

## PROSPERITY EXPLORATION CORP.

### STOCK OPTION PLAN

#### 1. Purpose

The purpose of this Plan of the Corporation is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

#### 2. Definitions

- (a) **“Change of Control”** means and shall be deemed to have occurred if any Person or combination of Persons at arm’s length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect;
- (b) **“Corporation”** means Prosperity Exploration Corp.;
- (c) **“Board”** means the Board of Directors of the Corporation and in this Plan, includes a committee appointed by the Board to administer the Plan as set forth in Section 3(a);
- (d) **“Disinterested Shareholder Approval”** means approval by a majority of the votes cast by all shareholders of the Corporation entitled to vote at a shareholders’ meeting, excluding votes attaching to shares of the Corporation beneficially owned by Insiders to whom options may be granted under the Plan and associates of such Persons;
- (e) **“Exchange”** means the Canadian Securities Exchange or any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction;
- (f) **“Insider”** in relation to the Corporation means:
  - (i) a director or senior officer of the Corporation;
  - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Corporation; or
  - (iii) a Person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares;

- (g) **“Investor Relation Activities”** has the meaning ascribed to it in the policies of the Exchange;
- (h) **“Listing Date”** means the date that the Corporation becomes a reporting issuer whose Shares are listed on the Exchange;
- (i) **“Management Company Employee”** has the meaning ascribed to it in Section 7(a);
- (j) **“Participants”** has the meaning ascribed to it in Section 7(a);
- (a) **“Person”** includes any natural person, corporation, body corporate, firm, partnership, joint venture, association, trust, estate or unincorporated organization or other entity, any trustee, executor, administrator or other legal representative or any government or governmental authority however designated or constituted;
- (b) **“Plan”** means this Stock Option Plan of the Corporation;
- (c) **“Shares”** means the common shares in the share capital of the Corporation;
- (d) **“Regulatory Authority”** means all Exchanges on which the Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation or its securities, the Plan or the options granted from time to time hereunder;
- (e) **“Termination Date”** means:
  - (i) in the case of an optionee’s resignation from employment from the Corporation or management company or the termination of the optionee’s consulting contract by the optionee or of the management company’s contract by the management company, the date that the optionee or management company provides notice of such resignation or termination to the Corporation or any of its affiliates; or
  - (ii) in the case of the termination of the optionee’s employment by the Corporation or the management company or of the consulting contract or management company’s contract, as the case may be, by the Corporation or any of its affiliates for any reason (whether such termination is lawyer or unlawful) other than death, the date that the Corporation or any of its affiliates delivers written notice of such termination to the optionee or, in the case of Management Company Employee, to the management company; or
  - (iii) In the case of the expiry of affixed-term employment agreement or consulting contract or management company contract that is not renewed or extend, the day of the term. .

### **3. Administration**

- (a) The Plan shall be administered by the Board or by a special committee of the directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board. A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.
- (b) Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into hereunder, to define the terms used in the Plan and in all option agreements entered into hereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all Participants in the Plan and on their legal personal representatives and beneficiaries.
- (c) Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of the Plan. Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including options granted under previously approved stock option plans of the Corporation, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

### **4. Regulatory Authority Approvals and Stock Exchange Rules**

All options granted pursuant to the Plan shall be subject to rules and policies of the Exchange and any applicable Regulatory Authority approvals.

### **5. Shares Subject to Plan**

- (a) Subject to adjustment as provided in Section 16 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares.
- (b) The maximum number of Shares issuable pursuant to options granted under the Plan shall be that number equal to 10% of the issued and outstanding common shares of the Corporation from time to time.
- (c) If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of the Plan.

### **6. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## 7. Eligibility and Participation

- (a) Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a Person or company which provides management services to the Corporation or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such Persons are hereinafter collectively referred to as “**Participants**”).
- (b) Subject to compliance with any applicable Regulatory Authority approvals and applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.
- (c) Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option.
- (d) In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a *bona fide* employee, consultant or Management Company Employee of the Corporation or its subsidiaries.
- (e) A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

## 8. Exercise Price

- (a) The exercise price of the Shares subject to each option shall be determined by the Board at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Subject to applicable Regulatory Authority requirements and approvals, the Board may reprice the prevailing exercise price of an option. Any reduction in the exercise price of an option held by an optionee who is an Insider of the Corporation at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as required by the Exchange.

## 9. Number of Optioned Shares

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any one in any 12-month period unless the Corporation has obtained Disinterested Shareholder Approval in respect of such grant and meets applicable Exchange requirements.

- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any 12-month period to any one consultant of the Corporation or any of its subsidiaries.
- (d) Options shall not be granted if the exercise thereof would result in the aggregate number of options granted to all Persons retained to provide Investor Relations Activities exceed 2% of the issued common shares of the Corporation in any 12-month period of the Corporation or of any of its subsidiaries.

#### **10. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange.

#### **11. Option Period, Consideration and Payment**

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board at the time of granting the option, options may be exercised in whole or in part at any time and from time to time during the option period.
- (d) To the extent required by the Exchange, no options may be exercised under the Plan until the Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (e) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (f) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised.
- (g) No Participant or his or her or its legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or her or it under the terms of the Plan.

**12. Ceasing To Be a Director, Officer, Consultant or Employee**

- (a) If a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his or her or its option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur by the earlier of:
  - (i) 90 days, or such other time as designated by the Board at the time the option was granted.
- (b) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates, or interfere in any way with the right of the Corporation or any of its affiliates to terminate the Participant's employment or services at any time.
- (c) If an optionee, or in the case of a Management Company Employee, the optionee's employer retires, resigns or is terminated from employment or engagement with the Corporation or any subsidiary of the Corporation, the loss or limitation, if any, by the cancellation of the right to purchase Shares under the option agreement of such optionee 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 optionee.
- (d) Participation in the Plan by a Participant is voluntary.

**13. Death of Participant**

In the event of the death of a Participant, the option previously granted to him or her shall be exercisable only within the one year after such death and then only:

- (a) by the Person or Persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that he or she was entitled to exercise the option at the date of his or her death.

**14. Rights of Optionee**

No Person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

**15. Proceeds from Sale of Shares**

The proceeds from the sale of 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.

## 16. Adjustments

- (a) If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, the Board shall, in its sole discretion, in the manner it deems fair and reasonable in light of the circumstances, make an appropriate and proportionate adjustment in the number or kind of Shares optioned and the exercise price per Share, as regards previously granted and unexercised options or portions thereof, and as regards options which may be granted subsequent to any such change in the Corporation's capital.
- (b) Adjustments under this Section 16 shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, will be final, conclusive and binding on the Corporation, the optionee and all other affected parties.
- (c) No fractional Share shall be required to be issued under the Plan on any such adjustment. Fractional Shares shall be eliminated.
- (d) The grant of an option shall not affect in any way the right or power of the Corporation to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.
- (e) Upon the liquidation or dissolution of the Corporation, the Plan shall terminate, and any options theretofore granted hereunder shall terminate.

## 17. Change of Control

- (a) In the event of a Change of Control or impending Change of Control, the Board may, in its sole discretion, deal with the outstanding options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any optionee:
  - (i) deliver notice to an optionee that all options granted which have not yet vested shall immediately vest without consideration as to time or any other vesting provision set forth in the Plan or option agreement governing such options, provided that such vesting is not in violation of the then current policies of the Exchange, if applicable,
  - (ii) deliver notice to an optionee that the expiry of the option period shall be the earlier of (i) the expiry of the option period for the options granted to such optionee and (ii) the 10<sup>th</sup> day following the date of the notice, to the full extent the options have not theretofore been exercised;
  - (iii) upon consummation of the Change of Control, the Plan shall terminate and any options theretofore granted hereunder that remain unexercised upon termination shall also terminate; or

- (iv) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

**18. Transferability**

- (a) All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the applicable Regulatory Authorities.
- (b) During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

**19. Amendment and Termination of Plan**

- (a) Subject to applicable Regulatory Authorities approvals, the Board may, at any time, suspend or terminate the Plan.
- (b) Subject to applicable Exchange and Regulatory Authorities approvals and, where required by the policies of the Exchange, shareholder approval, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall adversely alter the terms of any outstanding options granted under the Plan without the consent of the optionee.

**20. Necessary Approvals**

- (a) The Plan is subject to the approval of Regulatory Authorities having, or which may have, jurisdiction over the securities of the Corporation, and the Board is authorized to amend the text hereof from time to time in order to comply with any changes hereto required by such Regulatory Authorities.
- (b) The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any Regulatory Authority having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

**21. Hold Periods, Securities Regulation and Tax Withholding**

- (a) Any Shares issued pursuant to the Plan will be subject to any resale restrictions required by the Exchange or those of any securities Regulatory Authorities having jurisdiction.
- (b) Where necessary to effect exemption from registration or distributions of the Shares under securities laws applicable to the securities of the Corporation, an optionee shall be required, upon the exercise of options, to acquire such Shares with investment intent and not with a view to their distribution, and to present to the Board an undertaking to that effect in a form acceptable to the Board.



- (c) The Participant shall covenant that if in connection with an initial public offering or listing, a Regulatory Authority or underwriter requires that the share option or Shares be deposited in a pool or escrow or be subject to additional resale restrictions, the Participant shall deposit the share options or Shares in such a pool or escrow and shall comply with such additional resale restrictions, on such terms as may be required by the applicable Regulatory Authority or underwriter.
- (d) The Board may cause a legend or legends to be placed upon any certificates for the Shares to make the appropriate reference to applicable resale restrictions.
- (e) The Board may take such other action or require such other action or agreement by such optionee as may from time to time be necessary to comply with applicable securities laws.
- (f) These provisions shall in no way obligate the Corporation to undertake the registration or qualification of any options or the underlying Shares under any securities laws applicable to the securities of the Corporation.
- (g) The Board and the Corporation may take all such measures as they deem appropriate to ensure that the Corporation's obligations under the withholding provisions of income tax laws applicable to the Corporation and other provisions of applicable laws are satisfied with respect to the issuance of Shares pursuant to the Plan or the grant or exercise of options under the Plan.
- (h) The issuance, transfer or delivery of certificates for Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of securities and income tax laws have been met.

**22. Form of Notice**

A notice given by the Corporation shall be in writing, signed by the optionee and delivered to the head business office of the Corporation.

**23. No Representation or Warranty**

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

**24. Conflict**

In the event of a conflict between the provisions of the Plan and an option agreement, the provisions of the Plan shall prevail.

**25. Governing Law**

The Plan and each option agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

**26. Time of Essence**

Time is of the essence of the Plan and each Option Agreement.

**27. Effective Date of Plan**

The Plan has been adopted by the Board subject to Regulatory Authority approval and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

**28. Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia.

Approved by the Board of Directors of the Corporation on February 11, 2021.

PROSPERITY EXPLORATION CORP.

Per:

“Michael B. England”

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Michael B. England  
CEO and Director