

# **AUDREY CAPITAL CORPORATION**

## **INCENTIVE STOCK OPTION PLAN**

**(As approved by the Board of Directors on May 12, 2021)**

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**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

For the purposes of this Plan, the following terms shall have the following meanings:

- a) “**Accelerated Vesting Event**” means the occurrence of any one of the following events:
- (i) The acquisition or continuing ownership by any Person or Persons acting jointly or in concert (as determined under applicable securities Laws), directly or indirectly, of Common Shares or of Convertible Securities which, when added to all other securities of the Corporation at the time held by such Person or Persons, Persons associated with such Person or Persons, or Persons affiliated with such Person or Persons (as determined under applicable securities Laws) (collectively, the “**Acquirors**”), and assuming the conversion, exchange, or exercise of the Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
  - (ii) An amalgamation, merger, arrangement or other business combination (a “**Business Combination**”) involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, will own directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- b) “**Affiliate**” has the meaning ascribed thereto by the Exchange;
- c) “**Board**” means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than three (3) Directors of the Corporation duly appointed to administer this Plan;
- d) “**Common Shares**” means the common shares of the Corporation;
- e) “**Completion of the Qualifying Transaction**” has the meaning given in Exchange Policy 2.4 – *Capital Pool Company* of the Exchange’s Corporate Finance Manual;
- f) “**CPC**” has the meaning given in Exchange Policy 2.4 – *Capital Pool Company* of the Exchange’s Corporate Finance Manual;
- g) “**Consultant**” means an individual who:
- (i) provides ongoing consulting, technical, management, or other services to the Corporation or an Affiliate under a written contract with the Corporation or the Affiliate other than services provided in relation to a Distribution;
  - (ii) possesses technical, business, or management expertise of value to the Corporation or an Affiliate;

- (iii) in the opinion of the Corporation spends, or will spend, a reasonable amount of time and attention on the business affairs of the Corporation or an Affiliate; and
  - (iv) has a relationship with the Corporation or an Affiliate that enables the Consultant to be knowledgeable about the business and affairs of the Corporation or the Affiliate;
- and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;
- h) “**Convertible Securities**” means any security of the Corporation which is convertible into Common Shares;
  - i) “**Corporation**” means Audrey Capital Corporation and its successor entities;
  - j) “**Director**” means a director of the Corporation or of an Affiliate;
  - k) “**Disinterested Shareholder Approval**” has the meaning ascribed thereto by the Exchange in Policy 4.4 – *Incentive Stock Options* of the TSX Venture Exchange Corporate Finance Manual;
  - l) “**Distribution**” has the meaning ascribed thereto by the Exchange;
  - m) “**Eligible Person**” a Director, Officer, Employee or Consultant of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; provided that, until such time as the Corporation completes a Qualifying Transaction, an Eligible Person shall be limited to a Director, senior Officer or, where applicable securities laws allow, a Consultant whose part is required to evaluate the proposed Qualifying Transaction;
  - n) “**Employee**” means an individual who:
    - (i) is considered an employee of the Corporation or an Affiliate under the *Income Tax Act* (Canada), i.e. for whom income tax, employment insurance, and Canada Pension Plan deductions must be made at source;
    - (ii) works full-time for the Corporation or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source; or
    - (iii) works for the Corporation or an Affiliate on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source;
  - o) “**Exchange**” means the TSX Venture Exchange and any successor entity;
  - p) “**Expiry Date**” means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
  - q) “**Governmental Authorities**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts,

bodies, boards, tribunals or dispute settlement panels, or other law, rule, or regulation-making organizations or entities:

- (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state, or any geographic or political subdivision of any of them; or
  - (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory, or taxing authority or power;
- r) “**Insider**” has the meaning ascribed thereto by the Exchange;
  - s) “**Investor Relations Activities**” has the meaning ascribed thereto by the Exchange;
  - t) “**IPO**” means the Corporation’s initial public offering of its Common Shares to the public in the Provinces of British Columbia, Alberta, and Ontario;
  - u) “**IPO Share Price**” means the price of the Common Shares offered to the public pursuant to the IPO;
  - v) “**Laws**” means currently existing applicable statutes, by-laws, rules, regulations, orders, ordinances, or judgments in each case of any Governmental Authority having the force of the law;
  - w) “**Management Company Employee**” means an individual who is employed by a Person providing management services to the Corporation which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;
  - x) “**Material Information**” has the meaning ascribed thereto by the Exchange;
  - y) “**Officer**” means an officer of the Corporation or of an Affiliate, and includes a Management Company Employee;
  - z) “**Option**” means an option to purchase Common Shares granted to an Eligible Person pursuant to this Plan;
  - aa) “**Optionee**” means an Eligible Person who has been granted an Option;
  - bb) “**Other Share Compensation Arrangement**” means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee, or otherwise;
  - cc) “**Plan**” means this Incentive Stock Option Plan; and
  - dd) “**Resulting Issuer**” has the meaning given in Exchange Policy 2.4.

## 1.2 Interpretation

- a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.
- b) If the Corporation is listed on the Toronto Stock Exchange, the provisions of this Plan as they relate to companies listed on Tier 1 of the TSX Venture Exchange shall apply.

## **ARTICLE 2 ESTABLISHMENT OF PLAN**

### **2.1 Purpose**

The purpose of this Plan is to provide an effective long-term incentive to Eligible Persons from time to time.

### **2.2 Shares Reserved**

- a) The maximum number of Common Shares that may be reserved for issuance under this Plan will not exceed more than 10% of the number of issued and outstanding Common Shares as at the closing of the IPO. After the Completion of the Qualifying Transaction by the Corporation, the maximum aggregate number of Common Shares reserved for issuance pursuant to the exercise of Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is surrendered, terminated, or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for issuance upon exercise of Options subsequently granted under this Plan.
- b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification, or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of, or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
  - (iii) the vesting of any Options (subject to the approval of the Exchange if such vesting is mandatory under the policies of the Exchange), including the accelerated vesting thereof on conditions the Board deems advisable,and if the Corporation undertakes an arrangement or is amalgamated, merged, or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.
- c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

### **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

### **2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

## **ARTICLE 3 ADMINISTRATION OF PLAN**

### **3.1 Administration**

- a) This Plan shall be administered by the Board or any committee established by the Board for the purposes of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
  - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations, and restrictions in respect of any particular Option grant including, but not limited to, the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale, or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Optionee's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation, and administration of this Plan, and to adopt, amend, and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Sections 3.2 and 3.3 hereof.
- b) The Board's interpretations, determinations, guidelines, rules, and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Optionees, and all other persons.
- c) For stock options granted to Employees, Consultants, or Management Company Employees, the Corporation and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant, or Management Company Employee, as the case may be.

### **3.2 Amendment, Suspension, and Termination**

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend, or terminate this Plan or any portion thereof. No such amendment, suspension, or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Optionee. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules, and regulations relating to this Plan shall continue in effect for the duration of any such time as any Option remains outstanding.

### **3.3 Compliance with Laws**

- a) This Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell, issue, and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial, and foreign Laws, policies, rules, and regulations; to the policies, rules, and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading; and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue, or deliver Common Share upon exercise of Options in violation of such laws, policies, rules, and regulations, or any condition or requirement of such approvals.
- b) No Option shall be granted and no Common Shares sold, issued, or delivered hereunder where such grant, sale, issue, or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue, and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue, or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- c) Common Shares sold, issued, and delivered to Optionees pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

## **ARTICLE 4 OPTION GRANTS**

### **4.1 Eligibility and Multiple Grants**

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions. If the Company has not completed its Qualifying Transaction and is a CPC, no Option may be granted to any Eligible Person, unless such Eligible Person has entered into an escrow agreement agreeing to deposit the Options and any Common Shares issuable upon exercise of such Options into escrow in accordance with Exchange Policy 2.4.

### **4.2 Option Agreement**

Every Option shall be evidenced by an option agreement executed by the Corporation and the Optionee. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

### **4.3 Limitation on Grants and Exercises**

- a) **To any one person.** The aggregate number of Options granted to any one Person (and companies wholly owned by that Person) pursuant to this Plan and any other Share Compensation Arrangement in a 12-month period must not exceed 5% of the issued shares of the Corporation at

the time of the grant (unless the Corporation has obtained the requisite Disinterested Shareholder Approval to exceed such limit).

- b) **To Consultants.** The aggregate number of Options granted to any one Consultant in a 12-month period pursuant to this Plan and any other Share Compensation Arrangement must not exceed 2% of the issued shares of the Corporation at the time of the grant.
- c) **To persons conducting Investor Relations Activities.** In accordance with Section 7.3 of the Exchange Policy 2.4, as long as the Corporation remains a CPC, as that term is defined in the Exchange Policy 2.4, the Corporation shall not grant any options to any Persons providing Investor Relations Activities, promotional, or market-making services. If the Corporation completes a Qualifying Transaction and is no longer a CPC, the aggregate number of Common Shares reserved for issuance to all Persons conducting Investor Relations Activities in any 12-month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- d) **To Non-Executive Directors.** The aggregate value of Options granted to any one non-executive Director in any 12-month period under this Plan:
  - (i) shall not exceed \$100,000, at the time of the grant;
  - (ii) together with the aggregate value of awards to such non-executive under any Other Share Compensation Arrangement, shall not exceed \$150,000 at the time of the grant.
- e) **To Insiders.** Unless the Corporation has received Disinterested Shareholder Approval to do so:
  - (i) the aggregate number of Common Shares reserved for issuance to Insiders under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant;
  - (ii) the aggregate number Options granted to Insiders (as a group) in any 12-month period under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant.

## **ARTICLE 5 OPTION TERMS**

### **5.1 Exercise Price**

- a) Subject to a minimum exercise price of \$0.10 per Common Share, the exercise price per Common Share for an Option granted hereunder shall be determined by the Board, but it will in no event be less than the “Discounted Market Price”, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required or permitted by the Exchange.
- b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety-day period shall begin:

- (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
  - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.
- c) Notwithstanding subsection 5.1(b) herein, for as long as the Corporation shall remain a CPC, as that term is defined in the Exchange Policy 2.4, any stock options granted will not be less than the greater of the IPO share price and the Discounted Market Price.

## **5.2 Expiry Date**

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant, subject to extension where the expiry date falls within a “blackout period”, pursuant to Section 5.8 herein.

## **5.3 Vesting**

- a) Subject to subsection 5.3(b) herein, and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- b) Options granted to Consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than ¼ of such Options vesting in any 3-month period.

## **5.4 Accelerated Vesting Event**

Subject to subsection 5.3(b) herein and in compliance with the policies of the Exchange, upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any Option, except pertaining to Options granted to Consultants performing Investor Relations Activities which will be subject to prior written Exchange approval, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances including, but not limited to:

- a) accelerating the vesting of Options, conditionally or unconditionally;
- b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction;
- c) otherwise modifying the terms of any Option to assist the holder to tender into any takeover bid or other transaction constituting an Accelerated Vesting Event; or
- d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event.

The determination of the Board in respect of any such Accelerated Vesting Event shall, for the purposes of this Plan, be final, conclusive, and binding.

## **5.5 Effect of Take-Over Bid**

If a takeover bid, as defined under applicable securities Laws (the “Offer”), is made for Common Shares or Convertible Securities which, if successful (assuming the conversion exchange or exercise of the Convertible Securities, if any, that are the subject of the takeover bid), would result in any Person or Persons acting jointly or in concert as determined under applicable securities Laws, or Persons associated or affiliated with such Person or Persons as determined under applicable securities Laws beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors, the Company shall immediately upon receipt of notice of the Offer, notify each Optionee of the full particulars of the Offer, whereupon all Options will become fully vested and the Options may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Common Shares received upon such exercise, pursuant to the Offer. However, if:

- a) the Offer is not completed within the time specified therein; or
- b) all of the Common Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Common Shares received upon such exercise, or in the case of subsection 5.5(b) herein, the Common Shares that are not taken up and paid for may be returned by the Optionee to the Corporation and reinstated as authorized but unissued Common Shares and with respect to such returned Common Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Common Shares were to become vested pursuant to this section shall be reinstated. If any Common Shares are returned to the Corporation under this section, the Corporation shall immediately refund the exercise price to the Optionee for the Options relating to such returned Common Shares.

## **5.6 Non-Assignability**

Options may not be assigned or transferred.

## **5.7 Ceasing to be Eligible Person**

- a) If an Optionee who is a Director, Officer, Employee, or Consultant is terminated for cause, each Option held by such Optionee shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- b) If an Optionee dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Optionee shall be exercisable by the heirs or administrators of such Optionee and shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is six months after the date of the Optionee’s death, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after the date of the Optionee’s death.
- c) If an Optionee ceases to be an Eligible Person other than in the circumstances set out in subsection 5.7(a) or 5.7(b) herein, each Option held by such Optionee shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 30 days after such event, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not

exceeding the earlier of the Expiry Date and the date which is twelve months after such event, and further provided that the Board may, in its discretion, on a case-by-case basis and only with the approval of the Exchange, further extend the date of such termination and the resulting period in which such Option remains exercisable to a date exceeding the date which is after twelve months of such event.

- d) If any portion of an Option grant is not vested at the time an Optionee ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option grant may not be thereafter exercised by the Optionee or its legal representative, as the case may be, provided that the Board may, in its discretion, further and subject to the approval of the Exchange, where the vesting of said Optionee's Options was a requirement of the Exchange's policies, thereafter permit the Optionee or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the relevant Option grant that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Optionee ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Optionee received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option grant to vest.
- e) Notwithstanding any other provisions of this Plan, if an Optionee does not continue as an Eligible Person of the Resulting Issuer following the Completion of the Qualifying Transaction, then each Option held by such Optionee shall terminate and therefore cease to be exercisable on the later of:
  - (i) twelve months after the Completion of the Qualifying Transaction; and
  - (ii) 90 days after the Optionee ceases to be an Eligible Person of the Resulting Issuer.

## **5.8 Blackout Periods**

An Option will be automatically extended past the Expiry Date of an Option governed by the Plan if such expiry date falls within a period (a "**blackout period**") during which the Corporation prohibits Optionees from exercising their Options provided that the following requirements are satisfied:

- a) The blackout period must be formally imposed by the Corporation pursuant to its internal trading policies as a result of the *bona fide* existence of undisclosed Material Information. For greater certainty, in the absence of the Corporation formally imposing a blackout period, the Expiry Date of any Options will not be automatically extended in any circumstances.
- b) The blackout period must expire upon the general disclosure of the undisclosed Material Information. The Expiry Date of the affected Options can be extended to no later than ten (10) business days after the expiry of the blackout period.
- c) The automatic extension of an Optionee's Options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under securities Laws) in respect of the Corporation's securities.

## **ARTICLE 6 EXERCISE PROCEDURE**

### **6.1 Exercise Procedure**

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Optionee only upon the Optionee's delivery to the Corporation at its head office of:

- a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- b) the originally signed option agreement with respect to the Option being exercised;
- c) a certified cheque or bank draft made payable to the Corporation, or confirmation of a direct deposit to the Corporation's bank accounts, for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable Laws;
- d) documents containing such representations, warranties, agreements, and undertakings, including such as to the Optionee's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the Laws of any jurisdiction;
- e) for so long as the Corporation is a CPC, no Option may be exercised before the Completion of the Qualifying Transaction unless the Participant agrees in writing to deposit the Common Shares acquired into escrow until Completion of the Qualifying Transaction;

and on the business day following, the Optionee shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Optionee.

### **6.2 Withholding**

The Corporation may withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options ("**Withholding Obligations**"). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion by:

- a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the Optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations; or
- b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Common Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

## **ARTICLE 7 AMENDMENT OF OPTIONS**

### **7.1 Consent to Amend**

The Board may amend any Option with the consent of the affected Optionee and the Exchange, including any shareholder approval required by the Exchange.

Shareholder approval shall be obtained in accordance with the requirements of the TSX Venture Exchange for any amendment that results in:

- a) any reduction in the exercise price of an Option (which would require Disinterested Shareholder Approval);
- b) any cancellation and reissuance of an Option;
- c) an increase in the maximum number of Common Shares issuable pursuant to the Plan (other than pursuant to Section 2);
- d) an extension of the Expiry Date for Options granted to Insiders under the Plan;
- e) other types of compensation through Common Share issuance;
- f) granting rights to an Eligible Person to assign Options;
- g) the addition of additional categories of Eligible Persons (other than as contemplated by Section 2);
- h) changes in Eligible Persons that may permit the introduction or reintroduction of non-employee Directors on a discretionary basis; or
- i) any amendments to Section 7 that will increase the Corporation's ability to amend the Plan without shareholder approval.

### **7.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are provided.

## **ARTICLE 8 MISCELLANEOUS**

### **8.1 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon an Optionee any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Optionee shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

### **8.2 No Right to Employment**

Nothing in this Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Optionee's employment, with or without cause, at any time; nor shall anything in the

Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of an Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which an Optionee would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

### **8.3 Governing Law**

This Plan, all options agreements, the grant and exercise of Options hereunder, and the sale, issue, and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.