

POLICY 4.4

INCENTIVE STOCK OPTIONS

Scope of Policy

Incentive stock options are a means of rewarding optionees for future services provided to the Issuer. They are not intended as a substitute for salaries or wages, or as a means of compensation for past services rendered.

This Policy sets out the Exchange's requirements for incentive stock options. In addition, this Policy sets out the Exchange's requirements for stock options granted to Eligible Charitable Organizations by an Issuer subsequent to listing (it being noted that such options are not considered incentive stock options by the Exchange).

The main headings in this Policy are:

1. Introduction
2. Stock Option Plans
3. General Requirements
4. Required Documentation for Stock Option Plans
5. Amending Stock Options

1. Introduction

1.1 Application

The Exchange requirements in this Policy apply to:

- (a) an Issuer listed on the Exchange which proposes to grant stock options to its Directors, Employees and Consultants or to an Eligible Charitable Organization; and
- (b) an unlisted Company planning to apply, or in the process of applying, for listing on the Exchange which proposes to grant stock options to its Directors, Employees and Consultants that will remain outstanding after listing.

Refer to Policy 4.7 – *Charitable Options in Connection With an IPO* for the requirements applicable to the granting of stock options to an Eligible Charitable Organization in connection with an Initial Public Offering of securities by an Issuer.

1.2 Interpretation

In this Policy:

“Charitable Option” means a stock option or equivalent security granted by an Issuer to an Eligible Charitable Organization.

“Consultant” means, in relation to an Issuer, an individual (other than an Employee or a Director of the Issuer) or Company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
- (b) provides the services under a written contract between the Issuer or the Affiliate and the individual or the Company, as the case may be;
- (c) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and
- (d) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer.

“Consultant Company” means a Consultant that is a Company.

“Director” means a director, senior officer or Management Company Employee of an Issuer, or of an unlisted Company seeking a listing on the Exchange, or a director, senior officer or Management Company Employees of an Issuer’s or an unlisted Company’s subsidiaries.

“Eligible Charitable Organization” has the same meaning as set forth in Policy 4.7 - *Charitable Options in Connection With an IPO*.

“Employee” means:

- (a) an individual who is considered an employee of the Issuer or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) an individual who works full-time for an Issuer or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source; or

- (c) an individual who works for an Issuer or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source.

“Management Company Employee” means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person engaged in Investor Relations Activities.

“Optionee” means the recipient of a stock option granted by an Issuer.

2. Stock Option Plans

2.1 Requirement for a Stock Option Plan

- (a) All Issuers other than CPCs must implement a stock option plan. Prior to granting stock options, an Issuer must implement a stock option plan in accordance with this Policy. An Issuer must obtain Exchange acceptance of the plan before it grants stock options under the plan (except as may be allowed pursuant to section 3.9(e) of this Policy). After the Exchange accepts the plan, the Issuer can grant stock options only under the plan.
- (b) In determining a plan’s acceptability, the Exchange will take into account such factors as: (i) the number of shares reserved for issuance under the plan, (ii) the number of Directors and Employees of the Issuer, (iii) the average tenure of the eligible Optionees (long vs. short term), (iv) whether the Issuer has a long or short term development cycle, and (v) any other factors the Exchange finds relevant.

2.2 Types of Stock Option Plans

- (a) The Issuer may have either:
 - (i) a “rolling” stock option plan reserving for issuance pursuant to the exercise of stock options a number of shares of the Issuer equal to up to a maximum of 10% of the issued shares of the Issuer at the time of any stock option grant; or
 - (ii) a fixed number stock option plan reserving for issuance pursuant to the exercise of stock options a specified number of shares, up to a maximum of 20% of the Issuer’s issued shares as at the date of implementation of the stock option plan by the Issuer.

- (b) Subject to Exchange acceptance, where the Issuer is in the process of undertaking a transaction involving the issuance of securities and the Issuer proposes to implement a fixed number stock option plan in connection or concurrent with such transaction, the Issuer may base the amount of shares reserved for issuance under the stock option plan on the issued shares of the Issuer on a post transaction basis, subject to completion of the transaction.
- (c) The Exchange prefers that an Issuer have only one stock option plan at any point in time, however, it is acknowledged that there may be circumstances where it is either necessary or prudent for an Issuer to have more than one stock option plan in effect at the same time. If an Issuer has more than one stock option plan in effect at any point in time or if an Issuer has granted stock options outside of its stock option plan (such as, for example, stock options granted prior to listing on the Exchange when the Issuer was not required to have a stock option plan), the limitations set forth in sections 2.2(a)(i) and (ii) above and elsewhere in this Policy 4.4 on the maximum number of options that may be granted shall apply to all such stock option plans and stock option grants when taken in the aggregate. Without limiting the foregoing, an Issuer may not have both a rolling stock option plan and a fixed number stock option plan in effect at the same time if, when taken in the aggregate, the number of shares reserved for issuance under the plans could exceed the 10% limit set forth in section 2.2(a)(i) above.

3. General Requirements

3.1 Optionees

- (a) An Issuer seeking to grant options must ensure the requirements of applicable Securities Laws are satisfied and that exemptions from the Prospectus requirements are available.
- (b) Under Exchange policy, an Optionee must either be an Eligible Charitable Organization or a Director, Employee or Consultant of the Issuer or its subsidiary at the time the option is granted, in order to be eligible for the grant of the stock option to the Optionee.
- (c) Except in relation to Consultant Companies, options may be granted only to an individual or to a Company that is wholly owned by individuals eligible for an option grant. If the Optionee is a Company, excluding Optionees that are Consultant Companies or Eligible Charitable Organizations, it must provide the Exchange with a completed Form 4F - *Certification and Undertaking Required from a Company Granted an Incentive Stock Option*. Any Company to be granted a stock option, other than a Consultant Company or Eligible Charitable Organization, must agree not to effect or permit any transfer of ownership or option of shares of the Company nor to issue further shares of any class in the Company to any other individual or entity as long as the stock option remains outstanding, except with the written consent of the Exchange.

3.2 Limitations on Stock Option Grants to any One Person

Unless the Issuer has obtained the requisite disinterested Shareholder approval pursuant to section 3.10, the aggregate number of options granted to any one Person (and, where permitted under this Policy 4.4, any Companies that are wholly owned by that Person) in a 12 month period must not exceed 5% of the issued shares of the Issuer, calculated on the date an option is granted to the Person. As set forth in sections 3.3 and 3.4 below, more restrictive limitations are imposed upon Persons that are Consultants or retained to provide Investor Relations Activities.

3.3 Consultants

The aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer, calculated at the date an option is granted to the Consultant. This 2% limit is included within the option limitations prescribed by section 2.2(a).

3.4 Optionees Performing Investor Relations Activities

- (a) The aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued shares of the Issuer in any 12 month period, calculated at the date an option is granted to any such Person. This 2% limit is included within the option limitations prescribed by section 2.2(a). For the purposes of this Policy, Persons retained to provide Investor Relations Activities shall include any Consultant that performs Investor Relations Activities and any Employee or Director whose role and duties primarily consist of Investor Relations Activities.
- (b) Options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any three month period.
- (c) The Issuer's Board must, through the establishment of appropriate procedures, monitor the trading in the securities of the Issuer by all Optionees performing Investor Relations Activities. These procedures may include, for example, the establishment of a designated brokerage account through which the Optionee conducts all trades in the securities of the Issuer or a requirement for such Optionees to file insider trade reports with the Board.

3.5 Restrictions

- (a) The Exchange may refuse to accept an option for filing if the Exchange is not satisfied that the stock options are distributed on an equitable basis, having regard to:
 - (i) the number of Optionees;
 - (ii) the frequency of Optionee turnover;

- (iii) the size of allocations to new Optionees; and
 - (iv) the duties and qualifications of the Optionee in relation to his or her position.
- (b) The Exchange will not permit an Issuer to use stock options primarily as a means of financing, without the disclosure documents and hold periods that would normally apply to a financing.
 - (c) The Exchange will not permit an Issuer to grant stock options while there is any undisclosed Material Information relating to the Issuer. For these purposes, and without limitation, an Issuer that is on notice to have its listing transferred to NEX pursuant to Policy 2.5 - *Continued Listing Requirements and Inter-Tier Movement* is not permitted to grant stock options unless it has publicly disclosed that it is on notice to have its listing transferred to NEX.
 - (d) The Exchange will not accept an option for filing if the option was granted before the Issuer was listed on the Exchange, unless the stock option grant and the Issuer's stock option plan were fully disclosed in the Issuer's Prospectus, Form 2B - *Listing Application* or other comprehensive disclosure document filed in connection with the listing.

3.6 Minimum Exercise Price

- (a) The minimum exercise price of a stock option, whether granted by a Tier 1 or Tier 2 Issuer, must not be less than the Discounted Market Price. If, pursuant to section 3.12 of this Policy, the Issuer does not issue a news release to fix the price, the Discounted Market Price is the last closing price of the Listed Shares before the date of the stock option grant (less the applicable discount).
- (b) If an option is granted by a newly listed Issuer after listing, or by an Issuer which has just been recalled for trading following a suspension or halt, the Issuer must wait until a satisfactory market has been established before setting the exercise price for and granting the option. In general, the Exchange will not consider that a satisfactory market has been established until at least ten trading days have passed since the date of listing or the day on which trading in the Issuer's securities resumes, as the case may be.
- (c) A minimum exercise price cannot be established unless the options are allocated to particular Persons. More specifically, an Issuer can not grant options unless and until the options have been allocated to a particular Person or Persons.
- (d) If stock options are granted within 90 days of a Distribution by a Prospectus, the minimum exercise price of those options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Listed Shares acquired under the Distribution. The 90 day period begins:
 - (i) on the date a final receipt is issued for the Prospectus; or

- (ii) in the case of an IPO, on the date of listing.
- (e) The exercise price of a stock option must be paid in cash.

3.7 Hold Period

In addition to any Resale Restrictions under Securities Laws and any other circumstance for which the Exchange Hold Period may apply, where the exercise price of the stock option is at a discount to the Market Price, all stock options and any Listed Shares issued under stock options exercised prior to the expiry of the Exchange Hold Period must be legended with the Exchange Hold Period commencing on the date the stock options were granted. See Policy 3.2 – *Filing Requirements and Continuous Disclosure* for the wording on the legend.

3.8 Terms of the Plan

The following conditions or provisions must be included in all stock option plans:

- (a) all options are non-assignable and non-transferable;
- (b) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a “blackout period”, as discussed below);
- (c) the aggregate number of options granted to any one Person (and Companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued shares of the Issuer, calculated on the date an option is granted to the Person (unless the Issuer has obtained the requisite disinterested Shareholder approval);
- (d) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer, calculated at the date an option is granted to the Consultant;
- (e) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued shares of the Issuer in any 12 month period, calculated at the date an option is granted to any such Person;
- (f) if a provision is included that the Optionee’s heirs or administrators can exercise any portion of the outstanding option, the period in which they can do so must not exceed one year from the Optionee’s death;
- (g) disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Issuer at the time of the proposed amendment;

- (h) for stock options granted to Employees, Consultants or Management Company Employees, the Issuer and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be; and
- (i) any options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date the Optionee ceases to be in that role (in general, the Exchange considers anything not exceeding 12 months to be a reasonable period for these purposes).

A stock option plan may contain a provision allowing options that have been cancelled or that have expired without being exercised to continue to be issuable under the plan under which they were approved.

A stock option plan may contain a provision allowing for the automatic extension to the expiry date of a stock option governed by the plan if such expiry date falls within a period (a “**blackout period**”) during which an Issuer prohibits Optionees from exercising their stock options. The following requirements are applicable to any such automatic extension provision:

- A. The blackout period must be formally imposed by the Issuer pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information. For greater certainty, in the absence of the Issuer formally imposing a blackout period, the expiry date of any options will not be automatically extended in any circumstances.
- B. The blackout period must expire upon the general disclosure of the undisclosed Material Information. The expiry date of the affected stock options can be extended to no later than ten (10) business days after the expiry of the blackout period.
- C. The automatic extension of an Optionee’s options will not be permitted where the Optionee or the Issuer is subject to a cease trade order (or similar order under Securities Laws) in respect of the Issuer’s securities.

3.9 Shareholder Approval for Plans, Grants and Amendments

- (a) A fixed number stock option plan that, together with all of the Issuer’s other previously established stock option plans or grants, could result at any time in the number of Listed Shares reserved for issuance under stock options exceeding 10% of the issued shares as at the date of implementation of the stock option plan must receive Shareholder approval at the time the plan is to be implemented (subject to the exception set forth in (h) below), and at such time the number of shares reserved for issuance under the plan is amended. Disinterested Shareholder approval will be required in the circumstances prescribed by section 3.10(a) of this Policy.

A fixed number stock option plan that, together with all of the Issuer's other previously established stock option plans or grants, could not result at any time in the number of Listed Shares reserved for issuance under stock options exceeding 10% of the issued shares as at the date of implementation of the stock option plan (a "**≤ 10% Fixed Plan**") does not require Shareholder approval at the time the plan is to be implemented or amended (unless otherwise required under section 3.10(a) of this Policy).

- (b) Rolling stock option plans must receive Shareholder approval at the time the plan is to be implemented (subject to the exception set forth in (h) below) and yearly, at the Issuer's Annual General Meeting. Where disinterested Shareholder approval for a rolling stock option plan is required under section 3.10(a) of this Policy, the initial and yearly Shareholder approval of the plan must be disinterested Shareholder approval.
- (c) In general, the Exchange will require that any amendment to a stock option plan that is not a $\leq 10\%$ Fixed Plan be subject to Shareholder approval as a condition to Exchange acceptance of the amendment. For greater certainty, amendments to any of the following provisions of a stock option plan will be subject to shareholder approval:
 - (i) persons eligible to be granted options under the plan;
 - (ii) the maximum number or percentage, as the case may be, of shares that may be reserved under the plan for issuance pursuant to the exercise of stock options;
 - (iii) the limitations under the plan on the number of options that may be granted to any one person or any category of persons (such as, for example, Insiders);
 - (iv) the method for determining the exercise price of options;
 - (v) the maximum term of options; and
 - (vi) the expiry and termination provisions applicable to options.

Notwithstanding the foregoing, the Exchange will not require that the following types of amendments be subject to Shareholder approval as a condition to Exchange acceptance of the amendment: (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of a stock option plan that do not have the effect of altering the scope, nature and intent of such provisions.

Amendments to a stock option plan (including a $\leq 10\%$ Fixed Plan) that would result in any of the limits set forth in section 3.10(a)(i) of this Policy being exceeded will require disinterested Shareholder approval.

- (d) Any Shareholder approval required under this Policy, whether in respect of the implementation of a stock option plan, an amendment to a stock option plan, the grant of a stock option or an amendment to a stock option, as applicable, must take place at a meeting of the Shareholders. Evidence that the majority of the Voting Shares are in favour of the proposal is not an acceptable substitute.
- (e) If an Issuer requires Shareholder approval for a new or amended stock option plan pursuant to this Policy, Exchange acceptance of the plan will be conditional upon the requisite Shareholder approval having been obtained. As provided for and subject to the requirements set forth in (f) below, the Exchange will generally permit the new or amended plan to be implemented prior to the requisite Shareholder approval having been obtained. In addition, the Exchange will generally permit the Issuer to grant options under the new or amended stock option plan that it would not otherwise be permitted to grant under its existing stock option plan (as applicable) prior to the requisite Shareholder approval for the new or amended stock option plan having been obtained provided that the Issuer also obtains specific Shareholder approval for such grants and otherwise complies with the applicable requirements of (f) below in respect of both the stock option plan and the option grants. For greater certainty, the Shareholder approval for any option grants must be separate and apart from the Shareholder approval for the new or amended stock option plan.
- (f) Shareholder approval for the implementation or amendment of a stock option plan or the grant or amendment of stock options, as required under this Policy, can be given at a meeting of the Shareholders after the implementation or amendment of the plan or the grant or amendment of options, provided that:
 - (i) in the case of a new or amended plan, no options granted under the new or amended plan are exercised; and
 - (ii) in the case of the grant or amendment of options, the options are not exercised,

before the meeting and that all relevant information concerning the approvals sought has been fully disclosed to the Shareholders prior to the meeting. Any such Shareholder approval must be obtained no later than the earlier of the Issuer's next annual meeting of its Shareholders and 12 months from the implementation or amendment of the plan or the grant or amendment of the option, as the case may be.

If the requisite Shareholder approval is not obtained: (1) in the case of a new plan, the new plan and all options granted thereunder will terminate; (2) in the case of an amended plan, the amended plan will terminate (the Issuer will revert to its existing plan) and any options that were granted under the amended plan that could not have been granted under the existing plan will terminate; (3) in the case of an option grant, the granted options will terminate; and (4) in the case of an amendment of options, the amendment will be of no force and effect.

- (g) The Information Circular of the Issuer to be provided to the Shareholders in respect of a meeting of the Shareholders at which the approval of a stock option plan or the grant or amendment of a stock option, as the case may be, will be sought must disclose the particulars of the plan or the option grant or amendment, as the case may be, in sufficient detail to permit the Shareholders to form a reasoned judgement concerning the acceptability of the plan or the option grant or amendment, as the case may be. For example, in the case of a stock option plan, the disclosure should include, without limitation:
- (i) a description of the persons eligible to be granted options under the plan;
 - (ii) the maximum number or percentage, as the case may be, of shares that may be reserved under the plan for issuance pursuant to the exercise of stock options;
 - (iii) the limitations under the plan on the number of options that may be granted to any one person or any category of persons (such as, for example, Insiders);
 - (iv) the method for determining the exercise price of options;
 - (v) the maximum term of options; and
 - (vi) the expiry and termination provisions applicable to options.

Where disinterested Shareholder approval for the stock option plan or stock option grant or amendment, as the case may be, is required pursuant to section 3.10 of this Policy, those Persons that are ineligible to vote and the number of voting shares held by such Persons should be disclosed in the Information Circular.

- (h) Initial Shareholder approval of the stock option plan is not required if: (i) the stock option plan was implemented by the Issuer prior to the Issuer listing on the Exchange; (ii) the Issuer files an IPO Prospectus or Form 2B - *Listing Application* in conjunction with its application to list on the Exchange; and (iii) the Issuer has disclosed the details of the stock option plan and any existing stock options in the Prospectus or Form 2B - *Listing Application*, as the case may be.

3.10 Disinterested Shareholder Approval for Plans, Grants and Amendments

- (a) An Issuer must obtain disinterested Shareholder approval for:
- (i) a stock option plan if the stock option plan, together with all of the Issuer's previously established and outstanding stock option plans or grants, could permit at any time:
 - (A) the aggregate number of shares reserved for issuance under stock options granted to Insiders (as a group) at any point in time exceeding 10% of the issued shares;

- (B) the grant to Insiders (as a group), within a 12 month period, of an aggregate number of options exceeding 10% of the issued shares, calculated at the date an option is granted to any Insider; or
- (C) the aggregate number of options granted to any one Person (and Companies wholly owned by that Person) within a 12 month period exceeding 5% of the issued shares, calculated on the date an option is granted to the Person; or
- (ii) any individual stock option grant that would result in any of the limitations set forth in (a)(i)(A), (B) or (C) being exceeded if the Issuer's stock option plan does not permit these limits to be exceeded; or
- (iii) any amendment to stock options held by Insiders that would have the effect of decreasing the exercise price of the stock options; or
- (iv) any individual stock option grant requiring Shareholder approval pursuant to section 3.9(e) of this Policy.

For the purposes of the limitations set forth in items (i) and (ii), options held by an Insider at any point in time that were granted to such Person prior to it becoming an Insider shall be considered options granted to an Insider irrespective of the fact that the Person was not an Insider at the time of grant.

- (b) If (a)(i) applies, the proposed plan must be approved by a majority of the votes cast by all Shareholders at the Shareholders' meeting excluding votes attaching to shares beneficially owned by:
 - (i) Insiders to whom options may be granted under the stock option plan; and
 - (ii) Associates of Persons referred to in (b)(i).
- (c) In the case of (a)(ii), (a)(iii) or (a)(iv), the grant or amendment, as the case may be, must be approved by a majority of the votes cast by all Shareholders at the Shareholders' meeting excluding votes attaching to shares beneficially owned by:
 - (i) the Person that holds or will hold the options in question; and
 - (ii) Associates of Persons referred to in (c)(i).

In addition, in the case of (a)(ii), (a)(iii) and (a)(iv), non-specific (or "blanket") Shareholder approval is not permitted. The Information Circular of the Issuer provided to the Shareholders must disclose the particulars of the grant or amendment, as the case may be, in sufficient detail to permit the Shareholders to form a reasoned judgement concerning the proposed grant or amendment. For example, in the case of an amendment to decrease the exercise price of options held by Insiders, the disclosure should include, without limitation, the identities of the applicable Insiders, the number of options held by each such Insider, the current exercise price and the proposed exercise price.

- (d) In circumstances where the Issuer's stock options are exercisable into a class of non-voting or sub-ordinate voting securities, the holders of that class of securities must be given full voting rights on a resolution that requires disinterested Shareholder approval pursuant to section 3.10(a) above.

3.11 Disclosure

- (a) Subject to section 3.12 of this Policy, in accordance with Policy 3.3 - *Timely Disclosure*, a stock option plan or agreement to grant stock options constitutes Material Information and therefore must be disclosed to the public on the day the plan is implemented or amended or an option is granted or amended. The news release should include the number of Listed Shares reserved for issuance under the plan or the terms of the stock options under individual grants and subsequent (Shareholder and Exchange) approvals that may be required.
- (b) The Exchange can require an Issuer to change a proposed option exercise price if an option is granted before a news release disclosing Material Information has been adequately disseminated, in circumstances where the trading price of the Issuer's Listed Shares does not reflect the announcement.

3.12 Exceptions to Disclosure Requirement

The Exchange does not require a news release disclosing the grant of stock options if the options are granted to Employees or Consultants that are not directors or officers of the Issuer or performing Investor Relations Activities, except where the grant constitutes Material Information under applicable Securities Laws.

3.13 Options to Eligible Charitable Organizations

Notwithstanding any other provision of this Policy 4.4:

- (a) The aggregate number of options granted and outstanding to Eligible Charitable Organizations must not at any time exceed 1% of the issued shares of the Issuer, as calculated immediately subsequent to the grant of any options to Eligible Charitable Organizations. This 1% limitation is inclusive of any options granted to Eligible Charitable Organizations under Policy 4.7 – *Charitable Options in Connection With an IPO* (“**Policy 4.7**”).
- (b) Any options granted to Eligible Charitable Organizations under this Policy 4.4 will be included within the option limitations prescribed by section 2.2(a). As set forth in section 3.2 of Policy 4.7, any options granted to Eligible Charitable Organizations under Policy 4.7 will not be included within the option limitations prescribed by section 2.2(a).

- (c) A Charitable Option may contain anti-dilution provisions to cover stock splits or consolidations, share reclassifications, payment of stock dividends and other distributions; however, the terms and conditions of a Charitable Option may not be amended or made subject to amendment after its grant other than to give effect to such anti-dilution provisions or to provide for the cancellation of the Charitable Option in order to enable the Issuer to comply with the provisions of section 3.13(a) above.
- (d) A Charitable Option must expire after the earlier of:
 - (i) a date that is not more than 10 years from the grant date of the option; and
 - (ii) the 90th day following the date that the holder of the Charitable Option ceases to be an Eligible Charitable Organization.

4. Required Documentation for Stock Option Plans

4.1 Filing a Stock Option Plan

Issuers must receive Exchange acceptance of all stock option plans, at the time of institution of the plan and, in the case of a rolling plan, each year thereafter. Issuers must also receive Exchange acceptance of any amendment to a stock option plan. In order to obtain Exchange acceptance of a stock option plan or amendment thereto and, if applicable, prior to the Issuer seeking any Shareholder approval under section 3.9 or 3.10 above, the Issuer must file the following documentation:

- (a) a copy of the stock option plan;
- (b) a copy of the Information Circular for the meeting at which the plan was approved or is to be approved if that Information Circular has not been filed on SEDAR; and
- (c) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees* (Issuers should include the particulars of the fee calculation in their submission).

Where Shareholder approval for a stock option plan, or amendment to a stock option plan, is required, the Exchange's acceptance of the stock option plan will be conditional upon the Issuer providing evidence of the requisite Shareholder approval.

4.2 Filing Stock Option Grants Made Under a Stock Option Plan

An Issuer must file the following documentation at the end of each calendar month in which stock options are granted:

- (a) a Form 4G - *Summary Form - Incentive Stock Options*;

- (b) if the Optionee is not an individual (but excluding Optionees that are Eligible Charitable Organizations or Consultant Companies), a Form 4F - *Certification and Undertaking Required from a Company Granted an Incentive Stock Option* (Form 4F), as described in section 3.5 above; and
- (c) if the Optionee is a new Insider or is undertaking Investor Relations Activities, a Form 2A - *Personal Information Form* or, if applicable, a Form 2C1 - *Declaration*.

5. Amending Stock Options

5.1 General Requirements

- (a) The Exchange will permit an Issuer to amend the terms of a stock option without the acceptance of the Exchange to:

- (i) reduce the number of Listed Shares under option;
- (ii) increase the exercise price; or
- (iii) cancel an option;

provided the Issuer issues a news release outlining the terms of the amendment.

- (b) Except as provided under section 5.1(a) above, an Issuer can amend the other terms of a stock option only where prior Exchange acceptance is obtained and where the following requirements are met:
 - (i) if the amendment is in respect of an option held by an Insider of the Issuer, but excluding amendments to extend the length of the stock option term, the Issuer obtains disinterested Shareholder approval (as described in section 3.10 above);
 - (ii) if the option exercise price is amended, at least six months have elapsed since the later of the date of commencement of the term, the date the Issuer's shares commenced trading, or the date the option exercise price was last amended;
 - (iii) if the option price is amended to the Discounted Market Price, the Exchange Hold Period is applied from the date of the amendment (and for more certainty where the option price is amended to the Market Price, the Exchange Hold Period will not apply); and

- (iv) if the length of the stock option term is amended, any extension of the length of the term of the stock option is treated as a grant of a new option, and therefore the amended option must comply with the pricing and other requirements of this Policy as if it were a newly granted option. The term of an option cannot be extended so that the effective term of the option exceeds 10 years in total. An option must be outstanding for at least one year before the Issuer can extend its term.

The Exchange must accept a proposed amendment before the option may be exercised as amended. For the purposes of this Policy, if an Issuer cancels a stock option and within one year grants new options to the same individual, the new options will be subject to the requirements in sections (i) to (iv) above.

5.2 Filing Requirements - Stock Option Amendment

To obtain Exchange acceptance of a stock option amendment, an Issuer must file the following with the Exchange:

- (a) a Form 4G - *Summary Form - Incentive Stock Options* setting forth the particulars of the proposed amendment;
 - (b) where applicable, evidence of Shareholder approval of the proposed amendment; and
 - (c) the applicable fee as prescribed in Policy 1.3 - *Schedule of Fees*.
-