

RAILTOWN AI TECHNOLOGIES INC.

STOCK OPTION PLAN

1. THE PLAN

A stock option plan (this “**Plan**”) pursuant to which options to purchase common shares (“**Common Shares**”) in the capital stock of Railtown AI Technologies Inc. (the “**Corporation**”) may be granted to the directors, officers and employees of, and to consultants retained by, the Corporation or any of its subsidiaries or affiliates is hereby established on the terms and conditions herein set forth.

2. PURPOSE

The purpose of this Plan is to advance the interests of the Corporation by encouraging the directors, officers and employees of, and consultants retained by, the Corporation or any of its subsidiaries or affiliates to acquire Common Shares, thereby: (i) increasing the proprietary interests of such persons in the Corporation; (ii) aligning the interests of such persons with the interests of the Corporation's shareholders generally; (iii) encouraging such persons to remain associated with the Corporation or any of its subsidiaries or affiliates; and (iv) furnishing such persons with an additional incentive in their efforts on behalf of the Corporation or any of its subsidiaries or affiliates.

3. ADMINISTRATION

- (a) This Plan shall be administered by the board of directors of the Corporation (the “**Board**”).
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options (as hereinafter defined), all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to: (i) construe and interpret this Plan and all option agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Optionees (as hereinafter defined) and on their legal personal representatives and beneficiaries, subject to shareholder approval as may be required by any stock exchange on which the Common Shares are listed.
- (c) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board or to the President or any other senior officer of the Corporation. Whenever used herein, the term “**Board**” shall be deemed to include any committee or officer to which the Board has, fully or partially, delegated responsibility and/or authority relating to this Plan or the administration and operation of this Plan pursuant to this Section 3.
- (d) Options to purchase the Common Shares granted hereunder (“**Options**”) shall be evidenced by an agreement, signed on behalf of the Corporation and by the person to whom an Option is granted, which agreement shall be in such form as the Board shall approve. Initially, the form of agreement shall be in the form attached hereto as Exhibit “A”, subject to such changes and amendments to the terms and conditions thereof as the Board may approve from time to time, and may contain such terms as may be considered necessary to comply with any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdictions over the Corporation, with execution of an option agreement by an officer of the Corporation to constitute conclusive evidence as to the approval of all such terms and conditions.

4. ELIGIBILITY AND PARTICIPATION

- (a) The Board may, in its discretion, select any of the following persons to participate in this Plan:
 - (i) directors of the Corporation or any of its subsidiaries or affiliates;
 - (ii) officers of the Corporation or any of its subsidiaries or affiliates;
 - (iii) employees of the Corporation or any of its subsidiaries or affiliates;
 - (iv) consultants retained by the Corporation or any of its subsidiaries or affiliates, provided such consultants have performed and/or continue to perform services for the Corporation or any of its subsidiaries or affiliates on an ongoing basis or are expected to provide a service of value to the Corporation or any of its subsidiaries or affiliates; and
 - (v) members of any advisory board of the Corporation

(any such person having been selected for participation in this Plan by the Board is herein referred to as a “**Optionee**”).

- (b) The Board may from time to time, in its discretion, grant an Option to any Optionee, upon such terms, conditions and limitations as the Board may determine, including the terms, conditions and limitations set forth herein, provided that Options granted to any Optionee shall be approved by the shareholders of the Corporation if the rules of any stock exchange on which the Common Shares are listed require such approval.
- (c) Options will not be granted to a director, officer, employee or consultant of the Corporation, unless such Optionee is a bona fide director, officer, employee or consultant of the Corporation.

5. COMMON SHARES SUBJECT TO PLAN

- (a) Subject to Section 16, the securities that may be acquired by Optionees under this Plan shall consist of authorized but unissued Common Shares. Whenever used herein, the term “Common Shares” shall be deemed to include any other securities that may be acquired by an Optionee upon the exercise of an Option the terms of which have been modified in accordance with Section 16.
- (b) The aggregate number of Common Shares reserved for issuance under this Plan shall be equal to 10% of the aggregate Common Shares issued and outstanding from time to time (calculated on a non-diluted basis).
- (c) If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, any unpurchased Common Shares to which such Option relates shall be available for the purposes of the granting of Options under this Plan.

6. MAINTENANCE OF SUFFICIENT CAPITAL

The Corporation shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the Corporation’s obligations under all outstanding Options granted pursuant to this Plan.

7. EXERCISE PRICE

The Board shall, at the time an Option is granted under this Plan, fix the exercise price at which Common Shares may be acquired upon the exercise of such Option provided that such exercise price shall not be less than that from time to time permitted under the rules of any stock exchange on which the Common Shares are listed.

8. NUMBER OF OPTIONED COMMON SHARES

The number of Common Shares that may be acquired under an Option granted to an Optionee shall be determined by the Board as at the time the Option is granted, provided that:

- (a) the aggregate number of Common Shares reserved for issuance under this Plan, together with any other security-based compensation arrangement of the Corporation, shall not, at the time of grant, exceed 10% of the aggregate number of Common Shares issued and outstanding from time to time (calculated on a non-diluted basis) unless the Corporation receives the permission of any stock exchange on which the Common Shares are listed to exceed such threshold;
- (b) no more than 5% of the issued and outstanding Common Shares may be granted to any one Optionee in any 12-month period (unless the Corporation has obtained disinterested shareholder approval);
- (c) no more than 2% of the issued and outstanding Common Shares may be granted to any one consultant in any 12-month period;
- (d) no more than an aggregate of 2% of the issued and outstanding Common Shares may be granted to employees conducting investor relations activities in any 12-month period; and
- (e) the Corporation obtains disinterested shareholder approval where, together with all of the Corporation's previously established and outstanding stock option plans or grants: (i) the number of Common Shares reserved for issuance under stock options granted to insiders exceeds 10% of the issued and outstanding Common Shares; (ii) the grant to insiders, within a 12-month period, of a number of Options exceeds 10% of the issued and outstanding Common Shares; or (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeds 5% of the issued and outstanding Common Shares.

9. TERM

The period during which an Option may be exercised (the "**Option Period**") shall be determined by the Board at the time the Option is granted, subject to any vesting limitations which may be imposed by the Board in its sole unfettered discretion at the time such Option is granted, and subject to Sections 12, 13 and 17, provided that:

- (a) no Option shall be exercisable for a period exceeding five (5) years from the date the Option is granted unless the Corporation receives the permission of any stock exchange on which the Common Shares are listed and as specifically provided by the Board;
- (b) Options issued to consultants performing investor relations activities on the Corporation's behalf must vest in stages over a period of 12 months with no more than $\frac{1}{4}$ of the Options vesting in any three (3) month period;

- (c) no Option in respect of which shareholder approval is required under the rules of any stock exchange on which the Common Shares are listed shall be exercisable until such time as the Option has been approved by the shareholders of the Corporation;
- (d) the Board may, subject to the receipt of any necessary regulatory or stock exchange approvals, in its sole discretion, accelerate the time at which any Option may be exercised, in whole or in part; and
- (e) any Options granted to any Optionee must expire within 60 days after the Optionee ceases to be an Optionee, and within 30 days for any Optionee engaged in investor relations activities after such Optionee ceases to be engaged to provide investor relations activities.

10. EXTENSION OF OPTIONS DURING BLACKOUT PERIOD

If the normal expiry date of any Options falls within any Black-Out Period (as hereinafter defined) or within seven (7) business days following the end of any Black-Out Period (“**Black-Out Options**”), then the expiry date of such Black-Out Options shall, without any further action, be extended to the date that is seven (7) business days following the end of such Black-Out Period provided that the term of the Option cannot be extended so that the effective term of the Option exceeds 10 years from the date of grant. The foregoing extension applies to all Options whatever the date of grant and shall not be considered an extension of the term of the Options as referred to in Section 19(a).

For the purpose of this Plan, “**Black-Out Period**” means the period during which the relevant Optionee is prohibited from exercising an Option due to trading restrictions imposed by the Corporation pursuant to any policy of the Corporation respecting restrictions on trading in effect at that time.

11. METHOD OF EXERCISE OF OPTION

- (a) Except as set forth in Sections 12 and 13 or as otherwise determined by the Board, no Option may be exercised unless the holder of such Option is, at the time the Option is exercised, a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates.
- (b) Options that are otherwise exercisable in accordance with the terms thereof may be exercised in whole or in part from time to time.
- (c) Any Optionee (or the Optionee’s legal personal representative) wishing to exercise an Option shall deliver to the Corporation, at its principal office:
 - (i) a written notice expressing the intention of such Optionee (or the Optionee’s legal personal representative) to exercise such Option and specifying the number of Common Shares in respect of which the Option is exercised; and
 - (ii) a cash payment, cheque or bank draft representing the full purchase price of the Common Shares in respect of which the Option is exercised.
- (d) Upon the exercise of an Option as aforesaid, the Corporation shall use its reasonable efforts to forthwith deliver, or cause the registrar and transfer agent of the Common Shares to deliver, to the relevant Optionee (or the Optionee’s legal personal representative) or to the order thereof, one or more certificates or direct registration statements representing the aggregate number of fully paid and non-assessable Common Shares as the Optionee (or the Optionee’s legal personal representative) shall have then paid for.
- (e) Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of Common Shares pursuant thereto

shall comply with all relevant provisions of applicable securities laws, including, without limitation, the United States Securities Act of 1933, as amended, the United States Securities and Exchange Act of 1934, as amended, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

12. CEASING TO BE A DIRECTOR, OFFICER, EMPLOYEE OR CONSULTANT

Subject to (a) any written agreement between the Corporation and an Optionee providing otherwise, (b) the Option Period and (c) the remainder of this Section 12, if any Optionee ceases to hold the position or positions of director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates for any reason other than death or permanent disability of the Optionee, the Option granted to the Optionee will terminate at 5:00 p.m. (Vancouver time) on the earlier of the date of the expiration of the Option Period and 60 days after the date such Optionee ceases to hold the position or positions of director, officer, employee or consultant of the Corporation or, as the case may be, ceases to actively perform services for the Corporation. An Option granted to an Optionee who is an employee of the Corporation and whose employment is terminated for cause shall terminate on the date of termination of the employment. An Option granted to an Optionee who performs investor relations activities on behalf of the Corporation shall terminate on the date of termination of the employment or cessation of services being provided and shall be subject to any exchange policies and procedures for the termination of Options for investor relations activities. For greater certainty, the termination of any Option held by the Optionee, and the period during which the Optionee may exercise any Option, shall be without regard to any notice period arising from the Optionee's ceasing to hold the position or positions of director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates.

Neither the selection of any person as an Optionee nor the granting of an Option to any Optionee under this Plan shall: (i) confer upon such Optionee any right to continue as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates; or (ii) be construed as a guarantee that the Optionee will continue as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or affiliates.

13. DEATH AND PERMANENT DISABILITY OF AN OPTIONEE

Subject to any written agreement between the Corporation and an Optionee providing otherwise and subject to the Option Period, in the event of the death or permanent disability of an Optionee, any Option previously granted to the Optionee shall be exercisable until the end of the Option Period or until the expiration of 12 months after the date of death or permanent disability of such Optionee, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or applicable law; and
- (b) to the extent that the Optionee was entitled to exercise the Option as at the date of the Optionee's death or permanent disability.

14. RIGHTS OF OPTIONEES

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Common Shares issuable upon exercise of such Option until such Common Shares have been paid for in full and issued to such person.

15. PROCEEDS FROM EXERCISE OF OPTIONS

The proceeds from any sale of Common Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine and direct.

16. ANTI-DILUTION

- (a) Certain Adjustments. In the event of:
- (i) any subdivision, redivision or change of the Common Shares at any time during the term of an Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
 - (ii) any consolidation or change of the Common Shares at any time during the term of an Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;
 - (iii) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of an Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which the Optionee was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such Optionee would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, the Optionee had been the holder of the number of Common Shares to which the Optionee was entitled upon exercise of the Option; or
 - (iv) upon the distribution by the Corporation to holders of the Common Shares of shares of any class (whether of the Corporation or another corporation, but other than Common Shares), rights, options or warrants, evidences of indebtedness or cash (other than dividends in the ordinary course), or other securities or other assets, the Corporation will deliver upon exercise of an Option, in addition to the number of Common Shares in respect of which the right to purchase is being exercised and without the Optionee making any additional payment, such other securities, evidence of indebtedness or assets as result from such distribution.
- (b) Successive Adjustments. Adjustments shall be made successively whenever any event referred to in this Section 16 shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be. No

fractional Common Shares shall be issued upon exercise of an Option following the making of any such adjustment.

17. CHANGE OF CONTROL

The Board shall have the power, in the event of a Change of Control (as hereinafter defined) to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including to accelerate and amend any stock option agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Board shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to the completion of such transaction.

For the purpose of this Plan, "**Change of Control**" means and shall be deemed to have occurred upon:

- (a) the acquisition of:
 - (i) shares of the Corporation; and/or
 - (ii) securities convertible into, exercisable for or carrying the right to purchase shares of the Corporation ("**Convertible Securities**"),

as a result of which a person, group of persons or persons acting jointly or in concert, or persons that are associates or affiliates of any such person, group of persons or any of such persons (collectively "**Acquirors**"), beneficially own shares of the Corporation or Convertible Securities such that, assuming only the conversion or exercise of Convertible Securities beneficially owned by the Acquirors, the Acquirors would beneficially own shares which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the Corporation which may be cast to elect directors of the Corporation; or
- (b) approval by the shareholders of the Corporation of:
 - (i) an amalgamation, arrangement, merger or other consolidation of the Corporation with another corporation pursuant to which the shareholders of the Corporation immediately prior thereto do not immediately thereafter own shares of the successor or continuing corporation which entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation; or
 - (ii) a liquidation, dissolution or winding-up of the Corporation; or
 - (iii) a sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
- (c) such other transaction or event as the Board deems, in its sole discretion, to constitute a Change of Control.

18. TRANSFERABILITY

All benefits, rights and Options accruing to any Optionee in accordance with the terms and conditions of this Plan shall be non-transferable and non-assignable unless specifically provided herein. During the lifetime of an Optionee, any Options granted hereunder may only be exercised by the Optionee and in the event of the death or permanent disability of an Optionee, by the person or persons to whom the Optionee's rights under the Option pass by the Optionee's will or applicable law.

19. TERMINATION AND AMENDMENT

- (a) Compliance with Law. The Board may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any stock exchange on which the Common Shares are listed or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of any stock exchange on which the Common Shares are listed or such regulatory authority.
- (b) Other Reasons. The Board may amend or terminate this Plan or any outstanding Option granted hereunder for any reason, other than the reasons set forth in Section 19(a), subject to the approval of any stock exchange on which the Common Shares are listed or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by any stock exchange on which the Common Shares are listed or such regulatory authority. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to such Optionee prior to the effective date thereof.
- (c) Initial Stock Exchange Approval. This Plan, and any amendments thereto, shall be subject to acceptance and approval by any stock exchange on which the Common Shares are listed. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

20. NECESSARY APPROVALS

The obligation of the Corporation to issue and deliver Common Shares in accordance with this Plan and options granted hereunder is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If Common Shares cannot be issued to an Optionee upon the exercise of an Option for any reason whatsoever, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the relevant Optionee as soon as practicable.

21. STOCK EXCHANGE RULES

This Plan and any option agreements entered into hereunder shall comply with the requirements from time to time of any stock exchange on which the Common Shares are listed.

22. RIGHT TO ISSUE OTHER COMMON SHARES

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

23. NOTICE

Any notice required to be given under this Plan shall be in writing and shall be given by registered mail, postage prepaid or delivered by courier or by email transmission addressed, if to the Corporation, at its principal address, Attention: President; or if to an Optionee, to such Optionee at his address as it appears on the books of the Corporation or in the event of the address of any such Optionee not so appearing then to the last known address of such Optionee; or if to any other person, to the last known address of such person.

24. PREVIOUSLY GRANTED STOCK OPTIONS

This Plan shall apply to any previously granted stock options to the extent permitted by law and to the extent permitted by the terms and conditions contained in any agreements relating thereto, and to the extent that the Board is permitted to exercise any discretion under any such agreements, it shall exercise that discretion in a manner consistent with this Plan.

25. WITHHOLDING TAX

Upon the exercise of an Option, an Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of any certificates or direct registration statements representing the Common Shares issuable upon such exercise, pay to the Corporation any amounts necessary to satisfy applicable withholding tax requirements or otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under this Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon the exercise of an Option so withheld.

26. INTERPRETATION

This Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

27. EFFECTIVE DATE

This Plan shall be effective as of October 15, 2020.

EXHIBIT "A"

STOCK OPTION AGREEMENT

THIS AGREEMENT is made as of _____, 20____

BETWEEN:

RAILTOWN AI TECHNOLOGIES INC.

(the "**Corporation**")

AND:

(the "**Optionee**")

THIS AGREEMENT WITNESSES that in consideration of the sum of \$1 paid by each party to the other and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The Corporation hereby grants the Optionee the option to purchase _____ common shares in the capital of the Corporation (the "**Shares**") at a price of \$_____ per Share for a term expiring at 5:00 p.m. (Vancouver time) on _____ (the "**Options**").
2. The Options shall not be transferable or assignable, and shall vest and be exercisable in accordance with the following schedule:

Number of Options	Vesting Terms

3. The inability of the Corporation to obtain authority from any stock exchange or regulatory body having jurisdiction, which authority is deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Corporation of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.
4. Capitalized terms used but not defined herein shall have the meanings set forth in the Corporation's stock option plan made effective October 15, 2020 (the "**Plan**").
5. By signing this Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and has been provided with an opportunity to seek independent legal advice with respect to the Plan and the options being granted hereunder. The Optionee agrees to be bound by all the terms and provisions of the Plan.

6. Other provisions (if any):

7. This Agreement may be executed and delivered in counterparts and by electronic transmission, each of which shall constitute an original and all of which together shall form one document.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

RAILTOWN AI TECHNOLOGIES INC.

Per:

Authorized Signatory

OPTIONEE

Name:

Title (if applicable):