, be accelerated to the Participant's Termination Date and the Corporation shall, as soon as practicable following such Termination Date, issue Shares such Participant, or Beneficiary thereof, as applicable, with respect to such Vested Share Units in accordance with Section 6.

9. FORFEITED UNITS

- 9.1 Notwithstanding any other provision of the Plan or a Grant Agreement, Share Units granted hereunder shall terminate on, if not redeemed or previously terminated and forfeited in accordance with the Plan, and be of no further force and effect after, the Expiry Date.

10. ALTERATION OF NUMBER OF SHARES SUBJECT TO THE PLAN

- 10.1 In the event that the Shares shall be subdivided or consolidated into a different number of Shares or a distribution shall be declared upon the Shares payable in Shares, the number of Share Units then recorded in the Participant's Account shall be adjusted by replacing such number by a number equal to the number of Shares which would be held by the Participant immediately after the distribution, subdivision or consolidation, should the Participant have held a number of Shares equal to the number of Share Units recorded in the Participant's Account on the record date fixed for such distribution, subdivision or consolidation.

10.2 In the event there shall be any change, other than as specified in Section 10.1, in the number or kind of outstanding Shares or of any shares or other securities into which such Shares shall have been changed or for which they shall have been exchanged, pursuant to a Reorganization or otherwise, then there shall be substituted for each Share referred to in the Plan or for each share into which such Share shall have been so changed or exchanged, the kind of securities into which each outstanding Share shall be so changed or exchanged and an equitable adjustment shall be made, if required, in the number of Share Units then recorded in the Participant's Account, such adjustment, if any, to be reasonably determined by the Committee and to be effective and binding for all purposes.

10.3 In the case of any such substitution, change or adjustment as provided for in this Section 10, the variation shall generally require that the aggregate Market Value of the Share Units then recorded in the Participant's Account prior to such substitution, change or adjustment will be proportionately and appropriately varied so that it be equal to such aggregate Market Value after the variation.

## 11. RESTRICTIONS ON ISSUANCES

11.1 Share Units may be granted by the Corporation in accordance with this Plan provided the aggregate number of Shares reserved for issuance at the time of grant of Share Units: (i) pursuant to the Plan or the Prior Plan, shall not exceed 5% of the number of issued and outstanding Shares; and (ii) when combined with securities issuable under any other Security Based Compensation Arrangement of the Corporation, shall not exceed 10% of the number of issued and outstanding Shares.

11.2 The maximum number of Shares issuable to Insiders pursuant to Section 6.1 of the Plan, together with any Shares issuable pursuant to any other Security Based Compensation Arrangement, at any time, shall not exceed 10% of the total number of outstanding Shares. The maximum number of Shares issued to Insiders pursuant to Section 6.1 of the Plan, together with any Shares issued pursuant to any other Security Based Compensation Arrangement, within any one year period, shall not exceed 10% of the total number of outstanding Shares.

11.3 The number of Share Units granted to non-Employee Directors under the Plan, in combination with all other equity awards granted to non-Employee Directors under any other Security Based Compensation Arrangement, shall be limited to an annual equity award value (based on grant date fair value as determined by the Board) of \$150,000 per non-Employee Director, provided that the total value (based on grant date fair value as determined by the Board) of stock options issuable to any one non-Employee Director in any one year period shall not exceed \$100,000.

## 12. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

12.1 Subject to the provisions herein, the Plan may be amended, suspended or terminated at any time by the Board in whole or in part. No amendment of the Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights accrued to such Participants with respect to Share Units granted prior to the date of the amendment.

12.2 The Corporation may, without notice, at any time and from time to time, and without shareholder approval, amend the Plan or any provisions thereof in such manner as the Corporation, in its sole discretion, determines appropriate, including, without limitation:

- (a) for the purposes of making formal minor or technical modifications to any of the provisions of the Plan;
- (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
- (c) to change the vesting provisions of Share Units;



- (d) to change the termination provisions of Share Units or the Plan which does not entail an extension beyond the original Expiry Date of the Share Units;
- (e) to make the amendments contemplated by Section 16.1(f); or
- (f) to make any amendments necessary or advisable because of any change in Applicable Law;

provided, however, that:

- (g) no such amendment of the Plan may be made without the consent of each affected Participant in the Plan if such amendment would adversely affect the rights of such affected Participant(s) under the Plan; and
- (h) shareholder approval shall be obtained in accordance with the requirements of the TSX for any amendment that results in:
  - (i) an increase in the maximum number of Shares issuable under Sections 11.1 and 11.2 of the Plan (other than pursuant to Section 10);
  - (ii) an extension of the Expiry Date for Share Units granted to Insiders under the Plan;
  - (iii) other types of compensation through Share issuance;
  - (iv) an expansion of the rights of a Participant to assign Share Units other than as set forth in Section 15.2;
  - (v) the addition of additional categories of Participants (other than as contemplated by Section 10);
  - (vi) an amendment to the number of Share Units which may be granted to non-Employee Directors as set out in Section 11.3 of this Plan; or
  - (vii) an amendment to the amendment provisions of the Plan contained in this Article 12.

12.3 If the Corporation terminates the Plan, Share Units previously credited shall, at the discretion of the Corporation, either (a) be settled immediately in accordance with the terms of the Plan in effect at such time, or (b) remain outstanding and in effect and settled in due course in accordance with the applicable terms and conditions, in either case without shareholder approval.

### 13. ADMINISTRATION

13.1 Unless otherwise determined by the Board, the Plan shall be administered by the Committee subject to Applicable Laws. The Committee shall have full and complete authority to interpret the Plan, to prescribe such rules and regulations and to make such other determinations as it deems necessary or desirable for the administration of the Plan. All actions taken and decisions made by the Committee shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Participants and their beneficiaries and legal representatives, each Designated Subsidiary and the Corporation. All expenses of administration of the Plan shall be borne by the Corporation.

13.2 The Corporation shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At such times as the Corporation shall determine, the Corporation shall furnish the Participant with a statement setting forth the details of his or her Share Units including the Grant Date and the Vested Share Units and unvested Share Units held by each Participant. Such statement shall be deemed

to have been accepted by the Participant as correct unless written notice to the contrary is given to the Corporation within 30 days after such statement is given to the Participant.

- 13.3 The Corporation may, at its discretion, appoint one or more persons or companies to provide services in connection with the Plan including without limitation, administrative and record-keeping services.

14. BENEFICIARIES AND CLAIMS FOR BENEFITS

- 14.1 Subject to the requirements of Applicable Law, a Participant may designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form and executed and filed in such manner as the Corporation may from time to time determine.

15. GENERAL

- 15.1 The transfer of an Employee from the Corporation to a Designated Subsidiary, from a Designated Subsidiary to the Corporation or from a Designated Subsidiary to another Designated Subsidiary, shall not be considered a termination of employment for the purposes of the Plan, nor shall it be considered a termination of employment if a Participant is placed on such other leave of absence which is considered by the Corporation as continuing intact the employment relationship.

- 15.2 The Plan shall enure to the benefit of and be binding upon the Corporation, its successors and assigns. The interest of any Participant under the Plan or in any Share Unit shall not be transferable or assignable other than by operation of law, except, if and on such terms as the Corporation may permit, to a spouse or minor children or grandchildren or a personal holding company or family trust controlled by a Participant, the sole shareholders or beneficiaries of which, as the case may be, are any combination of the Participant, the Participant's spouse, the Participant's minor children or the Participant's minor grandchildren, and after his or her lifetime shall enure to the benefit of and be binding upon the Participant's Beneficiary, on such terms and conditions as are appropriate for such transferees to be included in the class of transferees who may rely on a Form S-8 registration statement under the Securities Act to sell shares received pursuant to the Share Unit.

- 15.3 The Corporation's grant of any Share Units or issuance of any Shares hereunder is subject to compliance with Applicable Law applicable thereto. As a condition of participating in the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Corporation or a Designated Subsidiary all information and undertakings as may be required to permit compliance with Applicable Law.

- 15.4 A Participant shall not have the right or be entitled to exercise any voting rights, receive any distribution or have or be entitled to any other rights as a Shareholder in respect of any Share Units.

- 15.5 Neither designation of an Employee as a Participant nor the grant of any Share Units to any Participant entitles any Participant to the grant, or any additional grant, as the case may be, of any Share Units under the Plan. Neither the Plan nor any action taken thereunder shall interfere with the right of the Corporation or a Designated Subsidiary to terminate a Participant's employment, or service under contract, at any time. Neither any period of notice, if any, nor any payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall be considered as extending the period of employment for the purposes of the Plan.

- 15.6 Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect any Employee's employment or any consultant's contractual relationship with the Corporation or a Designated Subsidiary.

- 15.7 The Plan shall be an unfunded obligation of the Corporation. Neither the establishment of the Plan nor the grant of any Share Units or the setting aside of assets by the Corporation (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. The right of the Participant or Beneficiary to receive a Payout pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Corporation.
- 15.8 This Plan is established under the laws of the Province of British Columbia and the rights of all parties and the construction of each and every provision of the Plan and any Share Units granted hereunder shall be construed according to the laws of the Province of British Columbia.
16. SECTION 409A
- 16.1 It is intended that the provisions of this Plan comply with Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything in the Plan to the contrary, the Corporation may provide in the applicable Grant Agreement with respect to Share Units granted to Participants whose benefits under the Plan are or may become subject to Section 409A, such terms and conditions as may be required for compliance with Section 409A. In addition, the following will apply to the extent that a Participant's Share Units are subject to Section 409A:
- (a) Except as permitted under Section 409A, any Share Units, or payment with respect to Share Units, may not be reduced by, or offset against, any amount owing by the Participant to the Corporation or any Designated Subsidiary.
  - (b) If a Participant otherwise would become entitled to receive payment in respect of any Share Units as a result of his or her ceasing to be an Employee, an Eligible Consultant or Director upon a Termination Date, any payment made on account of such person ceasing to be an Employee or Eligible Consultant shall be made at that time only if the Participant has experienced a "separation from service" (within the meaning of Section 409A).
  - (c) If a Participant is a "specified employee" (within the meaning of Section 409A) at the time he or she otherwise would be entitled to payment as a result of his or her separation from service, any payment that otherwise would be payable during the six-month period following such separation from service will be delayed and shall be paid on the first day of the seventh month following the date of such separation from service or, if earlier, the Participant's date of death.
  - (d) A Participant's status as a specified employee shall be determined by the Corporation as required by Section 409A on a basis consistent with the regulations under Section 409A and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Corporation that are subject to Section 409A.
  - (e) Each Participant, any beneficiary or the Participant's estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such Participant in connection with this Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Designated Subsidiary or affiliate shall have any obligation to indemnify or otherwise hold such Participant or beneficiary or the Participant's estate harmless from any or all of such taxes or penalties.
  - (f) If and to the extent that Share Units would otherwise become payable upon a Change of Control as defined in the Plan, such payment will occur at that time only if such change of control also constitutes a "change in ownership", a "change in effective control" or a "change in the ownership of a substantial portion of the assets of the Corporation" as defined under Section 409A and applicable regulations (a "409A Change in Control"). If a Change of Control as defined in the Plan is not also a 409A Change in Control, unless

otherwise permitted under Section 409A the time for the payment of Share Units will not be accelerated and will be payable pursuant to the terms of the Plan and applicable Grant Agreement as if such Change of Control had not occurred.

- (g) In the event that the Committee determines that any amounts payable under the Plan will be taxable to a Participant under Section 409A prior to payment to such Participant of such amount, the Corporation may (i) adopt such amendments to the Plan and Share Units and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Grant Agreement and/or (ii) take such other actions as the Corporation determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A.
- (h) In the event the Corporation terminates the Plan in accordance with Section 12.3, the time and manner of payment of amounts that are subject to 409A will be made in accordance with the rules under Section 409A. The Plan will not be terminated except as permitted under Section 409A. No change to the termination provisions of Share Units or the Plan pursuant to Section 12.2(d) will be made except as permitted under Section 409A.

EFFECTIVE DATE: June 8, 2017