

# TELESCOPE INNOVATIONS CORP.

## STOCK OPTION PLAN

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### 1. PURPOSE OF THE PLAN

The purpose of the Plan is to provide Eligible Persons with an opportunity to purchase Shares and to benefit from the appreciation in the value of the Shares. The Plan will provide an increased incentive for those individuals to contribute to the future growth, success and prosperity of the Company, thus enhancing the value of the Shares for the benefit of all of the Company's shareholders and increasing the ability of the Company and any Affiliate to attract and retain skilled and motivated individuals.

### 2. INTERPRETATION

#### 2.1. Definitions

In the Plan, the following terms shall have the following meanings:

“**Associate**” means an associate as defined in the *Securities Act* (British Columbia);

“**Affiliate**” has the meaning set out in the Corporations Act;

“**Blackout Period**” means an interval of time (i) when any trading guidelines of the Company, as amended from time to time, restrict Participants from trading in any securities of the Company because they may be in possession of confidential information; or (ii) when the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of confidential information;

“**Board**” means the board of directors of the Company and any committee of the board of directors to which any or all authority, rights, powers and discretion with respect to the Plan has been delegated;

“**Business Day**” means a day that is not a Saturday, Sunday or a statutory or public holiday and any other day on which the banks are not regularly open for business in the jurisdiction where the Company has its head office;

“**Cause**” means any act, omission or course of conduct recognized as cause under applicable law, including, without limitation, embezzlement, theft, fraud, wilful failure to follow any lawful directive of the Company and wilful misconduct detrimental to the interests of the Company;

“**Company**” means Telescope Innovations Corp. and its successors;

“**Consultant**” means a person, company, partnership or other entity, other than an Employee, Officer or Director, that is engaged to provide on an ongoing basis, consulting, technical, management or other services (other than services in relation to a distribution) to the Company or an Affiliate of the Company under a written contract with

the Company or an Affiliate of the Company, and otherwise meets the definition of “consultant” contained in NI 45-106 and, and includes, for an individual consultant, a company, partnership or other entity of which the individual consultant is an employee, shareholder or partner;

“**Corporations Act**” means the *British Columbia Business Corporations Act*, as amended or replaced from time to time;

“**Director**” means a director of the Company or an Affiliate of the Company;

“**Disability**” means any disability with respect to a Participant which the Board, in its sole and unfettered discretion, considers likely to permanently prevent the Participant from:

- (a) being employed or engaged by the Company, an Affiliate of the Company or another employer, in a position the same as or substantially similar to that in which the Participant was last employed or engaged by the Company or an Affiliate of the Company;
- (b) acting as a director or officer of the Company or an Affiliate of the Company or another company; or
- (c) engaging in any substantial gainful activity by reason of any medically determinable mental or physical impairment that can be expected to result in death or that has lasted or can be expected to last a continual period of not less than 12 months;

“**Disinterested Shareholders**” means the shareholders of the Company, including holders of any non-voting and subordinate voting shares of the Company, but excluding:

- (a) Insiders to whom Options may be issued under the Plan; and
- (b) Associates of those Insiders;

“**Discounted Market Price**” means the price that is lower than the greater of the closing price of the Company’s Shares on (a) the trading day prior to the date of grant of the Options; and (b) the date of the Option grant;

“**Eligible Person**” means a *bona fide* Director, Officer, Employee, Consultant, and any “permitted assign” within the meaning of NI 45-106;

“**Employee**” means an employee (whether full-time or part-time) of the Company or an Affiliate of the Company, or a Management Company Employee;

“**Exchange**” means the Canadian Securities Exchange or, if the Shares are not listed and posted for trading on the Canadian Securities Exchange, the most senior stock exchange in Canada on which the Shares are listed and posted for trading;

**“Expiry Date”** means the date set by the Board under Section 3.1 of the Plan, as the last date on which an Option may be exercised by the Participant;

**“Grant Date”** means the date specified in an Option Agreement as the date on which an Option is granted;

**“Insider”** means:

- (a) an insider as defined in the Securities Act, other than a person who is an insider solely by virtue of being a director or senior officer of an Affiliate; and
- (b) an Associate of any person who is an insider under section (a);

**“Management Company Employee”** means an individual employed by a person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company;

**“NI 45-106”** means Canadian National Instrument 45-106 – *Prospectus and Registration Exemptions*;

**“Officer”** means an executive officer (as that term is defined in NI 45-106) of the Company or an Affiliate of the Company;

**“Option”** means an option to purchase Shares granted pursuant to the Plan;

**“Option Agreement”** means an agreement, in the form attached hereto as Schedule A, whereby the Company grants an Option to a Participant;

**“Option Price”** means the per Share exercise price specified in an Option Agreement to be paid to acquire Option Shares, adjusted from time to time in accordance with the provisions of Section 5;

**“Option Shares”** means the aggregate number of Shares which a Participant may purchase under an Option;

**“Participant”** means an Eligible Person granted an Option pursuant to the Plan and his or her heirs, executors and administrators and, subject to the policies of the Exchange, a Participant may also be a company wholly-owned by an individual eligible for an Option grant pursuant to the Plan;

**“Plan”** means this Telescope Innovations Corp. Stock Option Plan, as amended from time to time in accordance with the provisions hereof;

**“Securities Act”** means the *Securities Act* (British Columbia), as amended or replaced from time to time;

**“Shares”** means the Common Shares in the capital of the Company as constituted on the date of the Plan provided that, in the event of any adjustment pursuant to Section 5,

“Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment;

“**Unissued Option Shares**” means the number of Shares, at a particular time, which have been allotted for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of Section 5, such adjustments to be cumulative; and

“**Vested**” means that an Option has become exercisable in respect of a number of Option Shares by the Participant pursuant to the terms of the Option Agreement and the Plan.

## 2.2. Number and Gender

The Plan shall be read with all changes in number and gender required by the context.

## 2.3. Sections

A reference to a Section includes all subsections and paragraphs in that Section, unless the context otherwise requires.

## 2.4. Currency

Unless the context otherwise requires or the Board determines otherwise, all references to currency shall be to the lawful money of Canada.

# 3. **GRANT OF OPTIONS AND ADMINISTRATION OF THE PLAN**

## 3.1. Option Terms

The Board may from time to time authorize the grant of Options to Eligible Persons on the terms and subject to the conditions set out herein and any additional terms and conditions as are set out in the Option Agreement, all as determined by the Board in its sole and unfettered discretion. Notwithstanding the foregoing, if the Shares are, at the time of grant, listed and posted for trading on the Exchange:

- (a) the Option Price under each Option shall be not less than the Discounted Market Price on the Grant Date or such other minimum price as may be required by the Exchange;
- (b) the Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten years after the Grant Date, subject to extension in connection with a Blackout Period, as provided in Section 4.5; and
- (c) Options shall not be assignable or transferable by the Participant, except to the extent necessary to enable Options that have Vested at the time of death of a Participant to be exercised by the legal personal representatives or beneficiary(ies) of the Participant as contemplated in Section 4.4(a).

For greater certainty, the Board shall not be permitted to amend the Option Price, and Options may not be re-priced, except as set out in Section 5 of the Plan.

### 3.2. Limits on Shares Issuable on Exercise of Options

Subject to Section 5.1,

- (a) the maximum number of Shares that may be issuable pursuant to Options granted under the Plan shall be a number equal to 10% of the number of issued and outstanding Shares;
- (b) unless approved by a majority of the Disinterested Shareholders,
  - (i) the aggregate number of Shares issuable pursuant to Options granted to Insiders pursuant to the Plan and all of the Company's other previously established and outstanding or proposed share compensation arrangements and grants may not exceed 10% of the issued and outstanding Shares on a non-diluted basis at any time;
  - (ii) the aggregate number of Shares issued to Insiders pursuant to the Plan and all of the Company's other previously established and outstanding or proposed share compensation arrangements and grants within any 12 month period may not exceed 10% of the issued and outstanding Shares on a non-diluted basis; and
  - (iii) the aggregate number of Shares issuable to any one Participant pursuant to the Plan and all of the Company's other previously established and outstanding or proposed share compensation arrangements and grants within any 12 month period may not exceed 5% of the issued and outstanding Shares on a non-diluted basis; and
- (c) the aggregate number of Shares issuable pursuant to Options granted to any one Consultant pursuant to the Plan and all of the Company's other previously established and outstanding or proposed share compensation arrangements and grants within any 12 month period may not exceed 2% of the issued and outstanding Shares on a non-diluted basis.

### 3.3. Option Agreements

Each Option will be evidenced by the execution of an Option Agreement. Each Participant shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Participant. In the case of Options granted to Employees, Consultants or Management Company Employees, each Option Agreement will contain a representation of the Company and the Participant that the Participant is a *bona fide* Employee, Consultant or Management Company Employee, as the case may be. The execution of an Option Agreement shall constitute conclusive evidence that the grant of Options to the Participant has been completed in compliance with the Plan.

### 3.4. Authority of the Board

Subject only to the express provisions of the Plan, the Board shall have, and hereby is specifically granted, the sole and unfettered authority to:

- (a) grant Options to Eligible Persons;
- (b) determine the terms, limitations, restrictions and conditions respecting Options;
- (c) interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan, as it may from time to time deem advisable;
- (d) authorize any officer or director to execute and deliver any Option Agreement, notice, commitment or document and to do any other act as contemplated by the Plan for and on behalf of the Company;
- (e) make all other determinations and perform all other actions as the Board deem necessary or advisable to implement and administer the Plan; and
- (f) subject to applicable law, delegate to the compensation committee or any other committee of the Board, on such terms as the Board in its discretion determines, all or any part of the authority of the Board hereunder to administer and implement the Plan.

### 3.5. Discretion of the Board

The determinations of the Board under the Plan (including, without limitation, determinations of who may receive grants of Options and the terms, limitations, restrictions and conditions respecting Options) need not be uniform and may be made by the Board selectively among Eligible Persons who receive, or are eligible to receive, grants of Options under the Plan, whether or not such Eligible Persons are similarly situated as to office, length of service, salary or any other factor. The Board may, in its discretion, authorize the grant of additional Options to a Participant before an existing Option has terminated.

### 3.6. Interpretation of the Plan

Except as set out in Section 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and the Company shall pay all costs in respect thereof. All guidelines, rules, regulations, decisions and interpretations of the Board respecting the Plan, any Option Agreement or the Options shall be binding and conclusive on the Company and on all Participants and their respective legal personal representatives.

### 3.7. Overriding Restrictions on Issue and Exercise

Notwithstanding anything else in this Plan or the terms of any Option, no Option may be offered, issued or exercised if to do so:

- (a) would contravene the constating documents of the Company, the Securities Act, the Corporations Act or any policy of the Exchange; or
- (b) would contravene the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

## 4. EXERCISE OF OPTIONS

### 4.1. When Options May be Exercised

Subject to this Section 4, an Option may be exercised to purchase any number of Option Shares up to the number of Unissued Option Shares that have Vested at any time after the Grant Date up to 5 p.m. in the location where the Company has its head office on the Expiry Date, provided the Expiry Date is a Business Day and if the Expiry Date is not a Business Day, then the Expiry Date shall be deemed to fall on the next day that is a Business Day, and shall not be exercisable thereafter.

### 4.2. Manner of Exercise

The Options shall be exercisable by delivering, prior to the Expiry Date, to the Company at its head office, a written notice specifying the number of Option Shares in respect of which the Options are exercised together with payment in full of the Option Price for each such Option Share. All Option Shares subscribed for upon exercise of the Options shall be paid in full at the time of subscription. No fractional Shares may be purchased or issued hereunder.

### 4.3. Vesting of Options

All Options granted to a Participant under the Plan will become vested on the Grant Date, or at such other time as may be established by the Board at the time of the grant in compliance with requirements of the Exchange.

### 4.4. Termination of Employment or Affiliation

If a Participant ceases to be an Eligible Person, the Participant's Options shall be exercisable as follows:

- (a) Death, Disability or Retirement. If the Participant ceases to be an Eligible Person due to his or her death, Disability or retirement in accordance with the Company's retirement policy in force from time to time, or, in the case of a Participant that is a company, the death, Disability or retirement of the person who provides management or consulting services to the Company or to an Affiliate of the

Company, the Options then held by the Participant shall be exercisable to acquire Unissued Option Shares that have Vested at the time of death, Disability or retirement at any time up to but not after the earlier of:

- (i) 365 days after the date of death, Disability or retirement; and
  - (ii) the Expiry Date.
- (b) Termination For Cause. If the Participant ceases to be an Eligible Person as a result of termination for Cause, any outstanding Options held by such Participant on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of the date of delivery of written notice of termination (and specifically without regard to the date on which any period of reasonable notice, if any, would expire).
- (c) Early Retirement, Voluntary Resignation or Termination Other than For Cause. If the Participant ceases to be an Eligible Person due to the Participant's retirement or, in the case of a Participant that is a company, the retirement of the person who provides management or consulting services to the Company or to an Affiliate of the Company, at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to the Participant's voluntary resignation or due to the termination of the Participant's employment by the Company for reasons other than Cause, the Options then held by the Participant shall be exercisable, subject to section (d), to acquire Unissued Option Shares that have Vested at the time of retirement, resignation or termination for reasons other than Cause, at any time up to but not after the earlier of:
- (i) the Expiry Date;
  - (ii) ninety (90) days after the Participant ceases active employment or engagement with the Company or an Affiliate of the Company; and
  - (iii) ninety (90) days after the date of delivery of written notice of retirement, resignation or termination (and specifically without regard to the date any period of reasonable notice, if any, would expire),

provided that the Board shall have the discretion to increase the ninety (90) day period referred to in clause (ii) or (iii), above, as applicable, at any time for any period of time up to the Expiry Date.

- (d) For greater certainty, unless the Board determines otherwise, an Option that had not become Vested in respect of any Unissued Option Shares at the time that the relevant events referred to in Sections 4.4(a) or 4.4(c) occurred, shall not be or become exercisable in respect of such Unissued Option Shares and shall be cancelled.



#### 4.5. Blackout Periods

- (a) No Option may be exercised during a Blackout Period.
- (b) If the Expiry Date of an Option, or the deadline for exercising any Option set out in Section 4.4(a) or Section 4.4(c) falls within a Blackout Period or within two Business Days after the expiry of a Blackout Period, such Expiry Date or deadline shall be deemed to be extended by ten Business Days after the last day of the Blackout Period.

#### 4.6. Effect of a Take-Over Bid

Notwithstanding Section 4.3, if:

- (a) a *bona fide* takeover offer (an “Offer”) is made to the shareholders of the Company to acquire their Shares and the Board becomes aware that more than 50% of the issued Shares have or will become vested in the offeror and related and associated parties, then the Board shall notify each Participant in writing that all Options issued to the Participant have become Vested and may be exercised by the Participant with effect from the date of such notice and shall be exercisable by a date specified in the notice. Upon receipt of such notice, the Participant shall be entitled to exercise all or any of the Options, and any Participant who exercises any such Options shall tender the Shares that have been issued as a result to the Offer. If for any reason if Shares are taken up and paid for by the offeror under the Offer as and when required, then the Shares that have been issued in pursuance of this paragraph (a) shall be returned by the relevant Participant to the Company and reinstated as authorized but Shares, the Option with respect to such returned Shares shall be reinstated as if it had not been exercised and the terms for the vesting of the Options shall be reinstated, and the Corporation shall immediately refund the exercise price paid for the issuance of any Shares upon the exercise of any Option under this paragraph (a) to the Option holder, without interest;
- (b) the Board concludes that there has been such a change in the control of issued Shares of the Company that the replacement of the majority of the Board is imminent or the Board becomes aware that any person or corporation who is not already so entitled has become entitled to more than 50% of the issued Shares, then the Board shall notify each Participant in writing that all Options issued to the Participant have become Vested and may be exercised by the Participant with effect from the date of the notice and shall be exercisable by a date specified in the notice. Upon receipt of such a notice, the Participant shall be entitled to exercise all or any of the Options.

#### 4.7. Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares an Offer is made by an offeror, the Board may, upon

notifying each Participant of full particulars of the Offer, declare that all Options granted under the Plan have become Vested and accelerate the Expiry Date for the exercise of all unexercised Options granted under the Plan so that all Options will either be exercised or expire prior to the date upon which Shares must be tendered pursuant to the Offer.

4.8. Exclusion from Severance Allowance, Retirement Allowance or Termination Settlement

If the Participant retires, resigns or is terminated from employment or engagement with the Company or an Affiliate, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Participant.

4.9. Shares Not Acquired

Any Unissued Option Shares not acquired by a Participant under an Option which have expired or have been cancelled may be made the subject of a further Option grant pursuant to the provisions of the Plan.

4.10. Right to Participate in New Issues

To the extent that shareholders of the Company are entitled to participate in new issues of Shares, a Participant, with respect to Vested Options held by such Participant, shall not be entitled to participate in respect of such Vested Options, unless such Participant first exercises the Vested Options in accordance with the terms of the Plan prior to the record date of such offering, whereby the Participant will be entitled to participation by virtue of the Shares held by such Participant.

4.11. Quotation or Listing

- (a) The Company will not seek the official quotation or listing of any Options.
- (b) The Company will apply to the Exchange for official quotation or listing of Shares issued on the exercise of Options.

5. **ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

5.1. Share Reorganization

If the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being a “**Share Reorganization**”), then effective immediately after the effective date for such Share Reorganization for each Option:

- (a) the Option Price will be adjusted to a price per Option Share which is the product of:
  - (i) the Option Price in effect immediately before the effective date for the Share Reorganization; and
  - (ii) a fraction the numerator of which is the total number of Shares outstanding on the effective date of the Share Reorganization before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding on the effective date of the Share Reorganization after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before the effective date of the Share Reorganization by (ii) a fraction which is the reciprocal of the fraction described in section 5.1(a)(ii). Subject to any provisions with respect to rounding of entitlements as sanctioned by the meeting, if any, of shareholders approving a Share Reorganization, in all other respects the terms for the exercise of Options shall remain unchanged notwithstanding the reorganization.

## 5.2. Special Distribution

Subject to the prior approval of the Exchange if the Company is listed on the Exchange at the relevant time, if the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

- (a) shares of the Company, other than Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being a “**Special Distribution**”), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Shares as a result of such Special Distribution.

## 5.3. Corporate Reorganization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in sections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another Company resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another Company,

(any such event being a “**Corporate Reorganization**”)

the Participant will have an option to purchase (at the times, for the consideration and subject to the terms and conditions set out in the Plan and the Option Agreement) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which the Participant would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that the Participant would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, the Participant had been the holder of all Unissued Option Shares or, if appropriate, as otherwise determined by the Board.

#### 5.4. Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Board in its sole and unfettered discretion, and in arriving at a decision, the Board may consult such professional advisors as it deems necessary.

#### 5.5. Compliance with Regulatory Authorities

Notwithstanding Sections 5.1, 5.2 or 5.3, in the event of any reorganization (including, without limitation, consolidation, sub-division, reduction or return of the issued capital of the Company) on or prior to the Expiry Date, the rights of the Participant will be changed to the extent necessary at the time of such reorganization, in such manner as determined by the Board, to ensure compliance with the policies of the Exchange that apply to a reorganization of capital at the time of such reorganization. For greater certainty, any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of Sections 5.1, 5.2 or 5.3 is subject to the approval of the Exchange, if applicable, and any other governmental authority having jurisdiction.

## 6. MISCELLANEOUS

### 6.1. No Right to Employment

Neither the Plan nor any of the provisions hereof shall confer upon any Participant any right with respect to employment, engagement or appointment or continued employment, engagement or appointment with the Company or any Affiliate or interfere in any way with the right of the Company or any Affiliate to terminate such employment, engagement or appointment.

### 6.2. Related Rights and Other Benefit Plans

No Participant shall have any of the rights of a shareholder of the Company with respect to any Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering) until the Participant has made full payment to the Company upon exercise of the Option and such Option Shares have been issued to such Participant. Participation in the Plan shall not affect an Eligible Person's eligibility to participate in any other benefit plan or incentive plan of the Company. The grant of any Option pursuant to the Plan shall not obligate the Company to make any benefit available to an Eligible Person under any other plan of the Company unless otherwise specifically provided for in such plan.

### 6.3. Necessary Approvals

If required by the Exchange, the Plan shall be subject to the approval of the shareholders of the Company at each annual general meeting of the Company. The obligation of the Company to sell and deliver Option Shares in accordance with the Plan is subject to the approval of the Exchange, if applicable, and any other regulatory body having authority over the Company, the Plan or the shareholders of the Company. If any Option Shares cannot be issued to any Participant for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Option Shares shall terminate and the Company shall immediately refund to the Participant any Option Price paid by the Participant to the Company.

### 6.4. Income Taxes

As a condition of and prior to participation in the Plan, each Participant authorizes the Company to withhold from any amount otherwise payable to the Participant any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of the Participant's participation in the Plan or issuance of Option Shares. The Company may, prior to and as a condition of issuing any Option Shares, require the Participant to pay to the Company in cash or such other consideration as the Board, in its discretion, may accept, such amount as the Company is obliged to remit in accordance with applicable tax laws and the requirements of any taxing authority having jurisdiction in respect of any such issuance of Option Shares. The Company shall also have the right in its sole discretion to satisfy any such liability for withholding or other required deduction amounts to require the Participant to complete a sale in respect of such number of Option

Shares that have been issued and would otherwise be delivered to the Participant under the Plan, and any amount payable from such sale will first be paid to the Company to satisfy any liability for withholding. The Company may require a Participant, as a condition of participation in the Plan, to pay or reimburse the Company for any cost incurred by the Company as a result of the participation by the Participant in the Plan.

6.5. Amendments to the Plan

- (a) The Board may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company, the Plan or the shareholders of the Company, suspend, terminate or discontinue the Plan at any time.
- (b) The Board may amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto at any time without the consent of the Participants provided that such amendment shall:
  - (i) not adversely alter or impair any Option previously granted except as permitted by the adjustment provisions of Section 5;
  - (ii) be subject to any regulatory approvals including, where required, the approval of the Exchange; and
  - (iii) be subject to shareholder approval where required by law or the requirements of the Exchange, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
    - A. amendments of a typographical, grammatical, clerical or administrative nature or which are required to comply with regulatory requirements;
    - B. a change to the vesting provisions of the Plan or any Option;
    - C. a change to the termination provisions of any Option that does not entail an extension beyond the original Expiry Date (as such date may be extended by virtue of Section 4.5); and
    - D. a change to the Eligible Persons of the Plan.
- (c) Notwithstanding this Section 6.5, the Board shall not be permitted to amend the Option Price except as set out in Section 5. If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board shall remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.

- (d) Without obtaining the prior approval of the shareholders of the Company and of the Exchange or any other regulatory body having authority over the Company, the Board will not be entitled to:
  - (i) increase the maximum percentage of Shares issuable by the Company pursuant to the Plan;
  - (ii) extend the Expiry Date;
  - (iii) make a change to the class of eligible participants which would have the potential of broadening or increasing participation by Insiders;
  - (iv) provide any form of financial assistance to Participants for the purchase of Option Shares; or
  - (v) add a deferred or restricted share unit or any other provision which results in a Participant receiving Shares when no cash consideration is received by the Company.
- (e) Without obtaining the prior approval of the Disinterested Shareholders and of the Exchange or any other regulatory body having authority over the Company, the Board will not be entitled to amend the terms of Options held by an Insider (including, for greater certainty, to effectively reduce the Option Price).

#### 6.6. Form of Notice

Any notice to be given to the Company pursuant to the provisions of the Plan shall be addressed to the Company to the attention of its President at the Company's head office, and any notice to be given to a Participant shall be delivered personally or addressed to the Participant at the address set out in the Option Agreement, or at such other address as such Participant may hereafter designate in writing to the Company. Any such notice shall be deemed duly given when made in writing and delivered to the Company or the Participant, as the case may be, or if mailed, then on the fifth business day following the date of mailing such notice in a properly sealed envelope addressed as aforesaid, registered or certified mail, postage prepaid.

#### 6.7. No Representation or Warranty

The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Option and/or transactions in the Option Shares. Neither the Company, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the purchase or sale of Option Shares hereunder, with respect to any fluctuations in the market price of Shares or in any other manner related to the Plan.

6.8. Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law applicable or any order, policy, by-law or regulation of the Exchange or any other regulatory body having authority over the Company, the Plan or the shareholders of the Company, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.9. No Assignment

No Option shall be assignable or transferable by the Participant and any purported assignment or transfer of an Option shall be void and shall render the Option void, provided that in the event of death of the Participant, a Participant's legal personal representative may exercise the Option in accordance with Section 4.4.

6.10. Other Incentive Schemes

The Company is not restricted to using the Plan as the only method of providing incentive rewards to Eligible Persons. The Company may approve other incentive schemes. Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of that incentive or scheme provide otherwise.

6.11. Conflict

In the event of any conflict between the provisions of the Plan and an Option Agreement, the provisions of the Plan shall govern.

6.12. Governing Law

The laws of the Province of British Columbia shall govern the Plan and each Option Agreement issued pursuant to the Plan.

6.13. Time of Essence

Time is of the essence of the Plan and of each Option Agreement. No extension of time will be deemed to be, or to operate as, a waiver that time is to be of the essence.

6.14. Entire Agreement

The Plan and the Option Agreement sets out the entire agreement between the Company and the Participants relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.