

[NAME OF CORPORATION]
EMPLOYEE STOCK OPTION PLAN

Article I - Purpose

- 1.1 This Stock Option Plan has been established by the Company to meet the following Company goals:
- (a) to promote Employee, Director and Consultant commitment to the Company;
 - (b) to reward Employees, Directors and Consultants for past loyalty and accomplishment;
 - (c) to focus Employees, Directors and Consultants on increasing overall Company value for the benefit of all Company stakeholders; and
 - (d) to reduce compensation and benefit demands from Employees, Directors and Consultants.

Article II - Definitions

- 2.1 In this Plan, the following terms have the following meanings:
- (a) "Act" means the Ontario *Business Corporations Act*, as amended from time to time;
 - (b) "Affiliate" has the meaning ascribed that term in the Act;
 - (c) "Associate" has the meaning ascribed to that term in the Act;
 - (d) "Board" means the board of directors of the Company;
 - (e) "Business Day" means any day the Company's banker's are open for business in the municipality in which the Company's head office is located, provided such day is not a Saturday or Sunday;
 - (f) "Company" means [NAME OF CORPORATION], its successors and assigns;
 - (g) "Consultant" means an individual, other than an employee or an executive of the Company, that: (a) is engaged to provide consulting, technical, management, professional or other bona fide services to the Company or to an Affiliate of the Company under a written contract or retainer agreement between the Company or the Affiliate and the individual or a company of which the individual consultant is an employee or shareholder; and (b) spends or will spend significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company in the reasonable opinion of the Board;
 - (h) "Current Shareholder Group" means *[list the current shareholders]*;
 - (i) "Date of Grant" means the date of approval of a Grant of Options in accordance with the terms of this Plan;
 - (j) "Director" means a director of the Company or an Affiliate;
 - (k) "Earliest Exercise Date" means the earliest date an option holder can exercise his or her options, as set out in the Grant;

- (l) "Eligible Person" means all full-time Employees of the Company and its Affiliates, all Consultants to the Company and its Affiliates, and all Directors of the Company and its Affiliates;
- (m) "Fair Market Value" means the fair market value of a Share as determined by the Company in good faith as of the effective date in question;
- (n) "Grant" means a written grant of Option by the Company to an Eligible Person issued in writing in accordance with this Plan;
- (o) "Guaranteed Percentage" means 10% of the fully participating securities of the Company on a fully diluted basis; provided that if the shareholdings of the Current Shareholder Group are diluted as permitted under this Plan, then the Guaranteed Percentage may, at the option of the Board, be diluted at the same time up to the same extent that the Current Shareholder Group is diluted;
- (p) "IPO" means an initial public offering of Shares in one or more provinces of Canada or in the United States;
- (q) "Option" means a right granted under the Plan to an Eligible Person to purchase Shares in accordance with the Plan;
- (r) "Option Shares" means the Shares optioned to the Eligible Person as set out in the Grant;
- (s) "Participant" means an Eligible Person who has been Granted an Option in accordance with the terms of the Plan;
- (t) "Plan" means this Stock Option Plan, as amended and restated from time to time;
- (u) "Policies" means such policies approved by the Board from time to time with respect to the Option Shares and this Plan;
- (v) "Sale of the Company" means a merger, amalgamation, plan of arrangement, reorganization, business combination, sales of shares, take-over bid, tender offer, issuance of securities or sale of assets pursuant to which all or substantially all of the then current business of the Company is transferred; provided that no Sale of the Company shall be deemed to have occurred as a result of the issuance or transfer of securities of the Company if, after giving effect to such issuance or sale, voting securities of the Company carrying forty (40%) percent or more of the votes for the election of Directors of the Company are held by or for the benefit of one or more members of the Current Shareholder Group or an Affiliate or Associate of a member of the Current Shareholder Group;
- (w) "Securities Act" means the Ontario *Securities Act* as amended from time to time;
- (x) "Shares" means Class ____ Common Shares in the capital of the Company, being non-voting, fully participating common shares, and includes any shares of the Company into which such shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed whether pursuant to a capital reorganization, amalgamation, merger, arrangement or other form of reorganization, as approved by the Board in its absolute discretion; and
- (y) "Strike Price" means the price per Optioned Share set out in the Grant.