

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **2021-07-19**  
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### FILER

#### Salona Global Medical Device Corp

CIK: [1617765](#) | IRS No.: **000000000** | State of Incorporation: **A1** | Fiscal Year End: **0228**  
Type: **S-8** | Act: **33** | File No.: **333-258022** | Film No.: **211098658**  
SIC: **3841** Surgical & medical instruments & apparatus

#### Mailing Address

3330 CAMINITO DANIELLA  
DEL MAR CA 92014

#### Business Address

3330 CAMINITO DANIELLA  
DEL MAR CA 92014  
800-760-6826

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM S-8**

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**Salona Global Medical Device Corporation**

(Exact name of registrant as specified in its charter)

**British Columbia, Canada**

(Province or other jurisdiction of  
incorporation or organization)

**Not Applicable**

(I.R.S. Employer Identification No.)

**3330 Caminito Daniella  
Del Mar, California 92014  
1-800-760-6826**

(Address of principal executive offices)

**2021 Amended and Restated Stock Option Plan of Salona Global Medical Device Corporation**

(Full title of plan)

**Leslie Cross  
Interim Chief Executive Officer  
2800 Park Place  
666 Burrard Street  
Vancouver, British Columbia  
V6C 2Z7**

(Name and address of agent for service)

**1-800-760-6826**

( Telephone number, including area code, of agent for service)

*Copies to:*

**Richard Raymer  
Dorsey & Whitney LLP  
TD Canada Trust Tower  
Brookfield Place, 161 Bay Street, Suite 4310  
Toronto, ON M5J 2S1  
(416) 367-7388**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(b) of the Securities Act.

#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered <sup>(1)</sup>	Amount to be Registered <sup>(2)</sup>	Proposed Maximum Offering Price Per Share <sup>(3)</sup>	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee <sup>(3)</sup>
Common shares, without par value, subject to outstanding options	6,013,513	\$0.43 <sup>(3)</sup>	\$2,585,810.59	\$282.11
Common shares, without par value, not subject to outstanding awards	10,000,000	\$1.00 <sup>(4)</sup>	\$10,000,000	\$1,091.00
<b>Total</b>	<b>16,013,513</b>	<b>-</b>	<b>\$12,585,810.59</b>	<b>\$1,373.11</b>

(1) Represents common shares, without par value (the "**Common Shares**") of Salona Global Medical Device Corporation (the "**Registrant**") (i) issuable pursuant to the exercise of outstanding options and (ii) issuable pursuant to the exercise of options, under the 2021 Amended and Restated Stock Option Plan of Salona Global Medical Device Corporation (the "**Plan**").

(2) Pursuant to Rule 416(a) of the Securities Act of 1933, as amended (the "**Securities Act**"), this registration statement also covers any additional securities that may be offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions in accordance with the provisions of the Plan.

(3) Based on weighted average exercise price of Cdn\$0.54 (US\$0.43) of options granted under the Plan outstanding as of July 16, 2021, converted into U.S. dollars based on the final exchange rate on July 16, 2021, as reported by the Bank of Canada, for the conversion of Canadian dollars into U.S. dollars at a rate of Cdn\$1.00 equals US\$0.79.

(4) The proposed maximum offering price per share and the registration fee were calculated in accordance with Rule 457(c) and (h) based on the average high and low prices for the Common Shares on July 16, 2021, as quoted on the TSX Venture Exchange and converted into U.S. dollars based on the exchange rate on July 16, 2021, as reported by the Bank of Canada, for the conversion of Canadian dollars into U.S. dollars at a rate of Cdn\$1.00 equals US\$0.79.

## EXPLANATORY NOTE

This registration statement on Form S-8 (the "**Registration Statement**") is being filed for the purpose of registering an aggregate of 16,013,513 Common Shares (i) issuable pursuant to the exercise of outstanding options and (ii) issuable pursuant to the exercise of options granted, under the Plan.

### PART I

#### INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

##### **Item 1. Plan Information**

Information required by Part I to be contained in the Section 10(a) prospectus is omitted from the Registration Statement in accordance with Rule 428 under the Act and Note 1 to Part I of Form S-8.

##### **Item 2. Registrant Information and Employee Plan Annual Information**

Information required by Part I to be contained in the Section 10(a) prospectus is omitted from the Registration Statement in accordance with Rule 428 under the Act and Note 1 to Part I of Form S-8.

### PART II

#### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

##### **Item 3. Incorporation Of Documents By Reference.**

The following documents which have been and will in the future be filed by the Registrant with the United States Securities and Exchange Commission (the "**SEC**") are incorporated into this Registration Statement by reference:

- (a) Our Registration Statement Form S-1 (File No. 333-255642) as filed with the SEC on April 30, 2021, and amended on May 12, 2021 and June 17, 2021.
- (b) All other reports filed by the Registrant under Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") since May 21, 2021.

In addition, all other reports and documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (other than Current Reports furnished under Item 2.02 or Item 7.01 of Form 8-K and exhibits furnished on such form that relate to such items) on or after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part of this Registration Statement from the date of the filing of such reports and documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any subsequently filed document that also is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

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**Item 4. Description of Securities.**

The description of our Common Shares set forth in the section titled "*Description of Common Shares*" in our Registration Statement Form S-1 (File No. 333-255642) as filed with the SEC on April 30, 2021, and amended on May 12, 2021 and June 17, 2021, is incorporated herein by reference.

**Item 5. Interests of Named Experts and Counsel.**

None.

**Item 6. Indemnification of Directors and Officers.**

Under the *Business Corporations Act* (British Columbia) (the "BCBCA") the Registrant may indemnify an individual who: (i) is or was a director, alternate director or officer of the Registrant ; (ii) is or was a director, alternate director or officer of another corporation: (A) at a time when such other corporation is or was an affiliate of the Registrant ; or (B) at the request of the Registrant ; or (iii) at the request of the Registrant , is or was, or holds or held a position equivalent to that of, a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity, and his or her heirs and personal or other legal representatives of that individual (each such person referred to herein as an "eligible party"), against all judgments, penalties or fines awarded or imposed in, or amounts paid to in settlement of, a legal proceeding or investigative action, whether current, threatened, pending or completed, in which such eligible party or any of his or her heirs and personal or other legal representatives is or may be joined as a party, or is or may be liable for in respect of a judgment, penalty or fine in, or expenses related to such legal proceeding or investigative action because of serving in such capacity, on condition that (1) the individual acted honestly and in good faith with a view to the best interests of the Registrant or such other corporation or legal entity, and (2) in the case of such a proceeding or investigative action other than a civil proceeding, the individual had reasonable grounds for believing that his or her conduct was lawful. The Registrant may also indemnify an eligible person in respect of all costs, charges and expenses reasonably incurred by such person in connection with the defense of any proceeding to which he or she is made a party by reason of being an eligible party, if the person seeking indemnity, (a) was substantially successful on the merits in his or her defense of the action or proceeding; and (b) fulfills the conditions set out in (1) and (2) of the preceding sentence. The Registrant may provide indemnification in respect of such costs, charges and expenses after the final disposition of such legal proceeding or investigative action, and may pay such costs, charges and expenses in advance of such final disposition, provided it obtains a written undertaking that such eligible person will repay the amounts advanced if it is ultimately determined that the individual did not comply with (1) and (2) above. Under the BCBCA, eligible person is entitled to indemnification from the Registrant in respect of such costs, charges and expenses as a matter of right if the individual has not been reimbursed for such costs, charges and expenses and is wholly successful, on the merits or otherwise, in the outcome of such legal proceeding or investigative action, or is substantially successful on the merits thereof, providing such individual complies with (1) and (2) above. On application of the Registrant or an eligible party, the Supreme Court of British Columbia may order the Registrant to indemnify an eligible party in respect of any liability incurred by such person in respect of such a legal proceeding or investigative action, and against some or all of the expenses reasonably incurred by such individual in respect of such legal proceeding or investigative action.

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In accordance with the BCBCA, the Articles of the Registrant provide that the Registrant must indemnify each eligible party and the heirs and legal personal representatives of each eligible party against all judgments, penalties or fines awarded or imposed in, or amounts paid in settlement of, any legal proceeding or investigative action, whether current, threatened or completed, which such individual is or may be liable, and the Registrant must, after the final disposition of such legal proceeding or investigative action, as applicable, pay the expenses actually and reasonably incurred by such person in respect of that proceeding, provided that (1) the individual acted honestly and in good faith with a view to the best interests of the Registrant; and (2) in the case of such a legal proceeding or investigative action other than a civil proceeding, the person had reasonable grounds for believing that his or her conduct was lawful.

A policy of directors' and officers' liability insurance is maintained by the Registrant which insures directors and officers for losses as a result of claims against the directors and officers of the Registrant in their capacity as directors and officers and also reimburses the Registrant for payments made pursuant to the indemnity provisions under the Articles of the Registrant and the BCBCA.

Each director and officer is also a party to an indemnification agreement with the Registrant, pursuant to which the Registrant has agreed, to the fullest extent allowed by applicable law, to indemnify and hold harmless such director or officer, his or her heirs, successors and legal representatives from and against any and all damages, liabilities, losses, costs, charges and expenses suffered or incurred at any time by such director or officer, his or her heirs, successors and legal representatives as a result or by reason of such director or officer, as applicable, acting as a director and/or officer of the Registrant and and/or any of its subsidiaries or by reason of any action taken or not taken by such director or officer in such capacity, including without limitation, any liability arising under applicable corporate and securities legislation or otherwise, including any costs, charges and expenses such officer or director may incur in enforcing such indemnification agreement, provided that such damages, liabilities, losses, costs, charges or expenses were not suffered or incurred as a direct result of such officer's or director's own gross negligence, fraud, dishonesty or willful default.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**Item 7. Exemption from Registration Claimed.**

Not applicable.

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**Item 8.****Exhibits.**

<u>Number</u>	<u>Exhibit</u>
<a href="#">4.1</a>	<a href="#">2021 Amended and Restated Stock Option Plan of Salona Global Medical Device Corporation</a>
<a href="#">5.1</a>	<a href="#">Opinion of DLA Piper (Canada) LLP</a>
<a href="#">23.1</a>	<a href="#">Consent of DLA Piper (Canada) LLP (Included in Exhibit 5.1)</a>
<a href="#">23.2</a>	<a href="#">Consent of SRCO Professional Corporation</a>
<a href="#">24.1</a>	<a href="#">Power of Attorney (See Signature Pages)</a>

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**Item 9. Undertakings.**

(a) The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

*provided, however,* that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference into this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in such Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Del Mar, State of California on July 19, 2021.

### SALONA GLOBAL MEDICAL DEVICE CORPORATION

*/s/ Kyle Appleby*

Name: Kyle Appleby

Title: Interim Chief Financial Officer

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## POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Leslie Cross and Jane Kiernan as his or her attorney-in-fact, with the power of substitution, for them in any and all capacities, to sign any amendments to this Registration Statement, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the date indicated.

<b><u>Signature</u></b>	<b><u>Title</u></b>	<b><u>Date</u></b>
<u>/s/ Leslie Cross</u> Leslie Cross	Chairman of the Board and Interim Chief Executive Officer ( <i>Principal Executive Officer</i> )	July 19, 2021
<u>/s/ Kyle Appleby</u> Kyle Appleby	Interim Chief Financial Officer ( <i>Principal Financial Officer &amp; Principal Accounting Officer</i> )	July 19, 2021
<u>/s/ Jane Kiernan</u> Jane Kiernan	Director	July 19, 2021
<u>/s/ Kyle Wilks</u> Kyle Wilks	Director	July 19, 2021
<u>/s/ Dr. Ken Kashkin</u> Dr. Ken Kashkin	Director	July 19, 2021

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**2021 AMENDED AND RESTATED STOCK OPTION PLAN OF  
SALONA GLOBAL MEDICAL DEVICE CORPORATION  
(May 21, 2021)**

**PART 1 - INTRODUCTION**

**1.01 Background and Effective Date**

The Corporation, one of its wholly-owned subsidiaries, SDP, and certain other parties, as sellers, are party to a definitive agreement dated September 8, 2020 (the "Definitive Agreement"), pursuant to which the Corporation, through its subsidiary, has agreed to purchase, and the sellers have agreed to sell, the issued and outstanding shares in the capital of SDP, subject to the terms and conditions set forth therein. The consummation of the transactions contemplated by the Definitive Agreement will result in a Change of Business. The Board has authorized the adoption of this Plan effective the date hereof, subject to the approval of the Corporation's shareholders and the completion of the Change of Business.

**1.02 Purpose**

The purpose of the Plan is to secure for the Corporation and its shareholders the benefits of incentive inherent in share ownership by the directors, officers, key employees and, subject to the terms and conditions herein, consultants of the Corporation and its Affiliates who, in the judgment of the Board, will be largely responsible for its future growth and success.

**1.03 Definitions**

- (a) "Affiliate" has the meaning ascribed thereto in the *Business Corporations Act* (British Columbia) as amended from time to time.
  - (b) "Associate" has the meaning ascribed to such term in the *Securities Act* (British Columbia).
  - (c) "Blackout Period" means a period during which the Corporation prohibits Optionees from exercising their Options.
  - (d) "Board" means the board of directors of the Corporation.
  - (e) "Change of Business" means the indirect acquisition of SDP by the Corporation in accordance with the terms of the Definitive Agreement and related transactions which will constitute a Change of Business, as such term is defined in Policy 5.2 of the Exchange.
  - (f) "Code" means the U.S. Internal Revenue Code of 1986, as amended.
  - (g) "Consultant" has the meaning ascribed to such term in Policy 4.4 and is a natural person that provides *bona fide* services to the Corporation, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the Corporation's parent and such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Corporation's securities (which for greater certainty, includes any persons providing investor relations activities).
  - (h) "Corporation" means Salona Global Medical Device Corporation, a corporation existing under the laws of the Province of British Columbia, and its Affiliates, if any, and includes any successor or assignee entity or entities into which the Corporation may be merged, changed, or consolidated; any entity for whose securities the securities of the Corporation shall be exchanged; and any assignee of or successor to substantially all of the assets of the Corporation.
  - (i) "Definitive Agreement" has the meaning ascribed to such term in Section 1.01 hereof.
  - (j) "Market Price" has the meaning ascribed to such term in Policy 1.1.
  - (k) "Disability" or "Disabled" means permanent and total disability as defined in Section 22(e)(3) of the Code.
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- (l) "Eligible Person" shall mean an officer or director of the Corporation ("**Executive**") or an employee of the Corporation ("**Employee**") or a Management Company Employee or a Consultant.
  - (m) "Exchange" means the TSX Venture Exchange.
  - (n) "Exercise Notice" means the notice respecting the exercise of an Option, substantially in the form attached to the Option Certificate, duly executed by the Optionee.
  - (o) "Exercise Price" means the price at which an Option may be exercised as determined in accordance with section 2.03.
  - (p) "Fair Market Value" means, if the Shares are listed on any national securities exchange within the meaning of Section 409A of the Code, the closing sales price, if any, on the largest such exchange on the valuation date, or, if none, on the most recent trade date immediately prior to the valuation date provided such trade date is no more than thirty (30) days prior to the valuation date. If the Shares are not then listed on any such exchange, or there has been no trade date within such thirty (30) day period, the fair market value shall be determined in good faith by the Board.
  - (q) "Insider" means (i) an insider as defined in the *Securities Act* (British Columbia), other than a person who falls within the definition solely by virtue of being a director or senior officer of a subsidiary of the Corporation, and (ii) an Associate of any person who is an insider by virtue of the preceding sub-clause (i).
  - (r) "Investor Relations Activities" has the meaning ascribed to such term in Policy 1.1.
  - (s) "Nonqualified Stock Option" means an Option that is not a Section 422 Stock Option.
  - (t) "Management Company Employee" has the meaning ascribed to such term in Policy 4.4.
  - (u) "Material Information" has the meaning ascribed to such term in Policy 1.1.
  - (v) "Option" shall mean an option granted under the terms of the Plan.
  - (w) "Option Certificate" means the certificate, substantially in the form set out as Schedule "A" hereto, evidencing an Option.
  - (x) "Option Period" shall mean the period during which an option may be exercised.
  - (y) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.
  - (z) "Outstanding Issue" means the number of Shares outstanding on a non-diluted basis.
  - (aa) "Plan" means this 2021 amended and restated stock option plan established and operated pursuant to Part 2 hereof.
  - (bb) "Policy 1.1" means the Exchange's Policy 1.1 entitled "Interpretation" as amended from time to time.
  - (cc) "Policy 4.4" means the Exchange's Policy 4.4 entitled "Incentive Stock Options" as amended from time to time.
  - (dd) "SDP" means South Dakota Partners, Inc., a South Dakota corporation.
  - (ee) "SEC" means the United States Securities and Exchange Commission.
  - (ff) "Section 422 Stock Option" means an Option which is intended to qualify as an incentive stock option under Section 422 of the Code.
  - (gg) "Shares" shall mean the common shares of the Corporation.
  - (hh) "United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia
  - (ii) "U.S. Optionee" shall mean an Optionee who is a citizen of the United States or a resident of the United States, in each case as defined in section 7701(a)(30)(A) and section 7701(b)(1) of the Code, and such other Optionees to the extent their Options awarded under the Plan are subject to U.S. federal income tax under the Code.
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- (jj) "U.S. Securities Act" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

## **PART 2 - SHARE OPTION PLAN**

### **2.01 Participation**

Options shall be granted only to Eligible Persons. Section 422 Stock Options shall be granted only to employees of the Corporation, or employees of a subsidiary of the Corporation (as defined under Code Section 424(f)).

### **2.02 Determination of Option Recipients**

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors which it may deem proper and relevant.

### **2.03 Price**

The price at which an Optionee may purchase a Share upon the exercise of an Option shall be determined from time to time by the Board and shall be as set forth in the Option Certificate issued in respect of such Option but, in any event, shall not be less than the Market Price, and in the case of an Eligible Person who is a U.S. Optionee, shall not be less than the greater of (i) Market Price, and (ii) Fair Market Value on the date of grant. If the Optionee owns directly or by reason of the applicable attribution rules more than 10% of the total combined voting power of all classes of stock of the Corporation, the Option price per share of the Shares covered by each Option which is intended to be a Section 422 Stock Option shall be not less than the greater of (i) Market Price, and (ii) one hundred ten percent (110%) of the Fair Market Value on the date of the grant. Notwithstanding the foregoing, the Board may designate an exercise price below the exercise price otherwise determined under this Section 2.03 if (i) the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Corporation or an Affiliated Entity, provided that the number of Shares covered by the Stock Option and the exercise price are proportionately adjusted in a manner that complies with Policy 4.4 of the Exchange, the Treasury Regulations issued under Code Section 409A, and Code Section 424 to the extent it is applicable, or (ii) the Option otherwise qualifies for exemption under Code Section 409A.

### **2.04 Grant of Options**

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.

In the event that Options are granted to Employees, Management Company Employees or Consultants, the Corporation represents that such Optionees shall be bona fide Employees, Management Company Employees or Consultants, as the case may be.

The Corporation may at the time of granting options hereunder provide for additional terms and conditions which are not inconsistent with Part 2 hereof including, without limitation, terms and conditions deferring or delaying the date at which an Option may be exercised in whole or in part. Such additional terms and conditions shall be as set forth in the Option Certificate issued in respect of such Option.

The Option Certificate of any Option which is intended to qualify as an Section 422 Stock Option shall contain such limitations and restrictions upon the exercise of the Option as shall be necessary in order that such Option qualifies as an "incentive stock option" within the meaning of Section 422 of the Code. Further, the Option Certificate authorized under the Plan shall be subject to such other terms and conditions including, without limitation, restrictions upon the exercise of the Option, as the Board shall deem advisable and which are not inconsistent with the requirements of Section 422 of the Code.

Notwithstanding any of the foregoing provisions, except with respect to Options intended to qualify as Section 422 Stock Options, the Board may authorize the grant of an Option to a person not then in the employ of the Corporation or of an Affiliate, conditioned upon such person becoming eligible to become an Eligible Person at or prior to the execution of the Option Certificate evidencing the actual grant of such Option. A prospective employee can be granted an option intended to qualify as a Section 422 Stock Option conditioned upon such person becoming an employee of the Corporation or a subsidiary of the Corporation (as defined in Code Section 424(f)), but in such case the Option is deemed granted on the date employment commences, and the date of grant Section 422 requirements are tested as of the date employment commences.

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## **2.05 Term of Options**

Unless otherwise expired pursuant to the terms of the Plan, all Options granted to an Optionee pursuant to this Plan shall expire at the close of business ten (10) years from the date of grant or such earlier date as the Board shall decide when the Option is granted, subject to earlier termination as herein provided; provided, however, that if the Option price is required under section 2.03 to be at least 110% of Fair Market Value, each such Option shall terminate not more than five (5) years from the date of the grant thereof, and shall be subject to earlier termination as herein provided.

Upon the expiration of the Option Period, the Options granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Shares in respect of which the Option hereby granted has not then been exercised.

Notwithstanding the foregoing, if the expiration of the Option Period falls within a Blackout Period, except with respect to Options intended to qualify as Section 422 Stock Options the expiration of the Option Period shall be automatically extended for ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the bona fide existence of undisclosed Material Information, (ii) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed Material Information, and (iii) the automatic extension of an Optionee's options will not be permitted where the Optionee or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

No Optionee or his or her legal representative, legatees or distributees will be, or will be deemed to be, a holder of any Shares subject to an Option, unless and until certificates for such Shares are issued to him, her or them or a securities intermediary with whom the Optionee (or his or her legal representative, legatees or distributees) has an account, is recorded as the owner of such Shares in a book-entry system under the terms of the Plan.

## **2.06 Exercise of Options**

Except as set forth in section 2.10, no Option may be exercised unless the Optionee is at the time of such exercise;

- (a) in the case of an Employee, in the employ of the Corporation or any Affiliate and shall have been continuously so employed since the grant of his or her Option, or have been a Consultant of the Corporation during such time thereafter, but absence on leave, having the approval of the Corporation or such Affiliate, shall not be considered an interruption of employment for any purpose of the Plan;
- (b) in the case of a Consultant, under contract with the Corporation or any Affiliate and shall have been continuously so contracted since the grant of the Option; or
- (c) in the case of an Executive, a director or officer of the Corporation or any Affiliate and shall have been such a director or officer continuously since the grant of his or her Option.

No Option may be exercised by an Optionee until the Plan has been approved by the shareholders of the Corporation. The exercise of any Option will be contingent upon receipt by the Corporation of cash payment of the full Exercise Price of the Shares being purchased by 5:00 p.m. (EST) on the last day of the Option Period by delivering to the Corporation an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

In order to retain its status and treatment as a Section 422 Stock Option, except in the case of the Optionee's termination of employment as a result of Disability or death, such an Option must be exercised by the employee of the Corporation or of a Subsidiary of the Corporation (as defined in Code Section 424(f)) by the earlier of the date that is three (3) months after the date of cessation of employment or the expiration of the term of the Option (the "Exercise Limitation Period"). For purposes of the Exercise Limitation Period, the Optionee's employment will not be considered interrupted or terminated upon sick leave, military leave or any other leave of absence approved by the Corporation that does not exceed ninety (90) days, or a longer period if the Optionee's reemployment rights are guaranteed by law or contract. If a Section 422 Stock Option by its terms permits exercise beyond the Exercise Limitation Period, such Option will cease to qualify as a Section 422 Stock Option if the Option is not exercised within the Exercise Limitation Period, and such Option automatically will be converted to a Nonqualified Stock Option.

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## **2.07 Vesting of Options**

### Executives, Employees, Management Company Employees and Consultants

All Options granted to an Eligible Person, other than Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become fully exercisable as determined by the Board when the Option is granted.

### Optionees performing Investor Relations Activities

All Options granted to Optionees performing Investor Relations Activities, pursuant to this Plan shall vest and become full exercisable as follows or as determined by the Board when the Option is granted, but in any event such Options shall not vest any sooner:

- (a) one quarter (1/4) of the Options on the date which is three (3) months from the date said Options are granted;
- (b) one quarter (1/4) of the Options on the date which is six (6) months from the date said Options are granted;
- (c) one quarter (1/4) of the Options on the date which is nine (9) months from the date said Options are granted; and
- (d) the final one quarter (1/4) of the Options on the date which is twelve (12) months from the date said Options are granted.

## **2.08 Restrictions on Grant of Options**

The granting of Options shall be subject to the following conditions:

- (a) not more than two (2%) percent of the Outstanding Issue may be granted to any one Consultant in any 12 month period;
- (b) not more than an aggregate of two (2%) percent of the Outstanding Issue may be granted in aggregate to Eligible Persons conducting Investor Relations Activities in any 12 month period;
- (c) unless the Corporation has obtained disinterested shareholder approval, not more than five (5%) percent of the Outstanding Issue may be issued to any one individual in any 12 month period;
- (d) unless the Corporation has obtained disinterested shareholder approval, not more than an aggregate of ten (10%) percent of the Outstanding Issue may be issued to Insiders in any 12 month period; and
- (e) unless the Corporation has obtained disinterested shareholder approval, the Corporation shall not decrease the Exercise Price of Options previously granted to Insiders.

No Options shall be granted after the expiration of ten (10) years from the earlier of the date of the adoption of the Plan by the Corporation or the approval of the Plan by the stockholders of the Corporation, and provided further, that to the extent that the fair market value of the Shares (determined at the time the Option is granted) as to which Options designated as Section 422 Stock Options are exercisable for the first time by any Eligible Person during any single calendar year (under the Plan and under any other incentive stock option plan of the Corporation or an Affiliate) exceeds US\$100,000, such excess shall be deemed to be a Nonqualified Stock Option.

If disinterested shareholder approval is required, the proposed grant(s) or 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 such Insiders. Holders of non-voting and subordinate voting shares must be given full voting rights on a resolution that requires disinterested shareholder approval. In the event the Plan is not approved by shareholders in accordance with the requirements of Code Section 422 within twelve (12) months before or after the date on which the Plan is adopted by the Board, any Section 422 Stock Option granted under this Plan automatically will be deemed to be a Nonqualified Stock Option.

No Options shall be granted to residents on the United States unless such Options and the Shares issuable upon exercise of such Options are registered under the U.S. Securities Act or are issued in compliance with an available exemption from the registration requirements of the U.S. Securities Act.

## **2.09 Lapsed Options**

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

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## 2.10 Effect of Termination of Employment, Death or Disability

- (a) If an Optionee shall die while employed or retained by the Corporation, or while an Executive, any Options held by the Optionee at the date of death, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part, but only by the persons or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution (the "**Successor Optionee**"). All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her death and only for one (1) year after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, except that in the event the expiration of the Option Period is earlier than one (1) year after the date of death, with the consent of the Exchange, the Options (other than Section 422 Stock Options) shall be exercisable for up to one (1) year after the date of death of the Optionee as determined by the Board. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee at the date of death which have not yet vested shall vest immediately upon death.
- (b) If the employment or engagement of an Optionee shall terminate with the Corporation due to Disability while the Optionee is employed or retained by the Corporation, any Option held by the Optionee on the date the employment or engagement of the Optionee is terminated due to Disability, which have vested pursuant to section 2.07, shall become exercisable, in whole or in part. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of his or her termination due to Disability and only for one (1) year after the date of termination or prior to the expiration of the Option Period in respect thereof, whichever is sooner, provided that Options that become exercisable due to Disability shall only be exercisable by the person or persons who have the legal authority to act on behalf of the Optionee in connection with the rights of the Optionee to the Options. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee on the date the employment or engagement of the Optionee is terminated due to disability which have not yet vested shall vest immediately upon such date.
- (c) Subject to section 2.10 (d), if an Optionee ceases to be an Eligible Person (other than as provided in section 2.10 (a) or (b)), any Options held by the Optionee on the date such Optionee ceased to be an Eligible Person, which have vested pursuant to section 2.07, shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date such Optionee ceased to be an Eligible Person and only for ninety (90) days after the date such Optionee ceased to be an Eligible Person, subject to the Board's discretion to extend such period for up to one (1) year provided that with respect to U.S. Optionees such extension is permitted under Code Section 409A, or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Notwithstanding the foregoing, the Board, in its discretion, may resolve that up to all of the Options held by an Optionee on the date the Optionee ceased to be an Eligible Person which have not yet vested shall vest immediately upon such date.
- (d) If the employment of an Employee or Consultant is terminated for cause (as determined by the Board) no Option held by such Optionee may be exercised following the date upon which Termination occurred.

To the extent required by law, the Corporation shall make adjustments to, and interpret, the Options as required by the U.S. Uniformed Services Employment and Reemployment Rights Act.

## 2.11 Effect of Offer or Sale

If at any time when the Option hereby granted remains unexercised with respect to any Shares, (a) a general offer to purchase all of the issued shares of the Corporation is made by a third party or (b) the Corporation proposes to sell all or substantially all of its assets and undertaking or to merge, amalgamate or be absorbed by or into any other company (save and except for a subsidiary or subsidiaries of the Corporation) under any circumstances which involve or may involve or require the liquidation of the Corporation, a distribution of its assets among its shareholders, or the termination of its corporate existence, the Corporation shall use its reasonable best efforts to provide notice of such offer or proposal to the Optionee as soon as practicable and (i) the Corporation may, at its option, permit the Option hereby granted to be exercised, as to all or any of the Optioned Shares in respect of which such Option has not previously been exercised by the Optionee at any time up to and including (but not after) a date twenty (20) days following the date of notice of such offer, sale or other similar transaction or prior to the close of business on the expiration date of the Option Period, whichever is the later; and (ii) the Corporation may, at its option, determine that upon the expiration of such twenty (20) day period, all rights to exercise the Option shall terminate and cease to have any further force or effect.

The Corporation may, in its sole discretion and without the consent of Optionees, provide for one or more of the following:



(i) the assumption of the Plan and outstanding Options by the surviving entity or its parent; (ii) the substitution by the surviving entity or its parent of Options with substantially the same terms for such outstanding Options, and with respect to U.S. Optionees, in a manner that complies with Code Section 409A; (iii) immediate exercisability of such outstanding Options followed by cancellation of such Options; and (iv) settlement of the intrinsic value of the outstanding vested Options in cash or cash equivalents or equity followed by the cancellation of all Options (whether or not then vested or exercisable).

#### **2.12 Effect of Amalgamation, Consolidation or Merger**

If the Corporation amalgamates, consolidates with or merges with or into another corporation, upon the exercise of an Option following such amalgamation, consolidation or merger, the Optionee shall be entitled to receive, and shall accept, in lieu of Shares, the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his Option and held Shares immediately prior to the effective date of such amalgamation, consolidation or merger, and the number of Shares and the option price shall be adjusted appropriately by the directors of the Corporation and such adjustment shall be binding for all purposes herein, and with respect to U.S. Optionees, in a manner that complies with Code Section 409A.

#### **2.13 Adjustment in Shares Subject to the Plan**

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassification of Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option, and the Exercise Price thereof shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan. No such adjustment shall be made under the Plan which shall, within the meaning of Sections 424 and 409A of the Code, constitute such a modification, extension, or renewal of an Option as to cause the adjustment to be considered as the grant of a new Option if such action would result in adverse tax consequences under Code Section 409A.

#### **2.14 Hold Period**

All Options and any Shares issued on the exercise of Options may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. Any Shares issued on the exercise of Options may be subject resale restrictions contained in National Instrument 45-102 - *Resale of Securities* which would apply to the first trade of the Shares.

#### **2.15 Notification of Grant of Option**

Following the granting of an Option by the Board, the Corporation shall notify the Optionee in writing of the Option and shall enclose with such notice the Option Certificate representing the Option so granted. Each Optionee, concurrently with the notice of the grant of an Option, shall be provided with a copy of the Plan.

#### **2.16 Disclosure of Personal Information**

By acceptance of an Option Certificate representing the grant of an Option, the Optionee is deemed to consent to (a) the disclosure of Personal Information by the Corporation to the Exchange (as defined in Appendix 6A of the Exchange) pursuant to Form 4G *Summary Form - Incentive Stock Options* ("**Form 4G**") of the Exchange, and (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A of the Exchange or as otherwise identified by the Exchange, from time to time. "Personal Information" means any information about an identifiable individual, and includes the information contained in the tables, as applicable, found in Form 4G.

#### **2.17 Options Granted To Corporations**

Except in relation to a Consultant that is a corporation, Options may only be granted to an individual or a corporation that is wholly-owned by an Eligible Person. If a corporation is an Optionee, it must provide the Exchange with a completed Form 4F - *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. The corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Option remains outstanding, except with the written consent of the Exchange.

#### **2.18 U.S. Securities Restrictions**

- (a) Unless the Options and the Shares are registered under the U.S. Securities Act, the Options and the Shares granted hereunder will be considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Accordingly, any Options or Shares issued prior to an effective registration statement filed with the SEC may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Optionee, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom. Certificate(s) representing the Options and the Shares issued prior to an effective registration statement filed with the SEC, and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

"THE SECURITIES REPRESENTED HEREBY [*for Options add: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF*] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT."

- (b) Notwithstanding any provisions contained in the Plan to the contrary and to the extent required by applicable U.S. state corporate laws, U.S. federal and state securities laws, the Code, and the applicable laws of any jurisdiction in which Options are granted under the Plan, the following terms shall apply to all such Options granted to residents of the State of California, until such time as the Board amends this Section 2.18(b) or the Board otherwise provides:
- (i) The term of each Option shall be stated in an Option Certificate issued to the Eligible Person and the Corporation, provided, however, that the term shall be no more than ten years from the date of grant thereof.
  - (ii) Unless determined otherwise by the Board, Options may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Eligible Person, only by the Eligible Person. If the Board makes an Option transferable, such Option may only be transferred (A) by will, (B) by the laws of descent and distribution, or (C) as permitted by Rule 701 of the U.S. Securities Act.
  - (iii) Unless a California Optionee's employment is terminated for cause as defined by applicable law, the terms of the Plan or the Option Certificate, the right to exercise an Option awarded under the Plan in the event of termination of employment continues until the earlier of: (1) the expiration date set forth in the applicable Option Certificate, or (2) (A) if termination was caused by death or Permanent Disability, at least six months from the date of termination, and (B) if termination was caused other than by death or Permanent Disability, at least thirty days from the date of termination. For purposes of this Section 2.18(iii), "Permanent Disability" shall mean the inability of the California Optionee, in the opinion of a qualified physician acceptable to the Corporation, to perform the major duties of the California Optionee's position with the Corporation because of the sickness or injury of the California Optionee.
  - (iv) No Option shall be granted to a resident of California more than ten years after the earlier of the date of adoption of the Plan or the date the Plan is approved by the shareholders of the Corporation.
  - (v) In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spinoff, combination, repurchase, or exchange of Shares or other securities of the Corporation, or other change in the corporate structure of the Corporation affecting the Shares occurs, the Board, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding vested Option; provided, however, that the Board will make such adjustments to an Option required by Section 25102(o) of the California Corporations Code to the extent the Corporation is relying upon the exemption afforded thereby with respect to the Option.
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- (vi) The Corporation shall furnish summary financial information (audited or unaudited) of the Corporation's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each Eligible Person in California during the period such Eligible Person has one or more Option outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Eligible Person owns such Shares; provided, however, the Corporation shall not be required to provide such information if (i) the issuance is limited to key Persons whose duties in connection with the Corporation assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the U.S. Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701 of the U.S. Securities Act.

### **PART 3 - GENERAL**

#### **3.01 Number of Shares**

The aggregate number of Shares that may be reserved for issuance, at any time, under the Plan and under any other share compensation arrangement adopted by the Corporation, shall not exceed 8,935,509.

Any Shares subject to an Option which has been granted under the Plan and which is cancelled or terminated in accordance with the terms of the Plan without being exercised as provided for in this Plan shall again be available under the Plan.

#### **3.02 Transferability**

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. A Section 422 Stock Option may not be transferred, assigned, pledged, hypothecated or otherwise disposed of by the U.S. Optionee other than by will or that laws of descent and distribution. During the lifetime of an Optionee, all benefits, rights and options may only be exercised by the Optionee.

#### **3.03 Employment**

Nothing contained in any Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Optionee's employment at any time. Participation in any Plan by an Optionee is voluntary.

#### **3.04 Approval of Plan**

Options issued under the Plan shall only become exercisable after the Plan has been approved by the shareholders of the Corporation; provided, however:

- (a) unless consistent with the terms contained herein and approved by the Board, nothing contained herein shall in any way affect Options previously granted by the Corporation and currently outstanding;
- (b) in the event the Plan is amended to become a 10% rolling plan, it will have to be approved yearly, at the Corporation's annual general meeting.

The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Optionee's option price paid to the Corporation shall be returned to the Optionee.

#### **3.05 Administration of the Plan**

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

#### **3.06 Income Taxes**

As a condition of and prior to participation in the Plan, if requested by the Board, a Optionee shall authorize the Corporation in written form to withhold from any remuneration otherwise payable to such Optionee any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of such participation in the Plan.

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In addition, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits to the Optionee and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall (i) pay to the Corporation, in addition to the Exercise Price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance, (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance, or (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance.

**3.07 Amendments to the Plan**

The Board reserves the right to amend, modify or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board. However, any amendments of the Plan which could result, at any time, in:

- (a) a material increase in the benefits under the Plan; or
- (b) an increase in the number of Shares which would be issued under the Plan (except any increase resulting automatically from an increase in the total Outstanding Issue); or
- (c) a material modification in the requirement as to eligibility for participation in the Plan;

shall be effective only upon the approval of the shareholders of the Corporation. Any amendment to any provision of the Plan shall be subject to approval, if required, by any regulatory body having jurisdiction over the securities of the Corporation.

**3.08 No Representation or Warranty**

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

**3.09 Interpretation**

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

**3.10 Savings Clause**

This Plan is intended to comply in all respects with applicable law and regulations, including Section 409A of the Code. In case any one or more provisions of this Plan shall be held invalid, illegal, or unenforceable in any respect under applicable law and regulation (including Section 409A of the Code), the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal, or unenforceable provision shall be deemed null and void; however, to the extent permitted by law, any provision that could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Plan to be construed in compliance with all applicable law (including Section 409A of the Code) so as to foster the intent of this Plan.

**3.11 Compliance with Applicable Law, etc.**

If any provision of the Plan or of any Option Certificate delivered pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

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SCHEDULE "A"

SALONA GLOBAL MEDICAL DEVICE CORPORATION STOCK OPTION PLAN

If issued prior to an effective registration statement filed with the SEC - THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

If issued to officers or directors or at a discount to the Market Price - WITHOUT PRIOR WRITTEN APPROVAL OF TSX VENTURE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT DATE THAT IS FOUR MONTHS AND A DAY FROM THE GRANT DATE].

[INSERT APPLICABLE U.S. LEGENDS]

SALONA GLOBAL MEDICAL DEVICE CORPORATION
STOCK OPTION PLAN
OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of the Salona Global Medical Device Corporation (the "Corporation") stock option plan (the "Plan") and evidences that \_\_\_\_\_ is the holder (the "Optionee") of an option (the "Option") to purchase up to \_\_\_\_\_ common shares (the "Shares") in the capital stock of the Corporation at a purchase price of CAD\$ \_\_\_\_\_ per Share (the "Exercise Price").

If issued to a U.S. Optionee - The Plan provides for the granting of stock options that either (i) are intended to qualify as "Incentive Stock Options" within the meaning of Section 422 of the United States Internal Revenue Code of 1986 ("Section 422 Stock Options"), as amended (the "Code"), or (ii) do not qualify as Section 422 Stock Options ("Non-Qualified Stock Options"). This Option is intended to be (select one):

- [ ] a Section 422 Stock Option; or
[ ] a Non-Qualified Stock Option.

Subject to the provisions of the Plan:

- (c) the effective date of the grant of the Option is \_\_\_\_\_;
(d) the Option expires at 5:00 p.m. (EST) on \_\_\_\_\_; and
(e) the Options shall vest as follows:

Table with 4 columns: Date, Percent of Stock Options Vested, Number of Stock Options Vested, Aggregate Number of Stock Options Vested.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the date of the grant of the Option through to 5:00 p.m. (EST) on the expiration date of the Option Period by delivering to the Corporation an Exercise Notice, in the form attached as Appendix "I" hereto, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which the Option is being exercised.

All Options and any Shares issued on the exercise of Options may be subject to resale restrictions and may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the Exchange and applicable securities laws. The Options hereby granted are subject to the approval of the Exchange.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Optionee hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

Unless the Options and the Shares are registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), the Options and the Shares are being or will be issued, as applicable, pursuant to an available exemption or exclusion from registration under the U.S. Securities Act. Accordingly, any Options or Shares issued prior to an effective registration statement filed with the U.S. Securities and Exchange Commission will be "restricted securities" as such term is defined in Rule 144 under the U.S. Securities Act, and, therefore may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Optionee, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom.

[If the Optionee is resident in the State of California on the effective date of the grant of the Option, then by accepting this Option Certificate the Optionee acknowledges that the Corporation, as a reporting issuer under the securities legislation in certain Provinces of Canada, is required to publicly file with the securities regulators in those jurisdictions continuous disclosure documents, including audited annual financial statements and unaudited quarterly financial statements (collectively, the "*Financial Statements*"). Such filings are available on the System for Electronic Document Analysis and Retrieval (SEDAR), and documents filed on SEDAR may be viewed under the Corporation's profile at the following website address: [www.sedar.com](http://www.sedar.com). Copies of Financial Statements will be made available to the undersigned by the Corporation upon such Optionee's request.]

All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan. Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**SALONA GLOBAL MEDICAL DEVICE CORPORATION**

Per: \_\_\_\_\_  
Authorized Signatory



**APPENDIX "I"**  
**SALONA GLOBAL MEDICAL DEVICE CORPORATION**  
**STOCK OPTION PLAN**  
**EXERCISE NOTICE**

**TO: SALONA GLOBAL MEDICAL DEVICE CORPORATION (the "Corporation")**

1. The undersigned (the "**Optionee**"), being the holder of options to purchase \_\_\_\_\_ common shares of the Corporation at the exercise price of \_\_\_\_\_ per share, hereby irrevocably gives notice, pursuant to the stock option plan of the Corporation (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for \_\_\_\_\_ of such common shares of the Corporation.
2. The Optionee tenders herewith a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid common shares exercised and directs the Corporation to issue a share certificate evidencing said common shares in the name of the Optionee to be mailed to the Optionee at the following address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. By executing this Exercise Notice, the Optionee hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.
4. The Optionee is resident in \_\_\_\_\_ [name of state/province].
5. The undersigned Optionee hereby represents, warrants, acknowledges and agrees that the certificate(s) representing the Shares may be subject to and legended with a four month hold period commencing on the date the Options were granted pursuant to the rules of the TSX Venture Exchange and applicable securities laws.
6. The undersigned Optionee hereby represents, warrants, acknowledges and agrees that unless the common shares of the Corporation issuable hereby (the "**Shares**") have been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), the issuance hereby is being made pursuant to an exemption or exclusion from the registration requirements of the U.S. Securities Act and similar exemptions under applicable state securities laws. Accordingly, any Shares issued prior to an effective registration statement filed with the U.S. Securities and Exchange Commission will be "restricted securities" as such term is defined in Rule 144 under the U.S. Securities Act, and, therefore may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed by the Optionee, directly or indirectly, without registration under the U.S. Securities Act and applicable state securities laws or unless in compliance with an available exemption therefrom. The undersigned Optionee understands and agrees that unless the Shares have been registered under the U.S. Securities Act, the certificate(s) representing the Shares and all certificate(s) issued in exchange therefor or in substitution thereof, will be endorsed with the following or a similar legend until such time as it is no longer required under the applicable requirements of the U.S. Securities Act:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT EFFECTIVE UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER. HEDGING TRANSACTIONS INVOLVING SUCH SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE U.S. SECURITIES ACT."

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**Signature of Optionee**



DLA Piper (Canada) LLP  
Suite 2800, Park Place  
666 Burrard St  
Vancouver BC V6C 2Z7  
www.dlapiper.com

July 19, 2021  
Salona Global Medical Device Corporation  
3330 Caminito Daniella  
Del Mar, California  
92014

Dear Sirs/Mesdames:

**Re: Salona Global Medical Device Corporation - 2021 Amended and Restated Stock Option Plan - Registration Statement on Form S-8**

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We have acted as Canadian counsel to Salona Global Medical Device Corporation ("**Salona**"), a corporation existing under the laws of the Province of British Columbia, in connection with the Registration Statement on Form S-8 (the "**Registration Statement**") filed by Salona with the Securities and Exchange Commission (the "**Commission**") under the *Securities Act of 1933*, as amended (the "**Act**"), relating to the issuance by Salona of common shares without par value (the "**Shares**") upon exercise of options ("**Options**") outstanding and to be granted under the 2021 Amended and Restated Stock Option Plan of Salona Medical Device Corporation, effective as of May 21, 2021 (the "**Plan**"). Our opinion expressed herein is delivered in connection with the Registration Statement to which this letter appears as an exhibit.

We have examined the Registration Statement and the Plan, which has been filed with the Commission as an exhibit to the Registration Statement. We have also examined the originals, or duplicate, certified, conformed, telecopied or photostatic copies, of such corporate records, agreements, documents and other instruments and have made such other investigations as we have considered necessary or relevant for the purposes of our opinion. With respect to the accuracy of factual matters material to our opinion, we have relied upon certificates of public officials and representatives of Salona.

In rendering our opinion, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to authentic original documents of all documents submitted to us as duplicates, certified, conformed, telecopied or photostatic copies, and the authenticity of the originals of such latter documents.

Our opinion expressed herein is rendered solely with respect to the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Based and relying upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that Shares, up to an amount authorized by Salona under the Plan as at the date of our opinion, issued upon the valid exercise of Options granted in accordance with the terms of the Plan, including, in each case, receipt by Salona of payment in full for the Shares in respect of which such Options are exercised, will be validly issued, fully-paid and non-assessable.

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We hereby consent to the use of our name in, and the filing of this letter as an exhibit to, the Registration Statement. In providing such consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Yours very truly,

*/s/ DLA Piper (Canada) LLP*

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SRCO Professional Corporation  
Chartered Professional Accountants  
Licensed Public Accountants  
Park Place Corporate Centre  
15 Wertheim Court, Suite 409  
Richmond Hill, ON L4B 3H7, Canada  
Tel: 905 882 9500 & 416 671 7292  
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[www.srco.ca](http://www.srco.ca)

**Exhibit 23.2**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement on Form S-8 of Salona Global Medical Device Corporation being filed with the Securities and Exchange Commission of our reports dated April 15, 2021 and February 26, 2021, relating to, respectively, the consolidated financial statements of Salona Global Medical Device Corporation for the years ended February 28, 2021 and February 29, 2020 and the financial statements of South Dakota Partners Inc. for the years ended December 31, 2020 and 2019.

*/s/ SRCO Professional Corporation*

Richmond Hill, Ontario, Canada  
July 19, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

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