FAR WEST MINING LTD.
(the "Corporation")

STOCK OPTION PLAN

1. INTERPRETATION

1.1 **Defined Terms** - For the purposes of this Stock Option Plan, the following terms shall have the following meanings:

(a) "**Associate**" shall have the meaning ascribed to such term in the British Columbia *Securities Act*, as amended from time to time;

(b) **"Board"** means the Board of Directors of the Corporation;

(c) "**Change in Control**" means:

(i) a takeover bid (as defined in the British Columbia *Securities Act*, which is successful in acquiring Shares of the Corporation;

(ii) the change of control of the Board resulting from the election by the members of the Corporation of less than a majority of the persons nominated for election by management of the Corporation;

(iii) the sale of all or substantially all the assets of the Corporation;

(iv) the sale, exchange or other disposition of a majority of the outstanding Shares of the Corporation in a single or series of related transactions;

(v) the dissolution of the Corporation's business or the liquidation of its assets;

(vi) a merger, amalgamation or arrangement of the Corporation in a transaction or series of transactions in which the Corporation's shareholders receive less than 51% of the outstanding shares of the new or continuing Corporation; or

(vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares;

(d) "**Committee**" means the Compensation Committee appointed by the Board, or if no such committee is appointed, the Board itself;

(e) "**Consultant**" has the meaning ascribed in NI 45-106 from time to time which at the date hereof means, for an issuer, a person, other than an employee, Executive Officer, or director of the issuer or of a related entity of the issuer that:

(i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,

(ii) provides the services under a written contract with the issuer or a related entity of the issuer, and

(iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity 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;

(f) "**Corporation**" means Far West Mining Ltd., a company incorporated under the laws of Alberta;

(g) "**Date of Grant**" means the date on which a grant of an Option is effective;

(h) **"Disability"** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;

(i) "**Disinterested Shareholder Approval**" means an ordinary resolution approved at a shareholders meeting by a majority of the votes cast by:

(i) the holders of the issued and outstanding Shares; and

(ii) the holders of any securities of the Corporation, other than the Shares, which have a residual right to share in the earnings of the Corporation and in its assets upon liquidation or winding-up ("**Restricted Securities**"),

on a basis proportionate to their respective residual equity interests in the Corporation, excluding votes attaching to the Shares and the Restricted Securities beneficially owned by Insiders to whom Options may be issued and Associates of those persons;

(j) "**Effective Date**" means the effective date of this Plan;

(k) "**Eligible Persons**" means:

(i) an employee, Executive Officer, director or Consultant of the Corporation or of any Related Entity,

(ii) a Permitted Assign of a person referred to in (i) above, or

(iii) a Management Company Employee;

(l) "**Executive Officer**" has the meaning ascribed in NI 45-106 from time to time which at the date hereof means, for an issuer, an individual who is:

(i) a chair, vice-chair or president,

(ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production,

(iii) an officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or

(iv) performing a policy-making function in respect of the issuer;

(m) **"Guardian"** means the guardian, if any, appointed for an Optionee;

(n) "**Insider**" shall have the meaning ascribed to such term in the British Columbia *Securities Act*, as amended from time to time;

(o) "**Investor Relations Activities**" has the meaning ascribed in NI 45-106 from time to time which at the date hereof means activities or communications, by or on behalf of an issuer or a security holder of the issuer, that promote or could reasonably be expected to promote the purchase or sale of securities of the issuer, but does not include:

(i) the dissemination of information or preparation of records in the ordinary course of the business of the issuer:

(A) to promote the sale of products or services of the issuer, or

(B) to raise public awareness of the issuer,

that cannot reasonably be considered to promote the purchase or sale of securities of the issuer,

(ii) activities or communications necessary to comply with the requirements of

(A) securities legislation of any jurisdiction of Canada,

(B) the securities laws of any foreign jurisdiction governing the issuer, or

(C) any exchange or market on which the issuer's securities trade,

or

(iii) activities or communications necessary to follow securities directions of any jurisdiction of Canada;

(p) "**Management Company Employee**" means an individual employed by a corporation or a Person providing management services to the Corporation, which management services are limited to administrative or operational services required for the ongoing successful operation of the business enterprise of the Corporation but excluding a Person engaged in Investor Relations Activities;

(q) "**Market Price**" means:

(i) where the Shares are listed for trading on the TSX, the last closing price of the Shares on the TSX immediately prior to the time of the grant of an Option;

(ii) where the Shares are suspended from or are not listed for trading on the TSX but are listed for trading on another stock exchange or over the counter market, the closing price of the Shares on the stock exchange or over the counter market which is the principal trading market for the Corporation's Shares, as may be determined for such purpose by the Committee;

(iii) where the Corporation is a reporting issuer, but the Shares are not listed for trading on a stock exchange or over the counter market, the value which is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arm's length; or

(iv) where the Corporation is not a reporting issuer, the Option Price, which is determined by the Committee in its absolute discretion;

(r) **"Modification"** means any change in the terms of an Option which gives the Optionee additional benefits under the Option, but such change shall not include a change in the terms of an Option:

(i) to make the Option not transferable other than by will or the laws of descent and distribution;

(ii) to make the Option exercisable only by the Optionee during the Optionee's lifetime;

(iii) in the case of an Option not immediately exercisable in full, to accelerate the time within which the Option may be exercised; or

(iv) attributable to the issuance or assumption of an Option by reason of a corporate merger, consolidation, acquisition of property or stock, separation, reorganization or liquidation if the new Option or assumption of the old Option does not give the Optionee additional benefits which he did not have under the old Option;

(s) **"NI 45-106"** means National Instrument 45-106, "Prospectus and Registration Exemptions" and all amendments thereto from time to time and any instrument which subsequently amends, replaces or supersedes NI 45-106;

(t) "**Option**" means an option to purchase Shares granted pursuant to the terms of this Plan;

(u) "**Option Certificate**" means the certificate issued by the Corporation specifying the terms of the Option being granted to the Optionee under the Plan;

(v) "**Option Price**" means the exercise per Share for an Option which shall be expressed in Canadian funds or in the United States dollar equivalent thereof;

(w) "**Optionee**" means a Person to whom an Option has been granted;

(x) "**Permitted Assign**" has the meaning ascribed in NI 45-106 from time to time which at the date hereof means for a person that is an employee, Executive Officer, director or Consultant of an issuer or of a related entity of the issuer:

(i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,

(ii) a holding entity of the person,

(iii) an RRSP or a RRIF of the person,

(iv) a spouse of the person,

(v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,

(vi) a holding entity of the spouse of the person, or

(vii) an RRSP or a RRIF of the spouse of the person;

(y) "**Person**" has the meaning ascribed in NI 45-106 from time to time which at the date hereof includes:

(i) an individual,

(ii) a corporation,

(iii) a partnership, trust, fund, and association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

(z) "**Plan**" means this Stock Option Plan of the Corporation;

(aa) "**Qualified Successor**" means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;

(bb) "**Related Entity**" means, for an issuer, a Person that controls or is controlled by the issuer or that is controlled by the same Person that controls the issuer;

(cc) "**Shareholder Approval**" means approval by the affirmative votes of the holders of a majority of the voting securities of the Corporation present, or represented, and entitled to vote at a meeting duly held in accordance with applicable corporate laws;

(dd) **"Shares"** means the common shares in the capital of the Corporation as constituted at the date hereof;

(ee) "**Term**" means the period of time during which an Option may be exercised; and

(ff) "**TSX**" means the Toronto Stock Exchange.

2. STATEMENT OF PURPOSE

2.1 **Principal Purposes** - The principal purposes of the Plan are to provide the Corporation with the advantages of the incentive inherent in share ownership on the part of those persons responsible for the continued success of the Corporation; to create in those persons a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such persons to remain with the Corporation; and to attract new talent to the Corporation.

2.2 **Benefit to Shareholders** - The Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest caliber by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

3. ADMINISTRATION

3.1 **Board or Committee** - Subject to the direction of the Board, the Plan shall be administered by the Committee.

3.2 **Appointment of Committee** - The Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. The Committee shall continue to administer the Plan until otherwise directed by the Board.

3.3 **Quorum and Voting** - A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Section 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is taken with respect to the granting of an Option to him or her).

3.4 **<u>Powers of Committee</u>** - The Committee shall have the following authority:

(a) to administer the Plan in accordance with its terms;

(b) to determine all questions arising in connection with the administration, interpretation, and application of the Plan, including all questions relating to the value of the Shares;

(c) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;

(d) to prescribe, amend and rescind the rules and regulations relating to the administration of the Plan;

(e) to determine the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan;

(f) with respect to the granting of Options, to make recommendations to the Board as to:

(i) the Eligible Persons to whom Options shall be granted, based on the eligibility criteria set out in this Plan,

(ii) the terms and provisions of the Option Certificate which shall be entered into with each Optionee (which need not be identical with the terms of any other Option Certificate),

(iii) amending the terms and provisions of an Option Certificate, provided it obtains:

(A) the consent of the Optionee; and

(B) the approval of any stock exchange on which the Corporation is listed, where required,

(iv) when Options shall be granted,

(v) the number of Shares subject to each Option, and, where applicable, whether or not to grant Options for the issuance of flow-through Shares,

(vi) the vesting schedule, if any, for the exercise of such Option, and

(g) to make other determinations necessary or advisable for administration of the Plan.

3.5 **Approvals** - The Corporation will use its best efforts to obtain any regulatory or shareholder approvals which may be required pursuant to applicable securities laws or the rules of any stock exchange or over the counter market on which the Shares are listed.

3.6 **Administration by Committee** - All determinations made by the Committee in good faith with respect to matters referred to in Section 3.4 shall be final, conclusive and binding upon all Eligible Persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the policies and rules of any stock exchange or over the counter market on which the Shares are listed.

4. ELIGIBILITY

4.1 **Eligibility for Options** - Options may be granted to any Eligible Person.

4.2 **Limitations** - The aggregate of the Corporation's securities:

(a) issued to Insiders of the Corporation, within any one year period; and

(b) issuable to Insiders of the Corporation, at any time,

under the Plan, or when combined with all of the Corporation's other security-based compensation arrangements, cannot exceed 10% of the Corporation's total issued and outstanding securities.

4.3 **No Violation of Securities Laws** - No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option will not violate the securities law of the jurisdiction in which the Corporation and the Optionee reside.

5. SHARES SUBJECT TO THE PLAN

5.1 **Number of Shares** - The Board, based on recommendations by the Committee, may grant Options under the Plan from time to time to purchase an aggregate of up to a maximum of 10% of the number of Shares which are issued and outstanding on a rolling basis as at the Date of Grant of any Option. Such maximum number of Shares issuable under the Plan shall be made available from authorized, but unissued Shares. The maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Section 10 hereof.

5.2 **Expiry of Option** - If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

5.3 **Reservation of Shares** - The Corporation will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

5.4 **Other Stock Option Grants** - Neither the existence of this Plan nor any provision contained in it shall be interpreted as restricting the powers of the Board to, in its discretion, grant options to purchase Shares outside of the Plan for purposes other than as set out in the Plan.

6. OPTION TERMS

6.1 **Option Certificate** - With respect to each Option granted to an Optionee, the following terms shall be specified in the Option Certificate between the Corporation and the Optionee:

(a) the number of Shares subject to purchase pursuant to such Option;

(b) the Date of Grant;

(c) the Term, provided that the length of the Term shall in no event be greater than ten years following the Date of Grant;

(d) the Option Price, provided that the Option Price shall not be less than the Market Price of the Shares on the Date of Grant;

(e) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent; and

(f) such other terms and conditions as the Committee deems advisable and are consistent with the purposes of this Plan.

6.2 **Vesting Schedule** - The Board, taking into account the recommendations of the Committee, shall have complete discretion to set the terms of any vesting schedule for each Option granted, including, without limitation, discretion to:

(a) allow full and immediate vesting upon the grant of such Option;

(b) permit partial vesting in stated percentage amounts based on the length of the Term of such Option; and

(c) permit full vesting after a stated period of time has passed from the Date of Grant.

6.3 **Amendments to Options** - Amendments to the terms of previously granted Options are subject to regulatory approval, if required. In particular, if required by the TSX, Disinterested Shareholder Approval shall be required for:

(a) a reduction in the Option Price; or

(b) an extension of the Term,

of a previously granted Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. In this event, only the Insider whose Option is being amended and such Insider's Associates shall be required to abstain from voting in relation to the Disinterested Shareholder Approval.

6.4 **Uniformity** - Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

7. EXERCISE OF OPTION

7.1 **Method of Exercise** - Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Certificate or Section 6 hereof, an Optionee may exercise an Option by giving written notice thereof to the Corporation at its principal place of business.

7.2 **Compliance with U.S. Securities Laws** - As a condition to the exercise of an Option, the Committee may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. A stop-transfer order against such Shares may be placed on the stock books and records of the Corporation, and a legend indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable United States' federal and state securities laws may be endorsed on the certificates representing such Shares in order to assure an exemption from registration. The Committee also may require such other documentation as may from time to time be necessary to comply with United States' federal and state securities laws. The Corporation has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

7.3 **Payment of Option Price** - The notice described in Section 7.1 shall be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised. Such payment shall be in lawful money (Canadian funds) by cheque, wire transfer or bank order.

7.4 **Issuance of Certificates** - As soon as practicable after exercise of an Option in accordance with Sections 7.1 and 7.3 hereof, the Corporation shall issue a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Section 10 hereof.

8. TRANSFERABILITY OF OPTIONS

8.1 **Non-Transferable** - Except as provided otherwise in this Section 8, or by applicable securities laws, Options are non-assignable and non-transferable.

8.2 **Death of Optionee** - If an Optionee dies, any Options held by such Optionee shall pass to the Qualified Successor of the Optionee, and shall be exercisable by the Qualified Successor until the expiry of the Term of the Option, provided that in no case shall the Term of the Option extend beyond 10 years from the Date of Grant.

8.3 **Disability of Optionee** - If the employment of an Optionee as an employee or Consultant of the Corporation or any Related Entity, or the employment of an Optionee as a Management Company Employee, or the position of an Optionee as a director or Executive Officer of the Corporation or any Related Entity, is terminated by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of service shall be exercisable by such Optionee, or by his Guardian until the expiry of the Term of the Option, provided that in no case shall the Term of the Option extend beyond 10 years from the Date of Grant.

8.4 **Vesting** - Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 **Unanimous Agreement** - If two or more persons constitute the Qualified Successor or the Guardian of an Optionee, the rights of such Qualified Successor or such Guardian shall be exercisable only upon the unanimous agreement of such persons

8.6 **Deemed Non-Interruption of Employment** - Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence.

9. TERMINATION OF OPTIONS

9.1 **Termination of Options** - To the extent not earlier exercised or terminated in accordance with Section 8 above, an Option shall terminate at the earliest of the following dates:

(a) the termination date specified for such Option in the Option Certificate;

(b) where the Optionee's position as an employee, a Consultant, a director or an Executive Officer of the Corporation or any Related Entity or a Management Company Employee is terminated for just cause, the date of such termination for just cause, or such later date determined by the Board, which can be no later than the original expiry date of such Option when it was granted;

(c) where the Optionee's position as an employee, a Consultant, a director or an Executive Officer of the Corporation or any Related Entity or as a Management Company Employee, terminates for a reason other than the Optionee's Disability, death, or termination for just cause, 90 days after such date of termination, or upon the Optionee making written application to the Board, such later date determined by the Board which can be no later than the original expiry date of such Option when it was granted; and

(d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 above.

9.2 **Lapsed Options** - If Options are surrendered, terminated or otherwise expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such Options. If Options are exercised in whole or in part, new Options may be granted covering the Shares purchased under such Options. If an Option has been surrendered in connection with the regranting of a new Option to the same Optionee on different terms than the original Option granted to such Optionee, then the new Option is considered to be an amendment to the original Option which will require Shareholder Approval unless such re-granting of the Option occurs at least three months after cancellation of the original Option.

10. ADJUSTMENTS TO OPTIONS

10.1 **Alteration in Capital Structure** - If there is a material alteration in the capital structure of the Corporation resulting from a recapitalization, stock split, reverse stock split, stock dividend, or otherwise, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of the holder of each such Option shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation (a) a change in the number or kind of shares of the Corporation covered by such Options, and (b) a change in the Option Price payable per share; provided, however, that the aggregate Option Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the price per share and the number of shares subject thereto. For purposes of this Section 10.1, neither (i) the issuance of additional shares of stock of the Corporation in exchange for adequate consideration (including services), nor (ii) the conversion of outstanding preferred shares of the Corporation into Shares shall be deemed to be material alterations of the capital structure of the Corporation.

10.2 **Corporate Reorganization** - In the event of a reorganization as defined in this Section 10.2 in which the Corporation is not the surviving or acquiring corporation, or in which the Corporation is or becomes a wholly-owned subsidiary of another corporation after the effective date of the reorganization, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such reorganization if the Optionee had exercised his Option immediately prior to the record date applicable to such reorganization, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan. For purposes of this Section 10.2, reorganization shall mean any statutory merger, plan of arrangement, statutory consolidation, sale of all or substantially all of the assets of the Corporation, or sale, pursuant to an agreement with the Corporation, of securities of the Corporation pursuant to which the Corporation is or becomes a wholly-owned subsidiary of another corporation after the effective date of the reorganization.

10.3 **Acceleration on Change of Control** - Upon a Change in Control, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject. To the extent possible, the Committee shall give not less than 30 days' notice to Optionees of a Change in Control.

10.4 **Acceleration of Date of Exercise** - The Board, on the recommendation of the Committee, shall have the right to accelerate the date of vesting of any installment of any Option which remains unvested.

10.5 **Determinations to be Made** - Adjustments and determinations under this Section 10 shall be made by the Board, on the recommendation of the Committee, and the Board's decisions as to the adjustments or determinations which shall be made, and the extent thereof, shall be final, binding, and conclusive.

10.6 **Effect of a Take-over** - If a *bona fide* offer (the "**Offer**") for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of section 92 of the British Columbia *Securities Act,* as amended from time to time, the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "**Optioned Shares**") to the Offer. If:

(a) the Offer is not completed within the time specified therein; or

(b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Corporation and reinstated as authorized but unissued shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares are returned to the Corporation under this Section, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares.

11. TERMINATION AND AMENDMENT OF PLAN

11.1 **Power to Terminate or Amend Plan** - Subject to the approval of any stock exchange on which the Corporation's securities are listed, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Section 10 above, and as long as the Corporation is a "reporting issuer" under the securities laws of any jurisdiction in Canada, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, Shareholder Approval, and, where required, Disinterested Shareholder Approval, or by the written consent of the holders of a majority of the securities of the Corporation entitled to vote:

(a) increase the aggregate number of Shares which may be issued under the Plan;

(b) materially modify the requirements as to the eligibility for participation in the Plan which would have the potential of broadening or increasing Insider participation; and

(c) materially increase the benefits accruing to participants under the Plan.

However, the Committee may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority without obtaining Shareholder Approval, including but not limited to amendments of a housekeeping nature to the Plan.

11.2 **No Grant During Suspension of Plan** - No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

12. CONDITIONS PRECEDENT TO ISSUANCE OF SHARES

12.1 **Compliance with Laws** - Shares shall not be issued pursuant to the exercise of an Option unless the Shares are fully paid and non-assessable and the exercise of such Option and the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the United States *Securities Act of 1933*, as amended, any applicable provincial or state securities or corporate laws, the rules and regulations promulgated thereunder and the requirements of any stock exchange upon which such Shares may then be listed or otherwise traded.

12.2 **Regulatory Approval to Issuance of Shares** - The Corporation's inability to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares issued under this Plan, shall relieve the Corporation of any liability with respect to the failure to issue or sell such Shares.

13. USE OF PROCEEDS

13.1 **Use of Proceeds** - Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Corporation and shall be used for general corporate purposes.

14. NOTICES

14.1 **Notices** - All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either served personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; faxed or electronically transmitted, in which case notice shall be deemed to have been duly given on the date the facsimile or electronic transmission is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

15. MISCELLANEOUS PROVISIONS

15.1 **No Obligation to Exercise** - Optionees shall be under no obligation to exercise Options granted under this Plan.

15.2 **No Obligation to Retain Optionee** - Nothing contained in this Plan shall obligate the Corporation or any Related Entity to retain an Optionee as an employee, officer, director, or consultant for any period, nor shall this Plan interfere in any way with the right of the Corporation or any Related Entity to reduce such Optionee's compensation.

15.3 **Binding Agreement** - The provisions of this Plan and each Option Agreement with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

15.4 **Use of Terms** - Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

15.5 **Headings** - The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

15.6 **No Representation or Warranty** - The Corporation makes no representation or warranty as to the future market value of any Shares issued or issuable in accordance with the provisions of this Plan.

16. EFFECTIVE DATE OF PLAN AND AMENDMENTS

16.1 **Effective Date of Plan** - This Plan shall become effective on the date of its acceptance by the TSX.

16.2 **Rollover from Prior Stock Option Plans** - On the Effective Date, this Plan shall supersede all prior stock option plans of the Corporation and all outstanding stock options granted under prior stock option plans of the Corporation shall be rolled over into this Plan.

Robert E. Hindson
President

Date approved by the Board: March 8, 2006