

# **GREYSTAR RESOURCES LTD.**

## **AMENDED AND RESTATED INCENTIVE SHARE OPTION PLAN**

### **PART 1 - INTRODUCTION**

#### **1.1 Purpose**

The purpose of the Share Option Plan is to secure for **Greystar Resources Ltd.** (the “Company”) and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, employees, part-time employees and consultants of the Company and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that share option plans of the nature provided for herein play a key role in attracting, retaining and encouraging persons of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Company.

#### **1.2 Definitions**

- (a) “Affiliate” has the meaning ascribed thereto in the Securities Act.
- (b) “Associate” has the meaning ascribed thereto in the Securities Act.
- (c) “Blackout Period” means a period during which the Company has imposed restrictions on trades in its securities by its directors, officers and employees.
- (d) “Board” means the board of directors of the Company or any committee of the Board duly appointed by the Board to administer the Share Option Plan.
- (e) “Business Day” means a day other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia.
- (f) “Change of Control” means the occurrence of any of the following events, whether by way of a single transaction or a series of related transactions:
  - (i) any change of the holding of Shares whereby as a result of such change a person (not affiliated or associated with the Company within the meaning of the *Securities Act*) or a group of persons (none of which are affiliated or associated with the Company) acting in concert, hold or control, directly or indirectly, by or for the benefit of such person or persons, Shares carrying more than 50% of the votes for the election of directors whether such change in the holding or control of such securities occurs by way of reorganization, recapitalization, consolidation, amalgamation, arrangement, merger, transfer, acquisition or otherwise;

- (ii) the acquisition by a person (not affiliated or associated with the Company) or a group of persons (none of which are affiliated or associated with the Company) acting in concert, pursuant to a take-over bid, as defined in the Securities Act, of Shares that, together with the Shares already held by such person or group, constitute 20% or more of the outstanding Shares;
- (iii) the sale or other disposition, whether by way of purchase, joint venture, exchange or otherwise, to any person (not affiliated or associated with the Company) or a group of persons (none of which are affiliated or associated with the Company) acting in concert, of assets of the Company, or interests therein, having a value greater than 50% of the fair market value of the assets of the Company and any subsidiaries on a consolidated basis determined as at the date of the entering into of the transaction;
- (iv) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction; or
- (v) the adoption by the shareholders of the Company of a resolution to wind-up, dissolve or liquidate the Company.

For the purposes of this definition, the number of Shares held by a person or group of person will include Shares beneficially owned by them as determined in accordance with section 1.8 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* or any successor provision.

- (g) “Company” means Greystar Resources Ltd.
- (h) “Corporations Act” means the *Business Corporations Act* (British Columbia) and the regulations thereunder as amended or re-enacted from time to time.
- (i) “Consultant” has the meaning ascribed thereto in *Multilateral Instrument 45-105-Trades to Employees, Senior Officers, Directors and Consultants* or any successor instrument adopted, from time to time, by the British Columbia Securities Commission.
- (j) “Eligible Person” means:
  - (i) any director, officer, employee, part-time employee of the Company or an Affiliate of the Company, or a Permitted Associate of such a person; or
  - (ii) a Consultant of the Company or an Affiliate of the Company, or a Permitted Associate of such a person or company; or.

- (k) “Exercise Price” means the exercise price per Share for each Option as determined by the Board pursuant to Section 2.3 hereof.
- (l) “Holding Entity” means a person or company that is controlled by an individual;
- (m) “Insider” has the meaning ascribed thereto in the Securities Act.
- (n) “Option” means an option granted under the terms of the Share Option Plan.
- (o) “Option Period” means the period during which an Option may be exercised.
- (p) “Optionee” means an Eligible Person to whom an Option has been granted under the terms of the Share Option Plan.
- (q) “Permitted Associate” means, for an employee, officer, director, or Consultant of the Company or an Affiliate of the Company:
  - (i) a trustee, custodian, or administrator acting on behalf, or for the benefit, of the employee, officer, director, or Consultant;
  - (ii) a Holding Entity of the employee, officer, director, or Consultant; or
  - (iii) an RRSP or RRIF of the employee, officer, director, or Consultant.
- (r) “Securities Act” means the *Securities Act* (Ontario), the regulations and the rules thereunder and the applicable published policy statements, orders, notices, instruments and rulings thereunder as amended or re-enacted from time to time.
- (s) “Share Option Plan” or “Plan” means the plan established and operated pursuant to and in accordance with the terms hereinafter contained.
- (t) “Shares” mean the Common shares of the Company.

## **PART 2 - SHARE OPTION PLAN**

### **2.1 Participation**

Options shall be granted only to Eligible Persons.

### **2.2 Determination of Option Recipients**

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Company and any other factors which it may deem proper and relevant.

### 2.3 **Price**

The Exercise Price per Share for each Option granted under the Plan shall be determined at the time of grant by the Board but may not be less than the Market Price of the Shares on the Toronto Stock Exchange, if the Shares are then listed for trading thereon (and if not so listed, on any stock exchange on which the Shares may then be listed). The Market Price shall be the closing market price of the Shares on the trading day prior to the day on which the Option is granted.

### 2.4 **Grant of Options**

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions hereof. The date of each grant of Options shall be the date the Board authorizes such grant.

Each Option granted to an Eligible Person shall be evidenced by a stock option agreement, in substantially the form attached hereto as Schedule A, with terms and conditions consistent with the Plan and as approved by the Board (which terms and conditions need not be the same in each case and may be changed from time to time).

### 2.5 **Option Period**

Subject to the specific expiration provisions set out in this Plan, the Shares subject to each Option will become purchasable at such time or times as may be determined by the Board, and different Options may have different times for exercise or may be exercisable in instalments. No Option will be exercisable after the expiration of ten years from the date upon which it was granted and may expire on such earlier date or dates as may be fixed by the Board.

Notwithstanding the foregoing, if an Option expires:

- (a) within a Blackout Period, the date of expiry will be the date which is 10 Business Days after expiry of the Blackout Period; or
- (b) immediately following a Blackout Period, the date of expiry will be the date which is 10 Business Days after expiry of the Blackout Period less the number of Business Days between the date of expiry of the Option and the date on which the Blackout Period ends.

The term of expiry pursuant to sub-paragraphs 2.5 (a) or (b) is fixed and is not subject to the discretion of the Board.

### 2.6 **Exercise of Option**

An Optionee who wishes to exercise his Option shall do so by delivery of: (a) a written notice to the Company at its head office specifying the number of Shares being purchased; and (b) cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Shares being purchased.

No Optionee or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him or them under the terms of the Share Option Plan.

#### 2.6A **Exchange of Options**

An Optionee may elect, by written notice (the “Election Notice”) to the Company at its head office, to dispose of the Optionee’s rights under all or part of his Options (the “Exchanged Rights”) in exchange for the following number of Shares in settlement thereof:

$$\text{Number of Shares} = \text{Number of Shares issuable on exercise of the Exchanged Rights} \times \frac{(\text{Current Price} - \text{Exercise Price})}{\text{Current Price}}$$

For the purpose of this paragraph, “Current Price” means the last closing price of the Shares on the Toronto Stock Exchange, if the Shares are then listed for trading thereon (and if not so listed, on any stock exchange on which the Shares may then be listed) immediately prior to receipt by the Company of the Election Notice.

Upon the issuance of Shares in accordance with the foregoing formula, the Exchanged Rights shall terminate.

#### 2.7 **Lapsed or Exercised Options**

If:

- (a) Options are surrendered, terminated or expire, without being exercised in whole or in part, the number of Shares not purchased under such lapsed Options shall be added to the number of Shares available for issuance under the Share Option Plan; or
- (b) Options are exercised, in whole or in part, the number of Shares purchased under such exercised Options shall be added to the number of Shares available for issuance under the Share Option Plan;

provided, in either case, that the number of shares then issuable under the Share Option Plan does not exceed the maximum percentage provided in paragraph 3.1.

#### 2.8 **Effect of Termination of Employment or Death**

- (a) If an Optionee dies while employed or engaged by, or while a director or officer of, the Company or any Affiliate, any Option held by him at the date of death shall become exercisable, in whole or in part, only by the person or persons to whom the Optionee’s rights under the Option shall pass by the Optionee’s will or the laws of descent and distribution. Any such Option shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his death and only for a period of one year after the date of death or until expiry of the Option Period in respect thereof, whichever is sooner.

- (b) If an Optionee retires from the employment of the Company or any Affiliate, any Option held by him at the date of retirement shall be exercisable, in whole or in part, only for a period of six months thereafter, or until expiry of the Option Period in respect thereof, whichever is sooner.
- (c) If an Optionee ceases to be employed or engaged by the Company or any Affiliate for cause, or if an Optionee is removed from office as a director or officer, or becomes disqualified from such position by law, no Option held by such Optionee may be exercised following the date on which such Optionee ceases to be so employed or engaged or ceases to be a director or officer, as the case may be.
- (d) Subject to subparagraphs 2.8 (b), (e) and (f), if an Optionee ceases to be employed or engaged by the Company or any Affiliate for any reason other than cause or death or ceases to be a director or officer for any reason other than death, removal or disqualification, any Option held by such Optionee on the date on which such Optionee ceases to be so employed or engaged or ceases to be a director or officer shall be exercisable, in whole or in part, only until the sooner of expiry of the Option Period and the 60<sup>th</sup> day following the date on which the Optionee ceases to be employed or engaged by, or to be a director or officer of, the Company or any Affiliate.
- (e) A change in the status, office, position or duties of an Optionee from the status, office, position or duties held by such Optionee on the date on which the Option was granted to such Optionee shall not result in a termination of such Option provided that the Optionee remains an Eligible Person.
- (f) If, at the request of the Board, an Optionee resigns as an employee, director, officer or consultant, the Board may, in its absolute discretion, extend the term of any Option held by such Optionee at the date of resignation so that it is exercisable, in whole or in part, for a period of up to six months from the date of resignation or until expiry of the Option Period, whichever is sooner.

## 2.9 **Effect of Acquisition of Control Block**

Upon the announcement of a transaction which, if completed, would constitute a Change of Control pursuant to subparagraph 1.2(f)(i), (ii) or (iv) and under which Shares are to be exchanged, acquired or otherwise disposed of, all Options that have not vested shall be deemed to be fully vested and exercisable solely for the purposes of permitting the Optionees to exercise such Options in order to participate in such transaction.

## 2.10 **Effect of Sale or Disposition**

Upon the announcement of a transaction which, if completed, would constitute a Change of Control pursuant to subparagraph 1.2(f)(iii) and under which a distribution of securities and/or cash will be made to holders of Shares in connection therewith, all Options that have not vested shall be deemed to be fully vested and exercisable solely for the purposes of permitting the Optionees to exercise such Options in order to participate in such distribution.

## 2.11 **Effect of Shareholders' Resolution to Wind-Up, Dissolve or Liquidate**

Upon adoption of the shareholders' resolution to wind-up, dissolve or liquidate the Company referred to in subparagraph 1.2(f)(v) and if pursuant such wind-up, dissolution or liquidation a distribution of securities and/or cash will be made to holders of Shares, all Options that have not vested shall be deemed to be fully vested and exercisable solely for the purposes of permitting the Optionees to exercise such Options in order to participate in such distribution.

## 2.12 **Return of Shares**

If:

- (a) a Change of Control to which paragraph 2.9, 2.10 or 2.11 applies is not completed within the time limited therefor; or
- (b) all of the Shares delivered by the Optionee pursuant to a Change of Control to which paragraph 2.9 applies are not exchanged, acquired or otherwise disposed of in connection therewith,

then the Shares, or in the case of subparagraph 2.12(b), the Shares that are not exchanged, acquired or otherwise disposed of, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Shares, the Option shall be reinstated as if it had not been exercised. If any Shares are returned to the Company under this paragraph, the Company shall refund the exercise price to the Optionee for such Shares.

## 2.13 **Effect of Amalgamation, Consolidation or Merger**

If the Company amalgamates, consolidates with or merges with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Exercise Price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Share Option Plan.

## 2.14 **Adjustment in Shares Subject to the Share Option Plan**

If there is any change in the Shares through or by means of a consolidation, subdivision or reclassification of Shares, or otherwise, the number of Shares available under the Share Option Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and, if required, approved by the Toronto Stock Exchange or any other stock exchange having authority over the Company or the Share Option Plan, and such adjustment shall be effective and binding for all purposes of the Share Option Plan.

## 2.15 **Loans to Employees**

Subject to the Corporations Act, the Board may at any time authorize the Company to lend money to an Eligible Person, on such terms and conditions as the Board in its

sole discretion may determine, to assist such Eligible Person to exercise an Option held by him. The Company will have full recourse against the borrower for the amount of the loan.

### 2.16 **Right to Accelerate Options on Sale or Merger**

Notwithstanding any other provision of this Plan, if the Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of the Company or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding Shares (collectively, the “Proposed Transaction”), the Company may give written notice to all Optionees advising that their respective Options may be exercised only within 30 days after the date of the notice and not thereafter, and that all rights of the Optionees, their RRSP’s and holding companies under any Options not exercised will terminate at the expiration of the 30-day period, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Option will be affected by the notice, except that the Option may not be exercised between the date of expiration of the 30-day period and the day after the expiration of the 180-day period.

## **PART 3 - GENERAL**

### 3.1 **Number of Shares**

The aggregate number of Shares that may be issued from time to time under the Share Option Plan and all other plans of a similar nature shall not exceed 10% of the Shares issuable from time to time in the capital of the Company. The aggregate number of Shares reserved for issuance under the Share Option Plan and all other plans of a similar nature to any one person shall not at any time exceed five percent of the Company’s outstanding capital.

### 3.2 **Assignment**

The benefits, rights and options accruing to any Eligible Person in accordance with the terms and conditions of the Share Option Plan shall not be assignable except as set forth in subparagraph 2.8(a).

### 3.3 **Continuance of Employment or Position**

Nothing contained in the Share Option Plan shall confer upon any director, officer, employee or Consultant of the Company or an Affiliate any right to continue to serve as a director, officer, employee or Consultant, as applicable, or interfere in any way with the right of the Company or any Affiliate to terminate such person’s position at any time.

### 3.4 **Effective Date**

The Share Option Plan shall be effective upon the approval of the Toronto Stock Exchange and the shareholders of the Company in the form required under the policies of the Toronto Stock Exchange.



### 3.5 **Administration of the Share Option Plan**

The Board is authorized to adopt, amend and rescind rules and regulations for the administration of the Share Option Plan. The interpretation and construction of any provision of the Share Option Plan by the Board shall be final and conclusive. Administration of the Share Option Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### 3.6 **Withholding Obligations**

To the extent the grant or exercise of an Option hereunder gives rise to any tax or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), prior to the delivery of the Option or Shares being acquired upon the exercise of the Option, as the case may be, the Company may:

- (a) require the Optionee to remit to the Company a cash payment equal to; or
- (b) withhold from any remuneration or consideration whatsoever payable to the Optionee

an amount sufficient to pay any tax or other statutory withholding obligation associated with the grant or exercise of the Option, as the case may be.

The Company may, in its discretion and subject to such procedures as the Chief Executive Officer or Chief Financial Officer of the Company may implement, permit an Optionee to make the cash payment described in (a) above by tendering or arranging to have sold the appropriate number of Shares acquired upon the exercise of the Option, or by a combination of the above-noted methods. The amount of tax or other statutory withholding obligation payable by the Company will be calculated based on the last closing price of the Shares on the Toronto Stock Exchange, if the Shares are then listed for trading thereon and if not so listed, on any stock exchange on which the Shares may then be listed, as of the date when the withholding is required to be made.

### 3.7 **Amendment of the Share Option Plan**

Subject to paragraph 3.8, the Board may amend the Share Option Plan or any Option at any time in its absolute discretion without the approval of the shareholders of the Company to:

- (a) amend the time or times that the Shares subject to each Option will become purchasable by an Optionee, including accelerating the vesting terms, if any, applicable to an Option;
- (b) amend the process by which an Optionee who wishes to exercise his or her Option can do so, including the required form of payment for the Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;

- (c) reduce the exercise price or extend the term of an Option, other than an Option held by an Insider of the Company;
- (d) amend the terms of the Plan relating to the effect of termination, cessation or death of an Eligible Person on the right to exercise Options (including Options held by an Insider);
- (e) make any amendments to the Plan that are of a typographical, grammatical or clerical nature; and
- (f) make any amendments necessary to bring the Plan into compliance with the securities and corporate laws and the rules and policies of the TSX.

### 3.8 **Shareholder Approval**

The shareholders of the Company shall approve any amendment to the Share Option Plan or an Option which:

- (a) reduces the Exercise Price of an Option held by an Insider;
- (b) extends the term of an Option held by an Insider; or
- (c) increases the fixed maximum percentage of Shares issuable pursuant to the Share Option Plan.

Shares held directly or indirectly by Insiders who may benefit from any such amendment shall not be included in the vote on the resolution approving any such amendment.

### 3.9 **No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Share Option Plan.

### 3.9 **Interpretation**

The Share Option Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

### 3.10 **Compliance with Legislation**

The Share Option Plan, the grant and exercise of Options hereunder and the Company's obligation to sell and deliver Shares upon exercise of Options is subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Share Option Plan or the grant of any Option hereunder to issue or sell Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Shares issued or sold hereunder where such grant, issue or sale would require registration of the Share Option

Plan or Shares under the securities laws of any foreign jurisdiction and any purported grant of any Option or issue or sale of Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Shares pursuant to the Share Option Plan unless such Shares have been duly listed, upon official notice of issuance, with all stock exchanges on which the Shares are listed for trading. Shares issued and sold to Eligible Persons pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws. In particular, if Options are granted to any resident or citizen of the United States, the Board and the Company will use their best efforts to ensure that all matters pertaining to such Options are made in compliance with applicable United States securities laws, and all agreements between the Company and any such Eligible Person will contain such language, and all certificates representing Shares issued to any such Eligible Persons will have endorsed upon them such restrictive legends, as counsel for the Company may deem necessary or appropriate.

### 3.11 **No Rights as Shareholder**

Nothing contained in the Share Option Plan nor in any Option granted hereunder shall be deemed to give any Optionee any interest or title in or to any Shares or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set out in the Share Option Plan and pursuant to the exercise of any Option.

Approved by the directors of the Company:

December 14, 2010

Accepted for filing by the Toronto Stock Exchange:

April 6, 2011

**SCHEDULE A**  
**STOCK OPTION AGREEMENT**

▼

Dear ▼:

**Re: Stock Option**

Greystar Resources Ltd. (the “Company”) hereby offers you a non-assignable option to purchase Common shares in the capital of the Company pursuant to the Incentive Share Option Plan (the “Plan”) established by the Company, a copy of which is attached to this agreement.

Your option is subject to the terms and conditions of the Plan which are deemed to be incorporated in this agreement, and to the following specific provisions:

**Date of Grant of Option:** ▼

**Type of Option:** ▼

**Number of Shares:** ▼

**Exercise Price:** \$▼ per share

**Term of Option:** From ▼ until and including ▼

Your stock option may be exercised in whole or in part at any time during the Term of Option by notice in writing to the Company to that effect. The Term of Option is subject to the terms and conditions of the Plan. Any such notice shall specify the number of shares with respect to which you are exercising your option and shall be accompanied by cash or a certified cheque in favour of the Company payable in Canadian funds in full payment of the Exercise Price for the number of shares then being purchased.

You may elect, by notice in writing to the Company (the “Election Notice”), to dispose of your rights under all or part of your stock options (the “Exchanged Rights”) in exchange for the following number of Common shares:

Number of Common shares	=	Number of Common shares issuable on exercise of the Exchanged Rights	X	$\frac{\text{Current Price} - \text{Exercise Price}}{\text{Current Price}}$
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For the purpose of this paragraph, “Current Price” means the last closing price of the Common shares on the Toronto Stock Exchange, if the Common shares are then listed for trading thereon

(and if not so listed, on any stock exchange on which the Common shares may then be listed) immediately prior to receipt by the Company of an Election Notice.

Any shares issued to you as a result of the exercise of your stock option will be issued under an exemption from the registration and prospectus requirements of the *Securities Act* (British Columbia) and the Regulation and the Rules thereto and the instruments, rulings, policies and orders made thereunder.

There may be restrictions imposed under applicable securities legislation on your ability to sell shares acquired on exercise of this stock option.

If you are in doubt about the applicable requirements, you should consult a lawyer.

If you choose to accept this option, please sign in the space provided below.

GREYSTAR RESOURCES LTD.

Per: \_\_\_\_\_

I hereby accept the above stock option and agree to the terms and conditions described above, including the terms and conditions of the Plan.

\_\_\_\_\_  
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