

EONX TECHNOLOGIES INC.

20% FIXED NUMBER OF SHARES STOCK OPTION PLAN

Section 1.01 **Definitions:** For purposes of the Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

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

“Black Out Period” means the period during which designated persons cannot trade Common Shares pursuant to any policy of the Corporation respecting restrictions on trading which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation, or in respect of an insider, that insider, is subject);

“Business Day” means each day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;

“Committee” means the Directors or, if the Directors so determine in accordance with Section 2.03 of the Plan, the committee of the Directors authorized to administer the Plan, which includes any compensation committee of the board;

“Common Shares” means the Common Shares of the Corporation, as adjusted in accordance with the provisions of 5.06 of the Plan;

“Consultant” means a person, other than an employee or a director of the Corporation or of any Designated Affiliate of the Corporation, that:

- (i) is engaged to provide services to the Corporation or any Designated Affiliate of the Corporation, other than services provided in relation to a distribution;
- (ii) provides the services under a written contract with the Corporation or any Designated Affiliate of the Corporation;
- (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or any Designated Affiliate of the Corporation; and
- (iv) has a relationship with the Corporation or any Designated Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Issuer.

and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

“Consulting Contract” means any contract between the Corporation or any Designated Affiliate of the Corporation and any Eligible Consultant relating to, or entered into in connection with, services to be provided to the Corporation or a Designated Affiliate by the Eligible Consultant;

“Corporation” means EONX Technologies Inc., a corporation incorporated under the Act and its successors and assigns;

“Designated Affiliate” means the affiliates of the Corporation designated by the Committee for purposes of the Plan from time to time;

“Directors” means the board of directors of the Corporation from time to time;

“Eligible Consultants” means Consultants of the Corporation or any Designated Affiliate of the Corporation;

“Eligible Directors” means the Directors or the directors of any Designated Affiliate of the Corporation from time to time;

“Eligible Employees” means employees and officers, whether Directors or not, and including both full-time and part-time employees, of the Corporation or any Designated Affiliate of the Corporation;

“Employment Contract” means any contract between the Corporation or any Designated Affiliate of the Corporation and any Eligible Employee relating to, or entered into in connection with, the employment of the Eligible Employee or between the Corporation or a Designated Affiliate and an Eligible Director with respect to his or her directorship or resignation therefrom;

“Market Price” means, in the event the Corporation is trading on a Stock Exchange, the last closing trading price of the Common Shares on the Stock Exchange, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs;

“Option” means an option to purchase Common Shares granted pursuant to, or governed by, the Plan;

“Optionee” means a Participant to whom an Option has been granted pursuant to the Plan;

“Option Period” means the period of time during which the particular Option may be exercised and commences on the date of the grant of the Option, unless otherwise specified by the Committee;

“Participant” means each Eligible Employee, Eligible Director and Eligible Consultant;

“Plan” means this stock option plan; and

“Stock Exchange” means a public exchange upon which the Common Shares are listed for trading.

Section 1.02 Securities Definitions: In the Plan, the terms “affiliate”, “associate” and “insider” shall have the meanings given to such terms in the *Securities Act* (British Columbia). The term “affiliate” shall include those issuers that are similarly related, whether or not any of the issuers are corporations, companies, partnerships, limited partnership, trusts, income trusts or investment trusts or any other organized entity issuing securities. The term “insider” shall include associates and affiliates of the insider.

Section 1.3 Headings: The headings of all articles, sections, and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan.

Section 1.4 Context, Construction: Whenever the singular or masculine are used in the Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

Section 1.5 References to this Plan: The words “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Plan as a whole and not to any particular article, section, paragraph or other part hereof.

Section 1.6 Canadian Funds: Unless otherwise specifically provided, all references to dollar amounts in the Plan are references to lawful money of Canada.

ARTICLE TWO
PURPOSE AND ADMINISTRATION OF THE PLAN

Section 2.01 **Purpose of the Plan:** The Plan provides for the acquisition of Common Shares by Participants for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of employees, officers, directors and consultants of the Corporation and the Designated Affiliates of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Shares by employees, officers, directors and consultants of the Corporation and Designated Affiliates of the Corporation, it being generally recognized that share incentive plans aid in attracting, retaining and encouraging employees, officers, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

Section 2.03 **Administration of the Plan:** The Plan shall be administered by the Committee and the Committee shall have full authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary in order to comply with the requirements of the Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Corporation.

Section 2.03 **Delegation to Committee:** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three Directors or in the absence of a committee of the Directors, by the full board of Directors, including any compensation committee of the board of directors, which delegation may be revoked at any time.

Section 2.4 **Record Keeping:** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Optionee;
- (b) the number of Common Shares subject to Options granted to each Optionee; and
- (c) the aggregate number of Common Shares subject to Options.

Section 2.5. **Determination of Participants and Participation:** The Committee shall from time to time determine the Participants who may participate in the Plan. The Committee shall from time to time determine the number of Common Shares to be issued to the Participants to whom Options shall be granted, the number of Common Shares to be made subject to and the expiry date of each Option granted to each Participant and the other terms of each Option granted to each Participant, all such determinations to be made in accordance with the terms and conditions of the Plan, and the Committee may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant.

Section 2.6 Number of Shares Available under the Plan:

This is a 20% Fixed Number of Shares Stock Option Plan which reserves for issuance pursuant to the exercise of Stock Options, a specified number of Shares, up to a maximum of 20% of the Company's issued share capital (on a non-diluted basis), at the date of implementation of this Plan. The Stock Option Plan will be presented to the shareholders of the Company for approval annually at each Annual General Meeting of shareholders. If the number of issued shares has increased, shareholders will also be asked to approve a resolution to fix the number of Stock Options to 20% of the increased issued share capital.

Section 2.3 Further Limitations to the Issuance of Shares under the Plan:

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant the Plan shall not exceed 5% of the issued shares of the Corporation (determined at the date the option was granted) to any one individual in a 12-month period, unless the Corporation has obtained the requisite disinterested shareholder approval.
- (b) The number of options granted to any one Consultant in a 12-month period shall not exceed 2% of the issued shares of the Corporation, calculated at the date the option was granted to the Consultant.
- (c) The aggregate number of options granted to persons employed to provide Investor Relations Activities (as defined in the policies of the Stock Exchange, if any) must not exceed 2% of the issued shares of the Corporation in any 12-month period, calculated at the date the option was granted.

**ARTICLE THREE
STOCK OPTION PLAN**

Section 3.01 The Stock Option Plan and Participants: A stock option plan is hereby established for Eligible Employees, Eligible Directors and Eligible Consultants.

Section 3.02 Exercise Price: The price per share at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that such price shall be not lower than the Market Price of the Common Shares at the time the Option is granted, and if the Common Shares are not listed on a stock exchange, the fair market value of the Common Shares at the time the Option is granted as determined by the Committee.

Section 3.03 Term of Option:

- (a) The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to any Employment Contract or Consulting Contract, provided that no Option Period shall exceed 10 years.
- (b) Should the expiration date for an Option fall within a Black Out Period or within nine Business Days following the expiration of a Black Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan, provided that in no event shall the Option Period exceed 10 years. Notwithstanding, the ten Business Day period referred to in this Section 3.03(b) may not be extended by the Committee.

Section 3.04 Limit on Options to be Exercised: Unless otherwise determined by the Committee, Options may be exercised (in each case to the nearest full share), during the Option Period at any time during the Option Period.

Section 3.05 Notwithstanding the foregoing, Options issued to Consultants performing Investor Relations Activities shall vest over 12 months with no more than 25% of the Options vesting in any three-month period.

Section 3.06 Eligible Participants on Exercise: An Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period as specified in 3.04, provided however that, except as otherwise specifically provided in 3.09 or 3.10 hereof or in any Employment Contract or Consulting Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

- (a) in the case of an Eligible Employee, an officer of the Corporation or a Designated Affiliate or in the employment of the Corporation or a Designated Affiliate and has been continuously an officer or so employed since the date of grant of such Option, provided however that a leave of absence with the approval of the Corporation or such Designated Affiliate shall not be considered an interruption of employment for purposes of the Plan;
- (b) in the case of an Eligible Director who is not also an Eligible Employee, a director of the Corporation or a Designated Affiliate and has been such a director continuously since the date of grant of such Option; and
- (c) in the case of an Eligible Consultant, a Consultant of the Corporation or a Designated Affiliate and has been a such a Consultant continuously since the date of grant of such Option.

Section 3.07 Payment of Exercise Price

- (a) **Direct Exercise:** The issue of Common Shares on exercise of any Option shall be contingent upon receipt by the Corporation of payment of the aggregate purchase price for the Common Shares in respect of which the Option has been exercised plus any amount the Corporation determines, in its discretion, is required to satisfy the Corporation's withholding tax and source deduction remittance obligations in respect of the exercise of the Options and issuance of Common Shares, and payment of such amounts to the Corporation is in cash or by certified cheque delivered to the registered office of the Corporation together with a validly completed notice of exercise. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Common Shares with respect to which such Optionee was granted an Option, unless and until certificates for such Common Shares are issued to such Optionee, or them, under the terms of the Plan. Subject to 3.11 hereof, upon an Optionee exercising an Option and paying the Corporation the aggregate purchase price for the Common Shares in respect of which the Option has been exercised and any amount required to satisfy withholding tax and source deduction requirements, the Corporation shall as soon as practicable issue and deliver a certificate representing the Common Shares so purchased.
- (b) **Broker Assisted Exercise:** If the Common Shares are listed and posted for trading on a stock exchange or market, an Optionee may elect a broker assisted exercise in its notice of exercise if the Common Shares issuable on the exercise are to be immediately sold. In such case, the Optionee will not be required to deliver to the Corporation a certified cheque as referred to in Subsection 3.07(a) above. Instead the following procedure will be followed:
 - (i) The Optionee will, directly or through an intermediary, instruct a broker selected by the Optionee to sell through the stock exchange or market on which the Common Shares are listed or quoted, the Common Shares issuable on the exercise of vested Options, as soon as possible at the then applicable bid price of the Common Shares.
 - (ii) The Optionee will, directly or through an intermediary, instruct a broker selected by the Optionee to sell through the stock exchange or market on which the Common Shares are listed or quoted, the Common Shares issuable on the exercise of vested Options, as soon as possible at the then applicable bid price of the Common Shares.
 - (iii) The Optionee will, directly or through an intermediary, instruct a broker selected by the Optionee to sell through the stock exchange or market on which the Common Shares are listed or quoted, the Common Shares issuable on the exercise of vested Options, as soon as possible at the then applicable bid price of the Common Shares.

- (iv) On the trade date, the Optionee will deliver a validly completed notice of exercise, including details of the trades, to the Corporation electing the broker assisted exercise and the Corporation will direct its registrar and transfer agent to issue a certificate in the name of the broker (or as the broker may otherwise direct) for the number of Common Shares issued on the exercise of the vested Options, against payment by the broker to the Corporation of (i) the aggregate purchase price for such Common Shares; and (ii) the amount the Corporation determines, in its discretion, is required to satisfy the Corporation's withholding tax and source deduction remittance obligations in respect of the exercise of the vested Options and issuance of Common Shares.
- (v) The broker will deliver to the Optionee the remaining proceeds of sale, net of the brokerage commission.

Section 3.08 Acceleration on Take-over Bid: If there is a take-over bid (within the meaning of the Securities Act (British Columbia)) made for all or any of the issued and outstanding Common Shares, then all Options outstanding become immediately exercisable, notwithstanding 3.03 hereof, in order to permit Common Shares issuable under such Options to be tendered to such bid.

Section 3.09 Effect of Death: If a Participant dies while an Optionee, any Option held by such Optionee at the date of death shall become immediately exercisable notwithstanding 3.04 hereof, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period of twelve months after the date of death of the Optionee or prior to the expiration of the Option Period in respect of the Option, whichever is sooner. This is subject to any Employment Agreement, Consulting Agreement or any other agreement to which the Corporation or its Designated Affiliates is a party with respect to the rights of such Participant upon Termination or change in control of the Corporation.

Section 3.10 Effect of Termination:

3.10.1 If a Participant who is not a director shall:

- (a) cease to be employed by, or be an officer of, the Corporation and any of its Designated Affiliates (and is not a director thereof), for any reason (other than death), including circumstances involving receipt of notice from the Corporation or any of its Designated Affiliates of the termination of his or her Employment Contract; or
- (b) cease to be engaged by, or be a Consultant of the Corporation and any of its Designated Affiliates, for any reason (other than death), including circumstances involving receipt of notice from the Corporation or any of its Designated Affiliates of the termination of his, her or its Consulting Contract;

(collectively, "Termination") such Participant may, but only within 180 days next succeeding such Termination (or such other later date that may be determined by the Corporation), exercise his or her Options to the extent that such Participant was entitled to exercise such options at the date of such Termination, provided that in no event shall such right extend beyond the Option Period. This section is subject to any Employment Agreement, Consulting Agreement or any other agreement to which the Corporation or its Designated Affiliates is a party with respect to the rights of such Participant upon Termination or change in control of the Corporation. It shall be at the discretion of the directors as to any extension of the Option period depending on the particular circumstances of any Termination;

3.10.2 If a Participant who is a director ceases to be a director of the Corporation or any of its Designated Affiliates and is not or does not continue to serve in that capacity, the director will, within 180 days after his or her cessation in that capacity, have the right to exercise his or her options, and furthermore, for each year a director has served as a director they will have the right to exercise their Options for a further 30 days for each year of having served as a director of the Company, with the understanding that the right to exercise such option will not extend for more than one year from the Participant's cessation; provided

however, that in the event a director of the Corporation and any of its Designated Affiliates (and is not or does not continue to be an employee thereof) is convicted of a criminal or securities offence (a Conviction”), is declared bankrupt or is terminated arising from a court order or shareholder resolution), the Options shall terminate on the date of such Conviction, date of bankruptcy, court order or shareholder resolution.

Section 3.11 Necessary Approvals: The obligation of the Corporation to issue and deliver any Common Shares in accordance with the Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any Option exercise price paid to the Corporation shall be returned to the Participant.

ARTICLE FOUR WITHHOLDING TAXES AND SECURITIES LAWS OF THE UNITED STATES OF AMERICA

Section 4.01 Withholding Taxes: The Corporation or any Designated Affiliate may take such steps as it considers necessary or appropriate for the deduction and withholding of any taxes and other required source deductions which the Corporation or the Designated Affiliate, as the case may be, is required by any law or regulation of any governmental authority whatsoever to remit in connection with this Plan, any Options, the exercise or surrender by an Optionee of any Options or any issuance of any Common Shares. Without limiting the generality of the foregoing, the Corporation may, at its discretion: (i) deduct and withhold those amounts it is required to remit from any cash remuneration or other amount payable to the Optionee, whether or not related to the Plan, any Options, the exercise or surrender by an Optionee of any Options or the issuance of any Common Shares; (ii) allow the Optionee to make a cash payment to the Corporation equal to the amount required to be remitted, which amount shall be remitted by the Corporation to the appropriate governmental authority for the account of the Optionee; or (iii) sell, on behalf of the Optionee, that number of Common Shares to be issued upon the exercise of Options such that the amount withheld by the Corporation from the proceeds of such sale will be sufficient to satisfy any taxes required to be remitted by the Corporation for the account of the Optionee. Where the Corporation considers that the steps undertaken in connection with the foregoing result in inadequate withholding or a late remittance of taxes, the delivery of any Common Shares to be issued to an Optionee on the exercise of Options may be made conditional upon the Optionee (or other person) reimbursing or compensating the Corporation or making arrangements satisfactory to the Corporation for the payment in a timely manner of all taxes required to be remitted for the account of the Optionee.

Section 4.02 Securities Laws of the United States of America: Neither the Options which may be granted pursuant to the provisions of the Plan nor the Common Shares which may be acquired pursuant to the exercise of Options have been registered under the United States Securities Act of 1933, as amended (the “U.S. Act”), or under any securities law of any state of the United States of America. Accordingly, any Participant who is issued Common Shares or granted an Option in a transaction which is subject to the U.S. Act or the securities laws of any state of the United States of America may be required to represent, warrant, acknowledge and agree that:

- (a) the Participant is acquiring the Option and/or any Common Shares as principal and for the account of the Participant;
- (b) in granting the Option and/or issuing the Common Shares to the Participant, the Corporation is relying on the representations and warranties of the Participant to support the conclusion of the Corporation that the granting of the Option and/or the issue of Common Shares do not require registration under the U.S. Act or to be qualified under the securities laws of any state of the United States of America.

**ARTICLE FIVE
GENERAL**

Section 5.01 **Effective Date of the Plan:** The Plan shall become effective upon a date to be determined by the Directors.

Section 5.02 **Amendment or Discontinuance of the Plan:** The Committee may from time to time in the absolute discretion of the Committee amend, modify and change the provisions of the Plan or any Options granted pursuant to the Plan, provided that any amendment, modification or change to the provisions of the Plan or any Options granted pursuant to the Plan shall, where required:

- (a) be subject to any regulatory approvals, including the approval of the Stock Exchange, ;
- (b) be subject to shareholder approval in accordance with the rules of the Stock Exchange in circumstances where the amendment, modification or change to the Plan or Option would increase the fixed maximum percentage of Common Shares which may be issued pursuant to the Plan;
- (c) be subject to disinterested shareholder approval in accordance with the rules of the Stock Exchange if the Optionee is an insider of the Corporation at the time of the amendment;
- (d) not be subject to shareholder approval in any circumstance (other than those listed in (b) above), including, but not limited to, circumstances where the amendment, modification or change to the Plan or Option would:
- (e) be of a “housekeeping nature”, including any amendment to the Plan or an Option that is necessary to comply with applicable law or the requirements of any regulatory authority or stock exchange and any amendment to the Plan or an Option to correct or rectify any ambiguity, defective provision, error or omission therein, including any amendment to any definitions therein;
- (f) change the exercise price of an Option to an exercise price not below the Discounted Market Price (as defined by the policies of the Stock Exchange), unless the change is a reduction in the exercise price of an Option held by an insider of the Corporation;
- (g) alter, extend or accelerate any vesting terms or conditions in the Plan or any Option other than an Option held by an insider of the Corporation;
- (h) amend or modify any mechanics for exercising any Option;
- (i) change the expiration date (including acceleration thereof) or change any termination provision in any Option, provided that such change does not entail an extension beyond the original expiration date of such Option (subject to such date being extended by virtue of Section 3.04(b));
- (j) change the application of 0 (Consolidation, Merger etc.), 0 (Adjustment in Number of Shares Subject to the Plan) or 0 (Securities Exchange Take-over Bid) of the Plan;
- (k) add a form of financial assistance or amend a financial assistance provision which is adopted;
or
- (l) change the eligible Participants of the Plan.

The Directors may discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not adversely alter or impair any Option previously granted.

Section 5.03 **Non-Assignable:** No rights under the Plan and no Option awarded pursuant to the provisions of the Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

Section 5.04 **Rights as a Shareholder:** No Optionee shall have any rights as a shareholder of the Corporation with respect to any Common Shares which are the subject of an Option. No Optionee shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or other rights declared for shareholders of the Corporation for which the record date is prior to the date of exercise of any Option.

Section 5.05 **No Contract of Employment:** Nothing contained in the Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Corporation or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in the Plan by a Participant shall be voluntary, however a participant accepting a grant of stock options is deemed to be governed by this Plan.

Section 5.06 **Adjustment in Number of Shares Subject to the Plan:** In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision and reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Shares available under the Plan;
- (b) the number of Common Shares subject to any Option; and
- (c) the exercise price of the Common Shares subject to Options.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of the Plan.

Section 5.07 **Consolidation, Merger, etc.:** If there is a consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a transfer of all or substantially all of the assets of the Corporation to another entity, upon the exercise of an Option under the Plan, the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had exercised the Option immediately prior to such event, unless the Committee otherwise determines the basis upon which such Option shall be exercisable. The Committee may, in the circumstances of such a transaction, send notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality.

Section 5.08 **Securities Exchange Take-over Bid:** In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (British Columbia)) pursuant to which 100% of the issued and outstanding Common Shares are acquired by the offeror, either directly or as a result of the compulsory acquisition provisions of the incorporating statute, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may, in the circumstances of such a transaction, send notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that:

- (a) the offeror delivers with such notice an irrevocable and unconditional offer to grant replacement options to each Optionee entitling the Optionee to acquire, upon exercise of such replacement options either: (i) the number of equity securities of the offeror and, if applicable, cash which the Optionee would have received pursuant to the take-over bid if the holder had

exercised the Option immediately prior to such bid; or (ii) if the consideration payable pursuant to the bid is a combination of cash and equity securities of the offeror, the number of equity securities of the offeror, as determined by the Committee acting in good faith, that the Optionee would have received had the consideration pursuant to the bid consisted solely of equity securities; and

- (b) the surrender of Options and the granting of replacement options can be effected on a tax free rollover basis under the *Income Tax Act* (Canada).

Section 5.09 No Representation or Warranty: The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plans.

Section 5.10 Compliance with Applicable Law: If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 5.11 Interpretation: This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia.