

**APPENDIX C**  
**TO FORM 2A LISTING STATEMENT**  
**TOSCA RESOURCES CORP.**  
**INCENTIVE STOCK OPTION PLAN**

**Tosca Resources Corp**  
**(the "Corporation")**

**INCENTIVE STOCK OPTION PLAN**  
**(the "Plan")**

**1. Purpose of the Plan**

The purpose of the Plan is to assist the Corporation in attracting, retaining and motivating "Directors", "Employees" and "Consultants" of the Corporation (as those terms are defined by the Canadian Securities Exchange, and which terms are hereinafter collectively referred to as "Directors, Employees and Consultants") and any of its subsidiaries and to closely align the personal interests of such Directors, Employees and Consultants with those of the shareholders by providing them with the opportunity, through options, to acquire common shares in the capital of the Corporation.

**2. Implementation**

The Plan and the grant and exercise of any options under the Plan are subject to compliance with the applicable requirements of each stock exchange ("exchanges") on which the shares of the Corporation are listed at the time of the grant of any options under the Plan and of any governmental authority or regulatory body to which the Corporation is subject.

**3. Administration**

The Plan shall be administered by the Board of Directors of the Corporation which shall, without limitation, subject to the approval of the exchanges, have full and final authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. The Board of Directors may delegate any or all of its authority with respect to the administration of the Plan and any or all of the rights, powers and discretions with respect to the Plan granted to it hereunder to such committee of directors of the Corporation as the Board of Directors may designate and upon such delegation such committee of directors, as well as the Board of Directors, shall be entitled to exercise any or all of such authority, rights, powers and discretions with respect to the Plan. When used hereafter in the Plan, "Board of Directors" shall be deemed to include a committee of directors acting on behalf of the Board of Directors.

**4. Shares Issuable Under the Plan**

Subject to the requirements of the Canadian Securities Exchange:

- (a) the aggregate number of shares ("Optioned Shares") that may be issuable pursuant to options granted under the Plan will not exceed 10% of the number of issued shares of the Corporation at the time of the granting of options under the Plan;
- (b) no more than 5% of the issued shares of the Corporation, calculated at the date the option is granted, may be granted to any one Optionee (as hereinafter defined) in any 12 month period (unless the Corporation has obtained disinterested shareholder approval for any such grant);
- (c) no more than 2% of the issued shares of the Corporation, calculated at the date the option is granted, may be granted to any one Consultant in any 12 month period;
- (d) no more than an aggregate of 2% of the issued shares of the Corporation, calculated at the date the option is granted, may be granted to all Persons (as that term is defined by the CSE) employed to provide "Investor Relations Activities" (as that term is defined by the CSE) in any 12 month period, calculated at

the date an option is granted to any such Person. For greater certainty, this 2% limit is included within the limitation contained in subsection 4(a) herein; and

(e) options granted under the Plan or any predecessor incentive stock option plan of the Corporation that have been cancelled or that have expired without being exercised will continue to be issuable under the incentive stock option plan under which they were granted.

## 5. **Eligibility**

### 5.01 **General**

Options may be granted under the Plan to Directors, Employees and Consultants of the Corporation and any of its subsidiaries (collectively the "Optionees" and individually an "Optionee"). Subject to the provisions of the Plan, the total number of Optioned Shares to be made available under the Plan and to each Optionee, the time or times and price or prices at which options shall be granted, the time or times at which such options are exercisable, and any conditions or restrictions on the exercise of options, shall be in the full and final discretion of the Board of Directors.

### 5.02 **Options Granted to Employees, Consultants or Management Company Employees**

The Corporation represents that, in the event it wishes to grant options under the Plan to Employees, Consultants or "Management Company Employees" (as that term is defined by the CSE), it will only grant such options to Optionees who are determined by the Corporation and the Optionee to be bona fide Employees, Consultants or Management Company Employees, as the case may be.

## 6. **Terms and Conditions**

All options under the Plan shall be granted upon and subject to the terms and conditions hereinafter set forth.

### 6.01 **Exercise price**

The exercise price to each Optionee for each Optioned Share shall be determined by the Board of Directors but shall not, in any event, be less than the "Discounted Market Price" of the Corporation's common shares as traded on the Canadian Securities Exchange (as that term is defined in Canadian Securities Exchange), or such other price as may be agreed to by the Corporation and accepted by the Canadian Securities Exchange; **provided that** the exercise price for each Optioned Share in respect of options granted within 90 days of a "Distribution" by a "Prospectus" (as those terms are defined by the CSE) shall not be less than the greater of the Discounted Market Price and the price per share paid by public investors for listed shares of the Corporation under the Distribution. This 90 day period will begin:

- (a) on the date a final receipt is issued for the Prospectus; or
- (b) in the case of an initial public offering, on the date of listing.

## **6.02 Requirement for Disinterested Shareholder Approval**

The approval of the "Disinterested Shareholders" of the Corporation (as that term is defined by the CSE) will be required in each of the following circumstances:

- (a) in the event the Corporation wishes to reduce the exercise price of any options held by "Insiders" (as that term is defined by the CSE) of the Corporation at the time of the proposed reduction, the approval of the Disinterested Shareholders of the Corporation will be required prior to the exercise of any such options at the reduced exercise price;
- (b) in the event the Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, could result at any time in:
  - (i) the grant to Insiders, within a 12 month period, of a number of options exceeding 10% of the issued shares of the Corporation; or
  - (ii) the issuance to any one Optionee, within a 12 month period, of a number of shares exceeding 5% of the issued shares of the Corporation.

## **6.03 Option Agreement**

All options shall be granted under the Plan by means of an agreement (the "Option Agreement") between the Corporation and each Optionee in the form attached hereto as Schedule "A" or such other form as may be approved by the Board of Directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any one director or officer of the Corporation, or otherwise as determined by the Board of Directors.

## **6.04 Length of Grant**

Subject to this section 6.04 and sections 6.10, 6.11, 6.12, 6.13 and 6.14, all options granted under the Plan shall:

- (a) expire no later than that date which is 10 years from the date such options were granted, **provided that:**
- (b) in the case of any option granted under the Plan which would otherwise expire during a period during which the Optionee was prohibited from trading in the Company's securities (a "Blackout Period"), the term of any such option shall be extended such that any such option shall expire at the close of business on the tenth trading day subsequent to the date the Blackout Period has been terminated.

## **6.05 Non-Assignability of Options**

An option granted under the Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by an Optionee other than by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Optionee only by such Optionee.

## **6.06 Vesting Schedules**

The following vesting schedules will apply to incentive stock options granted under the Plan:

- (a) each Optionee who is not a Consultant conducting Investor Relations Activities who is granted an option under the Plan may be subject to a vesting schedule, as follows:
  - (i) in the event the exercise price of the option is at or above the “Market Price” of the Corporation’s common shares as traded on the Canadian Securities Exchange (as that term is defined by the CSE), the Optionee will become vested with the right to exercise one hundred percent (100%) of the option upon the date of the grant of the option, unless otherwise determined by the Board of Directors; and
  - (ii) in the event the exercise price of the option is less than the Market Price of the Corporation’s common shares as traded on the Canadian Securities Exchange, the Optionee will become vested with the right to exercise one-sixth (1/6) of the option upon the conclusion of every three months subsequent to the date of the grant of the option, such that that Optionee will be vested with the right to exercise one hundred percent (100%) of his option upon the conclusion of 18 months from the date of the grant of the option. (By way of example, in the event that an Optionee did not exercise one-sixth (1/6) of his option at the conclusion of three months from the date of the grant of the option, he would be entitled to exercise one-third (1/3) of his option upon the conclusion of 6 months from the date of the grant of the option.); and
- (b) an Optionee who is a Consultant conducting Investor Relations Activities who is granted an option under the Plan will become vested with the right to exercise one-quarter (1/4) of the option upon the conclusion of every 3 months subsequent to the date of the grant of the option, such that that Optionee will be vested with the right to exercise one hundred percent (100%) of his option upon the conclusion of 12 months from the date of the grant of the option. (By way of example, in the event that Optionee did not exercise one-quarter (1/4) of his option at the conclusion of 3 months from the date of the grant of the option, he would be entitled to exercise one-half (1/2) of his option upon the conclusion of 6 months from the date of the grant of the option.)

## **6.07 Right to Postpone Exercise**

Each Optionee, upon becoming entitled to exercise the option in respect of any Optioned Shares in accordance with the Option Agreement, shall thereafter be entitled to exercise the option to purchase such Optioned Shares at any time prior to the expiration or other termination of the Option Agreement or the option rights granted thereunder in accordance with such agreement.

## **6.08 Exercise and Payment**

Any option granted under the Plan may be exercised by an Optionee or, if applicable, the legal representatives of an Optionee, giving notice to the Corporation specifying the number of shares in respect of which such option is being exercised, accompanied by payment (by cash or certified cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of shares specified in the notice, which payment will include the payment of any income taxes and any Canada Pension Plan deductions done on the taxable employment benefit received by the Optionee through such exercise. Upon any such exercise of an option by an Optionee the Corporation shall cause the transfer agent and registrar of shares of the Corporation to promptly deliver to such Optionee or the legal representatives of such Optionee, as the case may be, a share certificate in the name of such Optionee or the legal representatives of such Optionee, as the case may be, representing the number of shares specified in the notice.

**6.09 Rights of Optionees**

The Optionees shall have no rights whatsoever as shareholders in respect of any of the Optioned Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering) other than Optioned Shares in respect of which Optionees have exercised their option to purchase and which have been issued by the Corporation.

**6.10 Third Party Offer**

If at any time when an option granted under the Plan remains unexercised with respect to any common shares, an offer to purchase all of the common shares of the Corporation is made by a third party, the Corporation may upon giving each Optionee written notice to that effect, require the acceleration of the time for the exercise of the option rights granted under the Plan and of the time for the fulfilment of any conditions or restrictions on such exercise.

**6.11 Alterations in Shares**

In the event of a stock dividend, subdivision, redivision, consolidation, share reclassification (other than pursuant to the Plan), amalgamation, merger, corporate arrangement, reorganization, liquidation or the like of or by the Corporation, the Board of Directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event. If because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of shares in the Corporation for those in another corporation is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Optionees and of the time for the fulfilment of any conditions or restrictions on such exercise. All determinations of the Board of Directors under this section 6.11 shall be full and final.

**6.12 Termination for Cause**

Subject to section 6.13, if an Optionee ceases to be either a Director, Employee, Consultant or Management Company Employee of the Corporation or of any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised option rights of that Optionee under the Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the option granted to such Optionee under the Plan.

**6.13 Termination Other Than For Cause**

If an Optionee ceases to be either a Director, Employee, Consultant or Management Company Employee of the Corporation or any of its subsidiaries for any reason other than as a result of having been dismissed for cause as provided in section 6.12 or as a result of the Optionee's death, such Optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Optionee if earlier) from the date of ceasing to be either a Director, Employee, Consultant or Management Company Employee to exercise the option under the Plan with respect to all Optioned Shares of such Optionee to the extent they were exercisable on the date of ceasing to be either a Director, Employee, Consultant or Management Company Employee. Upon the expiration of such 90 day period all unexercised option rights of that Optionee shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Optionee under the Plan.

If an Optionee engaged in providing Investor Relations Activities to the Corporation ceases to be employed in providing such Investor Relations Activities, such Optionee shall have the right for a period of 30 days

(or until the normal expiry date of the option rights of such Optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise the option under the Plan with respect to all Optioned Shares of such Optionee to the extent they were exercisable on the date of ceasing to provide such Investor Relations Activities. Upon the expiration of such 30 day period all unexercised option rights of that Optionee shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Optionee under the Plan.

#### **6.14 Deceased Optionee**

In the event of the death of any Optionee, the legal representatives of the deceased Optionee shall have the right for a period of one year (or until the normal expiry date of the option rights of such Optionee if earlier) from the date of death of the deceased Optionee to exercise the deceased Optionee's option with respect to all of the Optioned Shares of the deceased Optionee to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Optionee shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to the deceased Optionee under the Plan.

#### **7. Amendment and Discontinuance of Plan**

Subject to the acceptance of the exchanges, the Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to an Optionee under the Plan without the consent of that Optionee.

#### **8. No Further Rights**

Nothing contained in the Plan nor in any option granted hereunder shall give any Optionee or any other person any interest or title in or to any shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation whatsoever other than as set forth in the Plan and pursuant to the exercise of any option, nor shall it confer upon the Optionees any right to continue as a Director, Employee or Consultant of the Corporation or of any of its subsidiaries.

#### **9. Compliance with Laws**

The obligations of the Corporation to sell shares and deliver share certificates under the Plan are subject to such compliance by the Corporation and the Optionees as the Corporation deems necessary or advisable with all applicable corporate and securities laws, rules and regulations.

**SCHEDULE "A"**

●  
**INCENTIVE STOCK OPTION PLAN**

**OPTION AGREEMENT**

This Option Agreement is entered into between ● (the "Company") and the Optionee named below pursuant to the Incentive Stock Option Plan (the "Plan"), and confirms that:

1. on ♦;
2. ♦ (the "Optionee");
3. was granted an option (the "Option") to purchase «Options» common shares (the "Optioned Shares") of the Company;
4. for the price of \$♦ per Optioned Share;
5. exercisable from time to time up to but not after ♦ ♦, ♦, subject to potential extension pursuant to the provisions of subsection 6.04(b) of the Plan and subject to the Vesting Schedule contained in section 6.06 of the Plan, if applicable, or to such other Vesting Schedule as may be determined by the Company's Board of Directors pursuant to the provisions of subsection 6.06(a)(i) of the Plan, as follows:

- the Optionee will be vested with the right to exercise the Option as follows:

**♦; provided that, in the event the Optionee exercises all or any portion of the Option within four (4) months and one (1) day from the date of this Option Agreement, the Optioned Shares to be issued as a result of such exercise will be endorsed with a legend, restricting transfer until the date that is four (4) months and one (1) day from the date of this Option Agreement;**

all on the terms and subject to the conditions set out in the Plan.

**Collection of Personal Information.** The Optionee acknowledges and consents to the fact that the Company is collecting the Optionee's personal information for the purpose of filing this Option Agreement. The Optionee further acknowledges and consents to the fact that the Company may be required by the applicable Securities Laws to provide the Securities Regulatory Authorities with any personal information provided by the Optionee, according to the requirements of the applicable Securities Laws.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

By signing this Option Agreement, the Optionee also acknowledges that, as required by the Canada Revenue Agency, the Optionee will be required to provide the Company with the following payments:

- (a) a payment for the number of Optioned Shares being exercised at the Exercise Price;



- (b) a payment equal to the income taxes due on the net stock option benefit, which amount is comprised of the full taxable employment benefit, less the 50% stock option benefit deduction to which the Optionee may be entitled; and
- (c) a payment equal to the Canada Pension Plan contribution due in respect of the full taxable employment benefit (without taking into consideration the 50% deduction) to be received by the Optionee through such exercise, notwithstanding that the Optionee may have already contributed the maximum amount of Canada Pension Plan contributions for the calendar year in which all or any portion of the Option is exercised, unless the Optionee provides the Company with a copy of the Election to stop paying into the Canada Pension Plan that has been filed with the Canada Revenue Agency, or the Optionee is over the age of 69.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ♦ day of ♦, ♦.

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\_\_\_\_\_  
♦  
(the Optionee)

Per: \_\_\_\_\_  
**Authorized Signatory**