

ST ANDREW GOLDFIELDS LTD.

DEFERRED SHARE UNIT PLAN

Effective as of June 30, 2015

Table of Contents

ARTICLE 1 – INTERPRETATION.....	1
Section 1.1 Definitions.....	1
Section 1.2 General	2
Section 1.3 Governing Law	3
Section 1.4 Schedules	3
ARTICLE 2 – ADMINISTRATION OF THE PLAN.....	3
Section 2.1 Administration and Interpretation of the Plan	3
Section 2.2 Amendment or Termination of the Plan	3
Section 2.3 Tax Matters	4
Section 2.4 Liability, Costs, etc.	4
ARTICLE 3 - ELIGIBILITY	4
Section 3.1 Establishment of the Plan.....	4
Section 3.2 Automatic Participation	4
ARTICLE 4 - DEFERRED SHARE UNIT ACCOUNTS	5
Section 4.1 Deferral Accounts	5
Section 4.2 Dividends and Other Adjustments	5
Section 4.3 Unfunded Obligation	5
Section 4.4 No Shareholder Rights	6
Section 4.5 Assignment	6
ARTICLE 5 - REDEMPTION OF UNITS.....	6
Section 5.1 Redemption of Units	6
Section 5.2 Deemed Redemption.....	7
Section 5.3 US Participants.....	7
ARTICLE 6 - INSIDER TRADING.....	7
Section 6.1 Compliance with Insider Trading Policies.....	7

**ST ANDREW GOLDFIELDS LTD.
DEFERRED SHARE UNIT PLAN**

Effective as of June 30, 2015

ARTICLE 1 – INTERPRETATION

Section 1.1 Definitions

For the purposes of this Plan, except as otherwise expressly provided or unless the context otherwise requires:

“**Acquisition Transaction**” means the acquisition by any person, or group of persons acting jointly or in concert, of voting control of, or direction over, an aggregate of 50% or more of the outstanding Shares.

“**Affiliate**” means an entity (whether or not incorporated), controlling, controlled by, or under common control with, the Corporation.

“**Annual Grant**” for a particular calendar year means the dollar value of the annual grants to a Participant equal to the aggregate of the Grant Amounts made to such Participant in such calendar year, provided however that in no event shall the Annual Grant to any Participant exceed C\$150,000 in any calendar year.

“**Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Board**” means the Board of Directors of the Corporation.

“**Business Day**” means any day on which banks are open for business in the Province of Ontario.

“**CFO**” means the Chief Financial Officer of the Corporation.

“**Code**” has the meaning ascribed thereto in Section 2.3.

“**Corporation**” means St Andrew Goldfields Ltd.

“**Control**” shall have the meaning ascribed to that term in the *Canada Business Corporations Act* (as amended), and “**controlled**” and “**controlling**” shall have corresponding meanings.

“**Deemed Redemption Date**” has the meaning ascribed thereto in Section 5.1.

“**Deferral Account**” has the meaning ascribed thereto in Section 4.1.

“**Effective Date**” means June 30, 2015.

“Fair Market Value” means, at any particular date, the market value of a Share at that date calculated as the weighted average trading price of the Shares on the Toronto Stock Exchange for the five Business Days on which the Shares traded on such exchange prior to the said date; provided that if the Shares are not listed and posted for trading on the Toronto Stock Exchange, Fair Market Value shall be (a) the market value of such Shares on any other exchange on which the Shares are listed as determined by the Board as calculated above, or (b) if the Shares are not listed on any exchange, the market value determined by the Board, in its sole discretion, acting in good faith, provided that, (i) if the Shares are not listed on any exchange as a result of an Acquisition Transaction, and (ii) where the effective date of such Acquisition Transaction occurred within the 350-day period prior to the Termination Date for a particular Participant, the Fair Market Value of a Share on the Redemption Date, Deemed Redemption Date or US Redemption Date for such Participant shall be deemed to be the Fair Market Value of a Share, as otherwise determined, on the effective date of the Acquisition Transaction.

“Grant Amount” means such amount in respect of a Participant as may be determined from time to time by the Board.

“Grant Date” means such date or dates as may be determined by the Board on which Units are to be credited to a Participant in accordance with this Plan.

“Participant” means a director, officer or other senior executive of the Corporation designated by the Board from time to time.

“Plan” means this deferred share unit plan.

“Redemption Date” has the meaning ascribed thereto in Section 5.1.

“Redemption Notice” has the meaning ascribed thereto in Section 5.1.

“Share” means a common share in the capital of the Corporation.

“Termination Date” means the earliest date on which the Participant is not an employee or a director of the Corporation, or an employee or a director of an Affiliate.

“Unit” means a bookkeeping entry, equivalent in value to a Share, credited to the account of a Participant in accordance with the provisions hereof.

“US Participant” means a Participant who is subject to U.S. income tax in respect of Units issued under the Plan.

“US Redemption Date” has the meaning ascribed thereto in Section 5.3.

Section 1.2 General

Words or expressions used in the Plan, unless the context otherwise requires, shall:

- (a) when denoting the masculine gender, include the feminine and neuter genders and vice versa;

- (b) when denoting the singular, include the plural and vice versa;
- (c) when referring to any statute or legislation, be construed as a reference to that statute or legislation as the same may be consolidated, amended, re-enacted or replaced and shall include any regulations made thereunder; and
- (d) when referring to cash or value or amount of dollars shall refer to Canadian currency.

Section 1.3 Governing Law

This Plan shall be governed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 1.4 Schedules

- (1) Schedule A – Redemption Notice

ARTICLE 2 – ADMINISTRATION OF THE PLAN

Section 2.1 Administration and Interpretation of the Plan

- (1) This Plan shall be administered on a day-to-day basis by the CFO or such other individual as determined by the Board, who may delegate his duties and powers in whole or in part to any other officer or employee of the Corporation or to a third party retained by the Corporation to provide such day-to-day administrative services.
- (2) The Board is authorized to interpret this Plan, to establish, amend and rescind any rules and regulations relating to this Plan, and to make any other determinations that it deems necessary or desirable for the administration of this Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Board deems necessary or desirable.
- (3) Any decision of the Board in the interpretation and administration of this Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned.

Section 2.2 Amendment or Termination of the Plan

This Plan may be amended or terminated (including, without limitation, to suspend or limit the right of a Participant to participate in the Plan) at any time and from time to time by the Board, provided that any such amendment or termination does not in any way infringe upon any rights of Participants in respect of Units previously credited to the account of Participants.

Section 2.3 Tax Matters

(1) Notwithstanding any other provisions of this Plan, all actions of the CFO and of the Board shall be such that the Plan continuously meets the conditions of paragraph 6801(d) of the *Income Tax Regulations* promulgated under the Act, or any successor provision, in order to qualify as a “prescribed plan or arrangement” for purposes of the definition “salary deferral arrangement” contained in subsection 248(1) of the Act. However, the Corporation will not be liable to any Participant or beneficiary with respect to any adverse tax consequences arising under any provision of the Act.

(2) All benefits under the Plan payable to U.S. Participants are intended to comply with the rules of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the Plan will be construed accordingly. However, the Corporation will not be liable to any Participant or beneficiary with respect to any adverse tax consequences arising under Section 409A of the Code or any other provision of the Code.

Section 2.4 Liability, Costs, etc.

(1) Neither the Board, the CFO, nor any officer or employee of the Corporation shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan, and the members of the Board, the CFO and such officers and employees of the Corporation shall be entitled to indemnification by the Corporation in respect of any claim, loss, damage or expense (including legal fees and disbursements) arising therefrom to the fullest extent permitted by law.

(2) The costs and expenses of implementing and administering this Plan shall be borne by the Corporation.

ARTICLE 3 - ELIGIBILITY

Section 3.1 Establishment of the Plan

The Corporation is establishing the Plan for Participants with effect as of the Effective Date.

Section 3.2 Automatic Participation

Each person who is designated by the Board as a Participant at any time shall, without further order or formality, become a Participant in the Plan. On the applicable Grant Date, each Participant shall be credited with the respective number of Units as may be determined by dividing the Grant Amount for such Participant as determined by the Board by the Fair Market Value of a Share on the Grant Date.

ARTICLE 4- DEFERRED SHARE UNIT ACCOUNTS

Section 4.1 Deferral Accounts

- (1) All Units credited to a Participant in accordance with Section 3.2 shall be allocated to a bookkeeping account in the name of the Participant (the “**Deferral Account**”).
- (2) The Participant’s Deferral Account shall indicate the number of Units which have been credited to such account from time to time.
- (3) On or before April 30 of each year (or after such other date or dates as the CFO, in his discretion, may designate), each Participant shall be provided with a statement of the balance of his or her Deferral Account under the Plan as of December 31 of the preceding year (if any).

Section 4.2 Dividends and Other Adjustments

- (1) In the event that any cash dividend is declared and paid on the Shares, the Participant’s Deferral Account shall be credited with additional Units. The number of such additional Units will be calculated by dividing the total amount of the dividends that would have been paid to such Participant if the Units credited to the Participant’s Deferral Account on the dividend record date had been Shares, by the Fair Market Value of a Share on the date on which the cash dividends were paid on the Shares.
- (2) In the event of a stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation’s assets to shareholders, or any other change affecting the Shares, including the conversion thereof into shares of another entity upon an amalgamation, arrangement or reorganization of the Corporation, such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change, will be made with respect to the number of Units outstanding under the Plan.
- (3) For greater certainty, no additional Units will be granted to a Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred on, or in respect of, a Participant for such purpose.

Section 4.3 Unfunded Obligation

The Plan will be an unfunded obligation of the Corporation and the obligations of the Corporation hereunder shall constitute general, unsecured obligations, payable solely out of its general assets, and no Participant or other person shall have any right to any specific assets of the Corporation. The Corporation shall not segregate any assets for the purpose of funding its obligations with respect to the Units granted hereunder and shall not be deemed to be a trustee of any amounts to be distributed or paid pursuant to this Plan. No liability or obligation of the Corporation shall be deemed to be secured by any pledge of, or encumbrance on, any property or assets of the Corporation. To the extent any individual holds rights under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured general creditor of the Corporation.

Section 4.4 No Shareholder Rights

A Participant shall not be entitled to any certificate or other document evidencing the Units. Under no circumstances, and notwithstanding any other provision of this Plan, shall the Units be considered to be Shares. The Units will not entitle a Participant to any shareholder rights, including without limitation, voting rights, dividend entitlements or rights on liquidation.

Section 4.5 Assignment

A Unit is personal to a Participant and is non-assignable. No Unit granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by a Participant, whether voluntarily or by operation of law, otherwise than by testate succession or the laws of descent and distribution, and any attempt to do so will cause such a Unit to be null and void. During the lifetime of a Participant, a Unit shall be redeemable only by the Participant or, upon the death of the Participant, by the person to whom rights shall have passed by testate succession or by the laws of descent and distribution, in each case in accordance with Article 5.

ARTICLE 5 - REDEMPTION OF UNITS

Section 5.1 Redemption of Units

(1) Units will be redeemable, and the value thereof payable, after the Termination Date of a Participant, as further described in this Article 5.

(2) After the Termination Date, the Participant (or his or her legal representative, as the case may be) may cause the Corporation to redeem the Units by filing a written notice of redemption in the form of **Schedule A** hereto (the “**Redemption Notice**”) with the CFO:

- (a) specifying (i) either one or two redemption dates (each a “**Redemption Date**”), which shall be at least 10 Business Days following the date on which the Redemption Notice is received by the Corporation, but no later than December 10th of the first calendar year commencing after the year in which the Termination Date occurred (the “**Deemed Redemption Date**”), and (ii) the percentage of Units held by the Participant to be redeemed on each such Redemption Date (which when added together shall equal 100%), and
- (b) acknowledging that such Units are to be redeemed by a cash payment from the Corporation to the Participant, net of required withholding taxes and other source deductions required by law to be withheld by the Corporation.

(3) Within 10 Business Days after a Redemption Date, but no later than December 31 of the first calendar year commencing after the year in which the Termination Date occurred, the Participant shall receive payment equal in amount to the number of Units redeemed on such Redemption Date multiplied by the Fair Market Value of a Share on the Redemption Date net of any withholding taxes and other source deductions required by law to be withheld by the Corporation.

Section 5.2 Deemed Redemption

If the Participant (or his or her legal representative, as the case may be) fails to file a Redemption Notice for all of such Participant's Units with the Corporation before the Deemed Redemption Date, the Participant (or his or her legal personal representative, as the case may be) shall be deemed to have filed with the CFO, on the Deemed Redemption Date, a Redemption Notice specifying:

- (a) the Deemed Redemption Date as the Redemption Date for all of such Participant's Units that have not previously been redeemed; and
- (b) acknowledging that such Units are to be redeemed by the Corporation by way of cheque drawn on the Corporation's account payable to the Participant, net of required withholdings.

Section 5.3 US Participants

Notwithstanding Section 5.2 or any Redemption Notice actually filed by a US Participant (or his or her legal representative, as the case may be), the Redemption Date for all of a US Participant's Units (the "**US Redemption Date**") will be the US Participant's Termination Date, and payment for the value of such Units will be made to the US Participant as soon as administratively practicable but no later than 90 days after the Termination Date, subject to the following sentence. If a US Participant is determined to be a "specified employee" within the meaning of Section 409A of the Code, the US Redemption Date will be the date that is six months after the US Participant's Termination Date (or, if earlier, the date of death of the Participant), with payment occurring within 10 Business Days after such date.

ARTICLE 6- INSIDER TRADING

Section 6.1 Compliance with Insider Trading Policies

Notwithstanding any other provisions of this Plan, a Redemption Notice must only be given in compliance with the Corporation's insider trading policies and applicable law.

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SCHEDULE A - REDEMPTION NOTICE

ST ANDREW GOLDFIELDS LTD.
(the “Corporation”)

Deferred Share Unit Plan
(the “Plan”)

Note: All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Plan.
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I hereby advise the Corporation that:

I wish the Corporation to redeem all the Units credited to my account under the Plan on the following redemption date, or dates, which in each case shall be at least 10 Business Days following the date on which this Redemption Notice is received by the Corporation but no later than December 10 of the first calendar year commencing after the year of the Termination Date, and acknowledge that my Units will be redeemed by a cash payment from the Corporation to the undersigned, net of required withholding taxes and other source deductions.

Percentage of Units (expressed as a percentage totalling 100%)	Redemption Date(s)
1. _____	_____
2. _____	_____

I confirm that I am:

☐ not subject to U.S. income tax in respect of Units issued under the Plan.

Date

(Signature of Participant)

(Name of Participant in Block Letters)