

BLACKSANDS PETROLEUM, INC.
Form DEF 14A
November 10, 2008
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

BLACKSANDS PETROLEUM, INC.

(Exact Name of Registrant as Specified in its Charter)

(Name of Person(a) Filing Proxy Statement, if other than the Registrant)

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- No fee required
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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

ANNUAL MEETING OF STOCKHOLDERS

DECEMBER 10, 2008

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Blacksands Petroleum, Inc.
401 Bay Street, Suite 2700, PO Box 152
Toronto, Ontario Canada M5H 2Y4

Tel: +1 (416) 359 7805

Fax: +1 (416) 359 7801

E-mail: pparisotto@coniston.ca
Website: www.blacksandspetroleum.com

October 28, 2008

Dear Stockholder:

I am writing to update you on the activities of your management and the board of directors for Blacksands Petroleum, Inc. The last few months have seen us aggressively pursue opportunities for future growth in a way that is focused on the low-cost expansion of our asset base.

In particular, we have pursued opportunities for exploratory permits covering approximately 810,000 acres, entered into a joint venture and impact benefit agreement covering approximately 3 million acres, and implemented a cash management system in recognition of the current challenges facing the industry. We believe these actions leave us well positioned to weather the current economic challenges and meet the opportunities ahead.

Developing the Buffalo River Dene Nation Joint Venture

As you know, our 75% subsidiary, Access Energy Inc., entered into an exclusive and binding Impact Benefit and Joint Venture Agreement with the Buffalo River Dene Nation ("BRDN") in May 2007 which covers the surface rights to approximately 3 million acres and which runs until at least 2027. In July of this year, we announced we were taking the next step in our joint venture and would be bidding for five of the oil sands exploratory permits posted by the Province of Saskatchewan, covering approximately 810,000 acres of these lands. On August 14, 2008, the Province of Saskatchewan announced that it did not accept any of the bids it received for its posting. We remain interested in exploring on these lands, and will continue to seek the exploration permits to expand our joint venture with the BRDN.

Expanding our Joint Ventures

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On October 15, 2008, we announced that our 75% subsidiary, Access Energy Inc., entered into a Joint Venture Agreement/Impact Benefit Agreement with the La Loche Clearwater Development Authority, subject to community ratification. This agreement brings the surface rights to approximately 3 million acres into an organized scheme of co-operation between Blacksands and local indigenous peoples.

Prudent Cash Management

Blacksands has pursued opportunities to expand its joint ventures and to obtain licenses and work permits to explore its joint venture properties in a cost effective manner. In this exploration phase, Blacksands continues to strictly limit our ongoing administrative expenses, and maximize value for the Company in our joint ventures.

On behalf of your management, the board of directors, and personally, I thank you for your support of Blacksands. Please do not hesitate to contact me if you would like to discuss Blacksands, our activities, and our plans.

Yours truly,

Paul A. Parisotto

President and Chief Executive Officer

BLACKSANDS PETROLEUM, INC.

401 Bay Street, Suite 2700, PO Box 152
Toronto, Ontario CANADA M5H 2Y4

Notice of Annual Meeting of Stockholders

To all Stockholders of Blacksands Petroleum, Inc.:

You are invited to attend the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of Blacksands Petroleum, Inc. (the "Company"). The Annual Meeting will be held at the offices of Fraser Milner Casgrain LLP at 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1B2, on Wednesday, December 10, 2008, at 10:00 am Toronto time. The purposes of the meeting are:

- The election of the Nominees to the Company's Board of Directors to serve until the Company's 2009 Annual Meeting of Stockholders or until successors are duly elected and qualified; the following are Nominees for election as Directors: Mark Holcombe, Bruno Mosimann, Paul A. Parisotto, Darren Stevenson, and Rick Wilson;
- To approve the amended 2008 Company Stock Option Plan; and
- Any other business that may properly come before the meeting.

The Board of Directors has fixed November 10, 2008 as the record date for the Annual Meeting. Only stockholders of the Company of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders as of November 10, 2008, will be available at the Annual Meeting for inspection by any stockholder.

Stockholders will need to register at the meeting to attend the meeting. If your shares are not registered in your name, you will need to bring proof of your ownership of those shares to the meeting in order to register. You should ask the broker, bank or other institution that holds your shares to provide you with either a copy of an account statement or a letter that shows your ownership of Blacksands Petroleum, Inc. stock as of November 10, 2008. Please bring that documentation to the meeting to register.

IMPORTANT

Whether or not you expect to attend the Annual Meeting, please sign and return the enclosed proxy promptly. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person.

By Order of the Board of Directors,

Paul A. Parisotto, President & CEO

Toronto, Ontario, Canada

October 28, 2008

BLACKSANDS PETROLEUM, INC.
401 Bay Street, Suite 2700, PO Box 152
Toronto, Ontario CANADA M5H 2Y4

**Proxy Statement
for
Annual Meeting of Stockholders**

To Be Held Wednesday, December 10, 2008

Unless the context requires otherwise, references in this statement to “Blacksands,” the “Company,” “we,” “us,” or “our” refer to Blacksands Petroleum, Inc.

The Annual Meeting of Stockholders of Blacksands will be held on Wednesday, December 10, 2008, at the offices of Fraser Milner Casgrain LLP, at 1 First Canadian Place, 100 King Street West, Toronto, Ontario, Canada M5X 1B2, at 10:00 am. We are providing the enclosed proxy materials and form of proxy in connection with the solicitation by the Company’s Board of Directors (the “Board”) of proxies for this Annual Meeting. The Company anticipates that this Proxy Statement and the form of proxy will first be mailed to holders of the Company’s Stock on or about November 11, 2008.

You are invited to attend the meeting at the above stated time and location. If you plan to attend and your shares are held in “street name” – in an account with a bank, broker, or other nominee- you must obtain a proxy issued in your name from such broker, bank or other nominee.

You can vote your shares by completing and returning the proxy card or, if you hold shares in “street name,” by completing the voting form provided by the broker, bank or other nominee. A returned signed proxy card without an indication of how shares should be voted will be voted FOR the election of all Directors, and FOR the approval of the amended 2008 Company Stock Option Plan.

Our corporate bylaws define a quorum as one-half of the voting power of the issued and outstanding voting stock present in person or by proxy. The Company’s Articles of Incorporation do not allow cumulative voting for Directors. The nominees who receive the most votes will be elected. A simple majority of the shares present, whether in person or by proxy, is required to elect the directors and approve the amended 2008 Company Stock Option Plan.

QUESTIONS AND ANSWERS ABOUT PROXY MATERIALS AND VOTING

Why am I receiving this Proxy Statement and proxy card?

You are receiving this Proxy Statement and proxy card because you were a stockholder of record at the close of business on November 10, 2008, and are entitled to vote at the Annual Meeting. This Proxy Statement describes issues on which the Company would like you, as a stockholder, to vote. It provides information on these issues so that you can make an informed decision. You do not need to attend the Annual Meeting to vote your shares.

When you sign the proxy card, you appoint Paul A. Parisotto, President and CEO of Blacksands, your representative at the meeting. As your representative, he will vote your shares at the meeting (or any adjournments or postponements) as you have instructed them on the proxy card. With proxy voting, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the meeting, it is a good idea to complete, sign and return your proxy card in advance of the meeting, just in case your plans change.

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If an issue comes up for vote at the meeting (or any adjournments or postponements) that is not described in this Proxy Statement, your representative will vote your shares, under your proxy, at their discretion, subject to any limitations imposed by law.

When is the record date?

The Board of Directors has fixed November 10, 2008, as the record date for the Annual Meeting. Only holders of Blacksands' voting stock as of the close of business on that date will be entitled to vote at the Annual Meeting.

How many shares are outstanding?

As of October 28, 2008, the Company had 44,854,700 shares of Common Stock issued and outstanding.

What am I voting on?

You are being asked to vote on the following:

- The election of five (5) directors for terms expiring at the next Annual Meeting in 2009;
- The approval of the amended 2008 Company Stock Option Plan; and
- Any other business that may properly come before the meeting.

Each share of Common Stock is entitled to one vote. No cumulative rights are authorized, and dissenters' rights are not applicable to any of the matters being voted upon.

The Board recommends a vote FOR each of the nominees to the Board, and FOR the approval of the amended 2008 Company Stock Option Plan.

How do I vote?

You have several voting options. You may vote by:

- Signing and faxing your proxy card to our transfer agent for proxy voting at the number provided on the proxy card;
- Voting over the Internet by following the procedures provided on the proxy card; or
- Attending the Annual Meeting and voting in person.

If your shares are held in an account with a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in a "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy card from your broker, bank, or other nominee.

Can stockholders vote in person at the Annual Meeting?

The Company will pass out written ballots to anyone who wants to vote at the meeting. If you hold your shares through a brokerage account but do not have a physical share certificate, or the shares are registered in someone else's name, you must request a legal proxy from your stockbroker or the registered owner to vote at the meeting.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, it likely means that you have multiple accounts with the transfer agent and/or with stockbrokers. Please vote all of the shares.

What if I share an address with another stockholder and we received only one copy of the proxy materials?

If certain requirements are met under relevant U.S. securities law, including in some circumstances the stockholders' prior written consent, we are permitted to deliver one annual report and one proxy statement to a group of stockholders who share the same address. If you share an address with another stockholder and have received only one copy of the proxy materials, but desire another copy, please send a written request to our offices at the address below or call us at (416) 359-7805 to request another copy of the proxy materials. Please note that each stockholder should receive a separate proxy card to vote the shares they own.

Send requests to:

Blacksands Petroleum, Inc.

401 Bay Street, Suite 2700, PO Box 152

Toronto, Ontario Canada M5H 2Y4

Attention: Jennifer Dawson, Corporate Secretary

What if I change my mind after I return my proxy?

You may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

- Signing another proxy with a later date and mailing it to the Company's Secretary, Jennifer Dawson, at the Company's principal executive offices, so long as it is received prior to 12:00 p.m., EST, on December 8, 2008;
- Voting in person at the Annual Meeting; or
- Giving written notice to the Company's Secretary, Jennifer Dawson, at the address given above, prior to 12:00 p.m., EST on December 8, 2008.

How many votes do you need to hold the meeting?

To conduct the Annual Meeting, the Company must have a quorum, which means that one-half of the outstanding voting shares of the Company as of the record date must be present at the meeting. Your shares will be counted as present at the Annual Meeting if you:

- Submit a properly executed proxy card (even if you do not provide voting instructions); or
- Attend the Annual Meeting and vote in person.

What if I abstain from voting?

Abstentions with respect to a proposal are counted for the purposes of establishing a quorum. If a quorum is present, abstentions will not be included in vote totals and will not affect the outcome of the vote of any proposal contained in this year's Proxy Statement.

How many votes are needed to elect directors?

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The nominees for election as directors at the 2008 Annual Meeting will be elected by a plurality of the votes cast at the meeting. A properly executed proxy card marked "Withheld" with respect to the election of directors will not be voted and will not count FOR or AGAINST any of the nominees.

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How many votes are needed to approve the amended 2008 Company Stock Option Plan?

The amended 2008 Company Stock Option Plan will be approved if the votes cast FOR the proposal exceed the votes cast AGAINST the proposal (a majority of shares voting). A properly executed proxy card marked "Abstain" with respect to this proposal will not be voted and will not count FOR or AGAINST this proposal.

Will my shares be voted if I do not sign and return my Proxy Card?

If your shares are held through a brokerage account, your brokerage firm, under certain circumstances, may vote your shares.

If your shares are registered in your name, and you do not sign and return your proxy card, your shares will not be voted at the meeting.

How are votes counted?

Your shares will be voted as you indicate. If you just sign your proxy card with no further instructions, your shares will be voted:

- **FOR** each director nominee for terms expiring in 2009;
- **FOR** the approval of the amended 2008 Company Stock Option Plan; and

Voting results will be tabulated and certified by the Inspector of Elections.

Where can I find the voting results of the meeting?

The Company will publish the final results in the Company's Annual Report on Form 10-K for the year ended October 31, 2008, which will be filed with the Securities and Exchange Commission (SEC). Within four (4) business days of the Annual Meeting, the Company will file a current report on Form 8-K if the stockholders elect new directors, and/or approve the amended 2008 Company Stock Option Plan.

Who will pay for the costs of soliciting proxies?

The Company will bear the cost of soliciting proxies. In an effort to have as large a representation at the meeting as possible, the Company's directors, officers and employees may solicit proxies by telephone or in person in certain circumstances. These individuals will receive no additional compensation for their services other than their regular salaries. Additionally, the Company may hire a proxy solicitor to help reach the quorum requirement. The Company will pay a reasonable fee in relation to these services. Upon request, the Company will reimburse brokers, dealers, banks, voting trustees and their nominees who are holders of record of the Company's Common Stock on the record date for the reasonable expenses incurred for mailing copies of the proxy materials to the beneficial owners of such shares.

When are stockholder proposals due for the 2009 annual meeting of Stockholders?

In order to be considered for inclusion in next year's (2009) proxy statement, stockholder proposals must be submitted in writing to the Company's Secretary, Jennifer Dawson, at Blacksands Petroleum, Inc., 401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario Canada M5H 2Y4, and received no later than April 1, 2009. Similarly, stockholder proposals not submitted for inclusion in the proxy statement and received after April 1, 2009 will be considered untimely pursuant to Rule 14a-5(e)(2) of the Securities and Exchange Act of 1934.

How can I obtain a copy of the 2007 Annual Report on Form 10-KSB?

The Company's 2007 Annual Report on Form 10-KSB, including financial statements is available through the SEC's website at <http://www.sec.gov/edgar.shtml>.

At the written request of any stockholder who owns Common Stock on the record date, the Company will provide to such stockholder, without charge, a paper copy of the Company's 2007 Annual Report on Form 10-

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KSB as filed with the SEC, including the financial statements and financial statement schedules but not including exhibits. If requested, the Company will provide copies of the exhibits for a reasonable fee. Requests for additional paper copies of the 2007 Annual Report on Form 10-KSB should be mailed to:

Blacksands Petroleum, Inc.

401 Bay Street, Suite 2700, PO Box 152

Toronto, Ontario Canada M5H 2Y4

Attention: Jennifer Dawson, Corporate Secretary

What materials accompany this proxy statement?

The following materials accompany this proxy statement:

1. Form Proxy Card; and
2. A Letter to Stockholders dated October 28, 2008.

PROPOSAL 1 — ELECTION OF DIRECTORS

GENERAL QUESTIONS

What is the current composition of the Board?

The Company's current bylaws require the Board of Directors to have at least one (1) and a maximum of nine (9) Directors. The current Board is composed of five (5) Directors, of which two are independent – Bruno Mosimann and Mark Holcombe. Paul A. Parisotto, Rick Wilson and Darren Stevenson are not independent.

Is the Board divided into classes? How long is the term?

No, the Board is not divided into classes. All directors serve one-year terms (or less) until their successors are elected and qualified at the next Annual Meeting.

Who is standing for election this year?

The Board of Directors has nominated the following five (5) current Board Members for election at the 2009 Annual Meeting, to hold office until the 2009 Annual Meeting:

- Mark Holcombe;
- Bruno Mosimann;
- Paul Parisotto;
- Darren Stevenson; and
- Rick Wilson.

What if a nominee is unable or unwilling to serve?

Should any one or more of these nominees become unable or unwilling to serve, which is not anticipated, the Board of Directors may designate substitute nominees, in which event the proxy representatives will vote proxies that otherwise would be voted for the named nominees for the election of such substitute nominee or nominees.

How are nominees elected?

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the meeting.

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The Board of Directors recommends a vote FOR each of the nominees.

INFORMATION ON THE BOARD OF DIRECTORS, EXECUTIVE OFFICERS, AND KEY EMPLOYEES

The following table sets forth certain information with respect to our current Directors and executive officers. The term for each Director expires at our next annual meeting or until his or her successor is appointed and qualified. The ages of the Directors and officers are shown as of October 28, 2008.

Name and Municipality of Residence	Current Office with Blacksands	Principal Occupation in the Last Five Years	Director Since
Paul A. Parisotto Oakville, Ontario, Canada	Director, President and CEO	Appointed President & CEO November 1, 2007. President & CEO of Access Energy Inc. (2005 to current), President & CEO of Arizona Star Resource Corp. (2004 to 2008), and President of Coniston Investment Corp., a private management company. Director of Noront Resources Ltd. since June 2008; co-interim President & CEO of Noront Resources Ltd. effective October 28, 2008.	August 2007
Rick Wilson Vancouver, British Columbia, Canada	Director, Chief Financial Officer	President, Regent Ventures Ltd. since 2006; Director of Regent Ventures Ltd. from 1993 to current; President of Emerson Explorations/GBS Gold International Firm from 1998 to 2006.	February 2007
Mark Holcombe Nassau, Bahamas	Director	Founder, Partner and Managing Director of Stirling Partners Limited since 2006; Former Head of Corporate Development, Private Equity and Chief Compliance Officer at GEM Global Equities Management, S.A. (2004-2006); CFO, Vice President Finance and Corporate Development for Excalibur Pallet Group, LTD.; Director of Sandfield Ventures Corporation since 2007, PNG LNG Ltd. since 2007, and Pacific LNG Operations LTD. since 2007.	November 2007
Bruno Mosimann Zurich, Switzerland	Director	President and managing director of Romofin AG (investment management) since July 1985.	May 2006
Darren Stevenson Vancouver, British Columbia, Canada	Director	President & CEO of Voyageur Oil and Gas Corp. since March 2007, and director since November 2006; Director of Bighorn Petroleum Inc. since November 2005, President since February 2006, and was CEO from February 2006 to November 2007, and CFO and Secretary from November 2005 to February 2006; President & CEO of Blacksands Petroleum, Inc. from May 2006 until October 2007; Business Development Director, Dutch Shell PLC's consultancy business, Shell Global Solutions from 2002 to 2006.	May 2006

The following is a description of the business background of the directors and executive officers of the Corporation.

Paul A. Parisotto, 48, Director and President and CEO, is an executive with significant investment banking experience. From December 2004 until September 2008, Mr. Parisotto served as a director, President and Chief Executive Officer of Arizona Star Resource Corp., a publicly traded company listed on the TSX Venture Exchange and the American Stock Exchange until its take-over by Barrick Gold Corporation. Mr. Parisotto is also the sole director, stockholder and president of Coniston Investment Corp. ("Coniston") a firm which provides investment banking services such as raising equity and debt and mergers and acquisitions advisory services to small public and private market capitalization companies. Mr. Parisotto is a director of Noront Resources Ltd. (since June 2008) and was appointed their co-interim President and CEO on October 28, 2008. He is a former director of Nevada Pacific Gold Ltd., a company taken over by US Gold Corp., the former Vice President and Director of HSBC Securities (Canada) Inc. from March 1998 to June 1999 and a former Senior Vice President (Corporate Finance) of Marleau, Lemire Securities Inc. from January 1995 to January 1998. Prior to Mr. Parisotto's investment banking experience, he served as the Manager, Original Listings of the Toronto Stock Exchange from November 1985 to December 1994.

Rick Wilson, 50, Director and Chief Financial Officer, has been in the mining and natural resource industry for over twenty years. Since 2006, Mr. Wilson has been the President of Regent Ventures Ltd., a company engaged in the acquisition, exploration and development of mineral resource properties. Regent Ventures currently has mining exploration projects in Nevada and the Yukon Territories and holds the licenses to sell environmentally safe clean up products to the oil and gas industry in Canada. Prior to serving as its President, Mr. Wilson was a director of Regent Ventures from 1993 to 2006. Mr. Wilson also served as the President of Emerson Explorations/GBS Gold International Inc. from 1998 to 2006, during which time that company raised over \$62 million dollars to acquire and develop two publicly trading Australian gold mines.

Mark Holcombe, 40, Director, founded Stirling Partners Limited in 2006, was the former Head of Corporate Development and Private Equity and Chief Compliance Officer at GEM Global Equities Management, S.A., an emerging market hedge fund, and was also an investment banker at DLJ and ING Capital in New York. Mr. Holcombe has over 18 years of natural resource industry and corporate finance experience. Since 2007, he serves on the board of Sandfield Ventures Corporation, PNG LNG Ltd. and Pacific LNG Operations LTD. Mr. Holcombe holds a B.A. from Colgate University.

Bruno Mosimann, 64, Director, is a financial consultant, resident in Switzerland. Since July 1985, he has been the President and Managing Director of Romofin AG, a firm that supplies investment management services to its customers. Mr. Mosimann has also served as an officer of various listed companies.

Darren R. Stevenson, 36, Director, is an oil and gas executive with experience in technology corporate turnarounds and mergers and acquisitions. Prior to joining us in 2006, Mr. Stevenson spent four years in The Hague and Amsterdam with Royal Dutch Shell PLC's consultancy business, Shell Global Solutions. Serving as a business development director, he led a team in technology and commercial business development in support of Shell's business pursuits in Europe, the Middle East and Russia. Mr. Stevenson studied Chemical Engineering at the University of British Columbia, and over the past 15 years has held a variety of technical and commercial roles in the oil and gas industry including reservoir and process engineering, refinery operations and some entrepreneurial pursuits in technology transfer for fuel cells, software development and aviation. He has also worked for companies including Syncrude Canada, Shell Canada and the University of British Columbia Industry Liaison Office. Mr. Stevenson joined Shell Global Solutions in 2002, and has been the President (since February 2006) and a director of Bighorn Petroleum Ltd. since November 2005 to current. He was also the CEO from February 2006 to November 2007, and CFO and Secretary from November 2005 to February 2006. He has been a director of Voyageur Oil and Gas Corp. since November 2006, and the President and CEO since March 2007.

Family Relationships

None of our Directors, executive officers, or key employees is related by blood, marriage, or adoption to any other Director, executive officer, or other key employees. To our knowledge, there are no arrangements or understanding between any of our officers and any other person, including Directors, pursuant to which the officer was selected to serve as an officer.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS STRUCTURE

General Structure

The Company's current bylaws require the Board of Directors to have at least one (1) and a maximum of nine (9) Directors. The current Board is composed of five (5) Directors.

Director Independence

We had four (4) directors at October 31, 2007 as follows:

- Bruno Mosimann (independent);
- Paul Parisotto;
- Darren Stevenson; and
- Rick Wilson.

Mark Holcombe (an independent director) joined the Board of Directors on November 1, 2007. We currently have the four directors listed, as well as Mr. Holcombe, as our Board of Directors.

An "independent" director is a director whom the Board of Directors has determined satisfies the requirements for independence under the Sarbanes-Oxley Act of 2002, section 10A(m)(3) and under section 121A of the NYSE Alternext US Company Guide.

MEETINGS OF THE BOARD AND BOARD MEMBER ATTENDANCE

AT ANNUAL MEETING

During the fiscal year ending October 31, 2007, the Board held seven (7) meetings of the Board. Mr. Stevenson, Mr. Mosimann, and Mr. Wilson attended all seven of the meetings of the Board. Mr. Parisotto attended the three meetings of the Board held after he became a director. Mr. Holcombe did not become a director until November 1, 2007 and therefore did not attend any of the seven meetings held during the fiscal year ending October 31, 2007.

The five Board members are not required to attend the annual meeting.

COMMUNICATIONS TO THE BOARD

Stockholders who are interested in communicating directly with members of the Board, or the Board as a group, may do so by writing directly to the individual Board member c/o Corporate Secretary, Jennifer Dawson, Blacksands Petroleum, Inc., 401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario M5H 2Y4. The Company's Secretary will forward communications directly to the appropriate Board member. If the correspondence is not addressed to the particular member, the communication will be forwarded to a Board member to bring to the attention of the Board. The Company's Secretary will review all communications before forwarding them to the appropriate Board member.

BOARD COMMITTEES

Our Board of Directors has established three board committees: an Audit Committee, a Compensation Committee and a Corporate Governance Committee.

The Company does not have a nominating committee. The Board seeks qualified candidates to serve on the Board when needed, and handles all director nominating and approval. The Board, at its discretion, could ask the Corporate Governance Committee to seek and nominate qualified candidates on the Board's behalf.

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The information below sets out the current members of each of Blacksands' board committees and summarizes the functions of each of the committees in accordance with their mandates.

Audit Committee and Audit Committee Financial Experts

The Audit Committee was formed in August 2007 with the sole independent director at the time, Mr. Bruno Mosimann, being the sole member of the Audit Committee. Mr. Holcombe joined the Audit Committee after joining the board November 1, 2007. Our Audit Committee is currently comprised of Mark Holcombe and Bruno Mosimann, both of whom are independent directors under the Audit Committee rules of the NYSE Alternext US. Mark Holcombe is the Chairman of the Audit Committee. Mark Holcombe satisfies the criteria for an audit committee financial expert under Item 401(e) of Regulation S-B of the rules of the Securities and Exchange Commission.

The Audit Committee meets with management and Blacksands' external auditors to review matters affecting financial reporting, the system of internal accounting and financial controls and procedures, and the audit procedures and audit plans. The Audit Committee reviews Blacksands' significant financial risks, will be involved in the appointment of senior financial executives, and will annually review Blacksands' insurance coverage and any off-balance sheet transactions.

The Audit Committee is mandated to monitor Blacksands' audit and the preparation of financial statements and to review and recommend to the board of directors all financial disclosure contained in Blacksands' public documents. The Audit Committee is also mandated to appoint external auditors, monitor their qualifications and independence and determine the appropriate level of their remuneration. The external auditors report directly to the Audit Committee and to the board of directors. The Audit Committee and board of directors each have the authority to terminate the external auditor's engagement (subject to confirmation by stockholders). The Audit Committee will also approve in advance any services to be provided by the external auditors which are not related to the audit.

Mr. Mosimann, as the sole member of the Audit Committee, met with management to review the Form 10-Q for the quarter ending July 31, 2007 and subsequently recommended its approval to the Board of Directors of the Company.

A copy of the Audit Committee charter can be found within the "Corporate Governance Policies – October 27, 2008" on the Company's website at www.blacksandspetroleum.com.

Audit Committee Report

The Company's Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors (the "Board"). The Committee has two members, each of whom is "independent" as determined under Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, and the rules of the American Stock Exchange. The Committee operates under a written charter adopted by the Board.

The Committee assists the Board by (1) being satisfied with the credibility and integrity of the Company's financial reporting and internal control, (2) supporting the Board in meeting its oversight responsibilities in respect of the financial reporting, (3) facilitating communication between the Board and the external auditor, and receiving all reports of the external auditor directly, (4) being satisfied with the external auditor's independence and objectivity, and (5) strengthening the role of independent directors by facilitating in-depth discussions between members of the Committee, management and the Company's external auditor.

In the course of providing its oversight responsibilities regarding the 2007 financial statements, the Committee reviewed the 2007 audited financial statements, which appear in the Form 10-KSB for the year ended October 31, 2007. The Committee reviewed accounting principles, practices, and judgments as well as the adequacy and clarity of the notes to the financial statements.

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The Committee reviewed the independence and performance of the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, and such other matters as required to be communicated by the independent auditors in accordance with Statement on Auditing Standards 61 (Codification of Statements on Auditing Standards, AU 380), as modified or supplemented.

The Committee meets with the independent auditors to discuss their audit plans, scope and timing on a regular basis, with or without management present. The Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board, Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), as may be modified or supplemented.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Annual Report to the Securities and Exchange Commission on Form 10-KSB for the year ended October 31, 2007.

Since the formation of the Audit Committee, it has met quarterly with management and the auditors to review the quarterly and annual financial reporting.

The Committee and the Board have also approved the appointment of Ernst & Young LLP as independent auditors for the Company for the fiscal year ending October 31, 2008.

Submitted by the Audit Committee Members

Mark Holcombe

Bruno Mosimann

Additional information relating to the Audit Committee is contained in the following sections of the Company's Annual Report on Form 10-KSB for the year ended October 31, 2007: "Item 9 – Directors and Executive Officers" and "Item 14 – Principal Accountant Fees and Services".

Compensation Committee

The Compensation Committee was formed in August 2007 and comprised our sole independent director at that time, Bruno Mosimann. At a meeting of the Board of Directors on October 27, 2008, Mark Holcombe, our other independent director, was added to the Compensation Committee. The Board of Directors also recently approved Terms of Reference for the Compensation Committee which are included in "Corporate Governance Policies – October 27, 2008" available on our website at www.blacksandspetroleum.com, and filed on Form 8-K on EDGAR. There were no meetings held by the Compensation Committee in the year ended October 31, 2007, and any compensation discussions and matters relating to employment and compensation of Directors and executive officers were dealt with by the full Board of Directors, with Directors or executive officers abstaining from voting as matters related to their positions with the Company specifically. To the extent that matters are not dealt with by the full Board of the Directors, the Compensation Committee has the mandate to review both the overall salary objectives of Blacksands, and significant modifications made to employee benefit plans, including those applicable to directors and executive officers, and propose any awards of stock options, incentive and deferred compensation benefits, as applicable.

Corporate Governance Committee

The Corporate Governance Committee was recently formed on October 27, 2008, and includes Paul Parisotto, Mark Holcombe, and Bruno Mosimann. Two of three Committee members are independent, in accordance with the Company's Corporate Governance Committee's Terms of Reference. The Committee did not exist, and did not meet, during the year ending October 31, 2007. The Corporate Governance Committee is charged with the responsibility of assisting the Board in fulfilling its oversight responsibilities in relation to the corporate governance practices and policies of the Company, and assessing the functioning and effectiveness of the Board, its committees, and its individual members.

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The Board approved Terms of Reference for the Corporate Governance Committee on October 27, 2008, which include its mandate and responsibilities, and which are included in the “Corporate Governance Policies – October 27, 2008” document on the Company’s website at www.blacksandspetroleum.com.

Director Compensation

For the year ended October 31, 2007, the director compensation was as follows:

Name	Fees Earned or Paid in Cash (US\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Compensation Earnings (\$)	All Other Compensation (\$)(US\$)	Total
Bruno Mosimann ⁽¹⁾	\$6,667	Nil	Nil	Nil	Nil	Nil	\$6,667
Darren Stevenson ⁽²⁾	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Paul A. Parisotto ⁽³⁾	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Rick Wilson ⁽³⁾	N/A	Nil	Nil	Nil	Nil	Nil	Nil

(1) In January 2008, the Board of Directors approved Directors’ fees to be paid to Mr. Mosimann retroactively for the period of July 1, 2007 to October 31, 2007, at \$5,000 US per quarter. This amount was paid in February 2008.

(2) Mr. Stevenson was the President and CEO of the Company, and was not eligible for Directors’ fees for the year ended October 31, 2007. See Executive Compensation section for the compensation paid to him as President and CEO.

(3) Mr. Parisotto and Mr. Wilson became senior executive officers of the Company, and as such, were not eligible for consideration for Directors’ fees.

Beginning November 1, 2007, our two independent board members as well as Darren Stevenson, who are not employed by us in any capacity other than as directors, are being compensated for their services as follows:

- Quarterly payments made at the end of the Company’s fiscal quarters in the amount of \$5,000 US.
- No cash compensation for attendance of any meeting.
- Any expenses, travel, administrative, telephone or other costs associated with a Board member’s fulfilling his or her duties as a Board member will be reimbursed by Blacksands.

Paul A. Parisotto and Rick Wilson are not compensated for their services as directors.

Prior to November 1, 2007, independent board members who were not employed by us in any capacity other than as a director were compensated for their services as follows:

- Quarterly payments made at the end of the Company’s fiscal quarters in the amount of \$5,000 US.
- Any expenses, travel, administrative, telephone or other costs associated with a Board member’s fulfilling his or her duties as a Board member were reimbursed by Blacksands.

Only Bruno Mosimann was considered an independent director for the year ended October 31, 2007, and payment for his services as director was approved by the Board of Directors in January 2008, and was made in February 2008 to cover the period of July 1, 2007 to October 31, 2007, retroactively, in the amount of \$6,667 US. There were no directors’ fees approved for any director for any period prior to July 1, 2007.

Director Compensation Agreements

No director has any compensation agreement with the Company other than agreements covering the services of Paul A. Parisotto as President and CEO, and Rick Wilson as Chief Financial Officer as described below under “Executive Compensation”.

Except as described above, and the payment of directors' fees, there are no service contracts of any director of Blacksands and there is no arrangement or agreement made or proposed to be made between Blacksands and any of its directors pursuant to which a payment or other benefit is to be made or given by way of compensation in the event of that director's resignation, retirement or other termination of employment, or in the event of a change of control of Blacksands, or a change in the director's responsibilities following such change in control.

OTHER GOVERNANCE MATTERS

Code of Business Conduct and Ethics/Business Conduct Policy

We adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers, employees and consultants. The Code of Business Conduct and Ethics summarized the legal, ethical and regulatory standards that we must follow and served as a reminder to our directors, officers and employees, of the seriousness of that commitment. Compliance with this code and high standards of business conduct is mandatory for each of our employees.

The Code of Business Conduct and Ethics was filed with the SEC on January 29, 2008 as Exhibit 14.1 to Form 10-KSB report for the year ending October 31, 2007. On October 27, 2008, the Board of Directors approved a new Business Conduct Policy (which is on our website at www.blacksandspetroleum.com and filed on EDGAR as a Form 8-K on October 29, 2008) as part of our "Corporate Governance Policies – October 27, 2008" which replaces our Code of Business Conduct and Ethics. Any future violations of the Company's Business Conduct Policy will be reported on our website at www.blacksandspetroleum.com.

Whistleblower Policy

As a public company, the integrity, transparency and accountability of the financial, administrative and management practices of the Company are critical. Accordingly in October 2008, we adopted a Whistleblower Policy. This policy can be found on our website at www.blacksandspetroleum.com in our document "Corporate Governance Policies – October 27, 2008", and in our Form 8-K filing of October 29, 2008.

Compensation Interlocks and Insider Participation

There were no compensation committee or board interlocks among the members of our Board.

Legal Proceedings

Neither we, nor any of our property of us or our subsidiary, Access Energy Inc., including the A-10 Project, are currently subject to any material legal proceedings or other regulatory proceedings, and to our knowledge no such proceedings are contemplated.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities and Exchange Act of 1934 requires any person who is our Director or executive officer or who beneficially holds more than 10% of any class of our securities which have been registered with the Securities and Exchange Commission, to file reports of initial ownership and changes in ownership with the Securities and Exchange Commission. These persons are also required under the regulations of the Securities and Exchange Commission to furnish us with copies of all Section 16(a) reports they file.

To our knowledge, based solely on our review of the copies of the Section 16(a) reports furnished to us, all Section 16(a) filing requirements applicable to our Directors, executive officers and holders of more than 10% of any class of our registered securities were timely complied with during the year ended October 31, 2007.

EXECUTIVE COMPENSATION

The following table sets forth compensation paid to each of the individuals who served as our Chief Executive Officer and our other most highly compensated executive officers (the “named executive officers”) for the fiscal year ended October 31, 2007.

Summary Compensation Table

Name and Principal Position	Year	Salary \$	Bonus \$	Stock Awards \$	Options Awards \$	Non-Equity Incentive Plan Compensation \$	Non-Qualified Deferred Compensation Earnings \$	All Other Compensation \$	Total
Darren Stevenson(1)	2007	\$84,156	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	84,156
Paul A. Parisotto(2)	2007	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$70,140(2)	\$70,140
Rick Wilson(3)	2007	\$nil	\$nil	\$nil	\$nil	\$nil	\$nil	\$30,013(3)	\$30,013

- (1) Mr. Stevenson vacated the President and Chief Operating Officer role November 1, 2007, and was replaced by Paul A. Parisotto. Pursuant to an Employment Agreement that the Company entered into with Mr. Stevenson on April 22, 2006, he was entitled to an annual salary of Cdn\$60,000. In the fiscal year ended October 31, 2007, the Company paid him Cdn\$60,000 (US\$52,401) for the 2007 fiscal year. In addition, the Company agreed to pay him Cdn\$30,000 (US\$31,755) on the mutual termination of his employment contract on October 31, 2007, and accrued that payment in the records of the Company at October 31, 2007.
- (2) Paul Parisotto became our President and Chief Executive Officer on November 1, 2007 and became a director on August 3, 2007. Under the terms of a consulting agreement between Access and Coniston (a company controlled by Paul Parisotto), Access has paid Coniston Cdn\$68,900 (US\$70,140) (including goods and services tax) for the period from August 3, 2007 (acquisition date) to October 31, 2007 for management services provided to Access.
- (3) Rick Wilson was paid \$19,428, and owed an additional \$10,585 during the year ended October 31, 2007 for services to the Company. His services as Chief Financial Officer effective September 1, 2007 for Cdn\$10,000 (approximately US\$10,585 at October 31, 2007), included in the above amount, were paid subsequent to the year ended October 31, 2007, but were not accrued by the Company for the year ended October 31, 2007.

Executive Compensation Agreements and Summary of Executive Compensation*Report on Executive Compensation*

During the year ended October 31, 2007, the Board of Directors was responsible for establishing compensation policy and administering the compensation programs of our executive officers.

The amount of compensation paid by the Company to each of our officers and the terms of those persons’ employment is determined by the full Board of Directors. The Board of Directors, with the support of the Compensation Committee, evaluates past performance and considers future incentive and retention in considering the appropriate compensation for the Company’s officers. The Board of Directors believes that the compensation paid to the Company’s directors and officers is fair to the Company.

Our Board of Directors, with the support of the Compensation Committee, believes that the use of direct stock awards is at times appropriate for employees, and in the future intends to use direct stock awards to reward outstanding service or to attract and retain individuals with exceptional talent and credentials. The use of stock options and other awards is intended to strengthen the alignment of interests of executive officers and other key employees with those of our stockholders.

Executive Compensation Agreements

Paul Parisotto

Mr. Parisotto is the President and sole director and stockholder of Coniston Investment Corp. ("Coniston"). Effective November 1, 2005, the management services agreement between Coniston and Access Energy Inc. calls for Coniston to be paid Cdn\$260,000 per year, plus the applicable goods and services tax, for management, consulting and advisory services on matters with respect to the acquisition, exploration, development and production of hydrocarbons in western Canada and United States. It also contains a change of control provision which provides that if a change of control were to occur without Coniston's prior consent, Access would owe Coniston an additional Cdn\$135,000. The Purchase of 75% of the shares of Access Energy by Blacksands constituted a change of control to which Coniston consented to in advance. The Coniston Agreement terminates annually on October 31st, but is automatically renewed for one year periods unless one party provides at least 60 days' prior notice of non-renewal. No such notice has been provided as of October 28, 2008.

Coniston was paid Cdn\$459,333 in accrued and unpaid consulting fees and Cdn\$428,964 in accrued expenses (approximately US\$851,430 in the aggregate) in the year ended October 31, 2007. In addition, Coniston was paid Cdn\$1,060,000 (approximately US\$1,016,000) due to Access' entry into the Joint Venture Agreement and Amendment with the Buffalo River Dene Nation (BRDN). Coniston was paid these amounts from a portion of the purchase price. Coniston is also entitled to a 1.25% nonconvertible overriding royalty based on 100% production from A10 Project's production. Coniston will receive this royalty and other success fees as it may negotiate with Access for future projects where it is fundamental to the consummation of a similar project with us or Access. The royalty is governed by Article 3 of the 1997 Canadian Association of Petroleum Landmen Farmout & Royalty Procedure, which sets forth many standard contract terms used in connection with development and management of petroleum producing properties.

Neither Mr. Parisotto nor Coniston have a separate agreement with Blacksands for Mr. Parisotto's services as President and CEO of Blacksands.

Rick Wilson

Blacksands is party to an independent contractor agreement with Rick Wilson for Mr. Wilson's services as the Chief Financial Officer for the Company. Pursuant to this agreement, Mr. Wilson is entitled to compensation of \$5,000 Cdn (approximately US\$5,295 at October 31, 2007) per month, commencing September 1, 2007 on a month-to-month basis. The agreement allows for Mr. Wilson to terminate his employment with 30 days' written notice to the Company, or for the Company to terminate Mr. Wilson's employment with payment of one month's salary. No such notice has been provided as at October 28, 2008. There are no change of control provisions in Mr. Wilson's agreement with the Company.

The agreement with Mr. Wilson includes limited non-competition and non-solicitation covenants while he is an officer of the Company.

The Board proposed stock grants to certain directors and executives to provide additional compensation in February 2008 under the amended 2008 Company Stock Option Plan - such amended 2008 Company Stock Option Plan to be approved at the next annual general meeting of stockholders.

Outstanding Equity Awards At Fiscal Year-End

The following table sets forth the stock options granted to our named executive officers as of the fiscal year ended October 31, 2007. No stock appreciation rights were awarded.

Name	Option Awards		Equity Incentive Plan Awards:		Market Value of Stock that have not Vested (#)		Equity Incentive Plan Awards:		Equity Incentive Plan Awards:
	Number of Underlying Unexercised Options (#) Exercisable	Number of Underlying Unexercised Options (#) Unexercisable	Number of Securities Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Value of Shares or Units of Stock that have not Vested (\$)	Number of Securities Unearned	Market or Payout Value of Unearned Shares, Units or Other Rights that Have not Vested (\$)
Darren Stevenson ⁽¹⁾	500,000	nil	nil	\$2.00	April 2008	nil	nil	nil	nil

⁽¹⁾ These options were part of an employment agreement and a stock option agreement with Mr. Stevenson entered into on April 18, 2006. Under the Stock Option Agreement, Mr. Stevenson was, on April 18, 2006, granted options to purchase 1,000,000 shares of common stock of the Company. All of the options, once vested, are exercisable at \$2.00 per share, and all had a two-year term. Options to purchase 100,000 shares vested on June 9, 2006 when the Company filed with the Secretary of State of Nevada an amendment to its Articles of Incorporation, which among other things, increased its authorized common stock to 300,000,000 shares and changed its name to “Blacksands Petroleum, Inc.” Options to purchase 200,000 shares vested on August 9, 2006 when the Company completed a common stock placement of US\$10,854,700. Options to purchase 200,000 shares vested on January 1, 2007, and options to purchase 500,000 shares would have vested if the Company conducted a placement of at least US\$50,000,000. On October 31, 2007, the Company cancelled these last 500,000 options granted to Mr. Darren Stevenson as part of the termination of his employment agreement as President and CEO. In April 2008, the remaining 500,000 options held by Mr. Stevenson expired.

Retirement, Resignation or Termination Plans

Other than the change of control provisions of the management services agreement between Access Energy and Coniston Investment Corp. as described above under “Executive Compensation Arrangements – Paul A. Parisotto”, we sponsor no other plan, whether written or verbal, that would provide compensation or benefits of any type to an executive upon retirement, or any other plan that would provide payment for retirement, resignation, or termination as a result of a change in control of our Company or as a result of a change in the responsibilities of an executive following a change in control of our Company.

EQUITY COMPENSATION PLANS

We have one equity compensation plan: the 2006 Stock Option Plan. This plan has been approved by our stockholders. Amendments to the 2006 Stock Option Plan will be presented to our stockholders for approval at the Annual Meeting and are described below under the heading “Amended 2008 Company Stock Option Plan”.

2006 Stock Option Plan

On June 26, 2006, our Board of Directors and the holders of a majority (55.2%) of our then outstanding common stock approved our 2006 Stock Option Plan (the “2006 Plan”). The purpose of the 2006 Plan is to provide an incentive to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons into our development and financial success. Under the 2006 Plan, we are authorized to issue incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended, nonqualified stock options and restricted stock. The 2006 Plan is administered by our Board of Directors. As of the date of this report, there were no stock options outstanding under the 2006 Plan.

Securities Authorized for Issuance

We have no other equity compensation plans in place that have not been approved by our stockholders, but amendments will be presented to stockholders for approval at the annual meeting as the amended 2008 Company Stock Option Plan. The table below shows securities issued under our existing equity compensation plans as of October 31, 2007:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	500,000	\$2.00	6,000,000
Equity compensation plans not approved by security holders	200,000(1)	\$2.00	nil
Total	700,000	\$2.00	6,000,000

(1) We issued 200,000 warrants in equity compensation plans not approved by security holders. Of these 200,000 options, 100,000 have vested and the remaining 100,000 only vested if we conducted a placement of our securities of at least \$50,000,000. These warrants expired in July 2008.

The amended 2008 Company Stock Option Plan, to be approved by the stockholders at the 2008 Annual Meeting, is described in further detail below.

*AMENDED 2008 COMPANY STOCK OPTION PLAN***BENEFIT PLANS**

The following summarizes the amended 2008 Company Stock Option Plan (the "2008 Plan") subject to stockholder action at the 2008 Annual Meeting.

SUMMARY OF THE 2008 PLAN

The following summary of the Company's 2008 Plan is qualified in its entirety by reference to the full text of the 2008 Plan, a copy of which is included as Appendix A to this Proxy Statement.

The 2008 Plan provides for the grant of stock options to eligible persons, as determined by the Board in accordance with the 2008 Plan. Stockholders approval will make available a maximum of 10% of the aggregate number of shares outstanding for purchase upon exercise of options granted under the 2008 Plan. However, the aggregate number of shares available for "Incentive Stock Options," which are options that are intended to meet the requirements of Section 422 of the Internal Revenue Code (the "Code"), is 4,485,470. The term of the 2008 Plan is to be determined by the Board, however in no event may an Incentive Stock Option be granted more than ten years from the date the 2008 Plan was adopted. No options may be granted under the 2008 Plan if there are no shares available to issue.

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Stock options may be granted to any director, officer or employee of the Company or any subsidiary or any consultant or advisor of the Company or any subsidiary. Incentive Stock options granted to "U.S. Participants" are governed under a separate set of rules, contained in the 2008 Plan. For purposes of this Proxy Statement, a "U.S. Participant" is an employee, officer, consultant, independent contractor, or director of the Company (or of any parent or subsidiary of the Company) who participates in the 2008 Plan and who is either a citizen of the U.S. or a resident alien of the U.S. for purposes of the Code. For purposes of this Proxy Statement, a "non-U.S. Participant" is an employee, officer, consultant, independent contractor, or director of the Company (or of any parent or subsidiary of the Company) who participates in the 2008 Plan but who is not a U.S. Participant.

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U.S. Participants (as defined above) may receive two types of options: (1) Incentive Stock Options, which are options that are intended to meet the requirements of Section 422 of the Code, and (2) Nonqualified Stock Options. No option may be granted at a price less than the fair market value measured on the date of the grant. However, only employees of the Company or a parent or subsidiary of the Company may receive Incentive Stock Options.

The 2008 Plan will be administered by the Board of Directors. The Committee will have authority to interpret, construe, amend, suspend or terminate the 2008 Plan. A written agreement will evidence each option and, in the case of U.S. Participants, state whether the option is intended to qualify as an Incentive Stock Option or be treated as a Non-Qualified Stock Option.

The Board will have the power to determine expiration date of each option, provided, however, that Incentive Stock Options granted to U.S. Participants will expire no later than ten years from the date of grant, and no Incentive Stock Option granted to a greater-than-ten-percent stockholders will expire later than five years from the date of grant. Generally, vested options will terminate upon the first to occur of: (1) expiration of the option; (2) thirty days following the optionee's termination of employment, other than as a result of death or disability; or (3) six months following the optionee's death or cessation of employment by reason of disability. However, Incentive Stock Options granted to U.S. Participants are subject to a special set of rules regarding termination as set forth in the 2008 Plan.

Upon a change in control, the Board shall have the right, upon written notice thereof to each optionee holding options under the plan, to permit the exercise of all such options prior to the earlier of (i) the close of business on that date which is twenty (20) days following the date of such notice or (ii) the close of business on the expiration date of the option. The purchase price of option shares must be paid in full by cash or check to the Company's principal office.

The 2008 Plan will only be effective upon approval of the majority of the stockholders. 2,200,000 options have been granted under the 2008 Plan subject to stockholder approval of the 2008 Plan. The options are exercisable at \$1.90 per share for a term of five years from February 15, 2008. 991,666 options vested immediately; 604,166 options vest when the stock price trades at or above \$2.50 for ten consecutive trading days and 604,168 options vest when the stock price trades at or above \$3.00 for ten consecutive trading days. The closing price of a share of the Company's Common Stock, as reported on the OTCBB on October 28, 2008, was \$0.15 US.

The Plan is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended, and is not qualified under Code Section 401(a).

U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the principal U.S. federal income tax consequences generally applicable to U.S. Participants in the 2008 Plan. This summary does not address the U.S. federal income tax consequences to non-U.S. Participants.

Options. The grant of an option should not result in any taxable income for the recipient. The holder of an Incentive Stock Option generally will have no taxable income upon exercising the Incentive Stock Option (except that an alternative minimum tax liability may result), and the Company will not be entitled to a tax deduction when an Incentive Stock Option is exercised. Upon exercising a Non-Qualified Stock Option, a U.S. Participant must recognize ordinary income equal to the excess of the fair market value of the shares of Company common stock acquired on the date of exercise over the exercise price, and the Company will be entitled at that time to a tax deduction for the same amount.

The tax consequence to a U.S. Participant upon a disposition of shares of Company common stock acquired through the exercise of an option will depend on how long the shares have been held and whether the shares were acquired by exercising an Incentive Stock Option or by exercising a Non-Qualified Stock Option. Generally, there will be no tax consequences to the Company in connection with the disposition of shares acquired pursuant to an option. However, the Company may be entitled to a tax deduction in the case of a disposition of shares acquired pursuant to an Incentive Stock Option before the applicable Incentive Stock Option holding periods set forth in the Code have been satisfied.

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Special Rules. Special rules may apply in the case of individuals subject to Section 16(b) of the Exchange Act. In particular, unless a special election is made pursuant to Section 83(b) of the Code, shares of Company common stock received pursuant to the exercise of an option may be treated as restricted as to transferability and subject to a substantial risk of forfeiture for a period of up to six months after the date of exercise. Accordingly, the amount of any ordinary income recognized, and the amount of the Company's tax deduction, may be determined as of the end of such period.

Deductibility of Executive Compensation Under Code Section 162(m). Section 162(m) of the Code generally limits to \$1,000,000 the amount that a publicly-held corporation is allowed each year to deduct for U.S. federal income tax purposes for the compensation paid to the chief executive officer and certain of the corporation's most highly compensated executive officers ("Covered Employees"). However, "qualified performance-based qualified compensation" is not subject to the \$1,000,000 deduction limit. Options granted pursuant to a plan designed to permit option awards to qualify as performance based compensation are not subject to the \$1,000,000 deduction limitation. The 2008 Plan has not been designed to permit grants of options issued under the 2008 Plan to qualify under the performance-based compensation rules so that if the Company is subject to U.S. federal income tax, the income attributable to the exercise of a Non-Qualified Stock Option by Covered Employees will be subject to the \$1,000,000 deduction limit.

ACCOUNTING TREATMENT

The applicable accounting treatment for options granted under the 2008 Option Plan is set forth in SFAS 123R which replaced SFAS No. 123, "Accounting for Stock-Based Compensation" and superseded APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS 123R requires all share-based payments to employees, including grants of employee stock options, and employee stock purchase plans to be recognized in the financial statements based on their fair values.

Effective January 1, 2006, the Company adopted SFAS 123R. Under this standard, the Company recognizes compensation expense based on an estimate of the fair value of options granted to employees under the Company's employee stock option plan and employee stock purchase plans. This expense is recorded on a straight-line basis over the option vesting periods.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following tables set forth information as of October 28, 2008 regarding the ownership of our common stock by:

- each person who is known by us to own more than 5% of our shares of common stock (none known); and
- each named executive officer, each director, and all of our directors and executive officers as a group.

The number of shares beneficially owned and the percentage of shares beneficially owned are based on 44,854,700 shares of common stock outstanding as of October 28, 2008.

For the purposes of the information provided below, shares subject to options and warrants that are exercisable within 60 days following October 28, 2008 are deemed to be outstanding and beneficially owned by the holder for the purpose of computing the number of shares and percentage ownership of that holder but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated in the footnotes to these tables, and as affected by applicable community property laws, all persons listed have sole voting and investment power for all shares shown as beneficially owned by them.

<u>Name and Address of Beneficial Owner⁽¹⁾</u>	<u>As of October 28, 2008</u>	
	<u>Shares</u>	<u>Percent</u>
(None to report)	Nil	Nil
Directors and Officers — as a group (five persons ⁽²⁾)	Nil	Nil

(1) Beneficial ownership is determined in accordance with the rules of the United States Securities and Exchange Commission and includes voting and investment power with respect to shares. Unless otherwise indicated, the persons named in this table have sole voting and sole investment control with respect to all shares beneficially owned. Figures shown are on a non-diluted basis.

(2) Figure shown represents the sum of shares owned or controlled individually by directors and officers and includes ownership by spouses and minor children where it may be considered that direction and control over these shares rests with the director or officer.

Security Ownership of Management

<u>Name and Address of Beneficial Owner⁽¹⁾</u>	<u>As of October 28, 2008</u>	
	<u>Shares</u>	<u>Percent</u>
All directors and executive officers as a group (five persons) ⁽²⁾	Nil	Nil

(1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares. Unless otherwise indicated, the persons named in this table have sole voting and sole investment control with respect to all shares beneficially owned.

(2) Figure shown represents the sum of shares owned or controlled individually by directors and officers and includes ownership by spouses and minor children where it may be considered that direction and control over these shares rests with the director or officer.

We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in our control.

We are not, to the best of our knowledge, directly or indirectly owned or controlled by another corporation or foreign government.

The Company is not aware of any stockholder who beneficially owns 5% or more of the Company's stock.

As of October 28, 2008, we had approximately 47 stockholders of record of our common stock.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None of our directors, senior officers or principal stockholders, nor any associate or affiliate of the foregoing have any interest, direct or indirect, in any transaction, from October 12, 2004 (date of inception) to the date of this report, or in any proposed transactions, in which such person had or is to have a direct or indirect material interest.

Other than compensatory arrangements described under "Executive Compensation" and the transactions described above, we have had no other transactions, directly or indirectly, during the past fiscal year with our directors, senior officers or principal stockholders, or any of their associates or affiliates in which they had or have a direct or indirect material interest.

PROPOSAL 2 — APPROVAL OF THE AMENDED COMPANY STOCK OPTION PLAN

What am I voting on?

You are voting on the amended 2008 Company Stock Option Plan including the approval of the share increase as approved by the Board. The amended 2008 Company Stock Option Plan is further described above under “Equity Compensation Plans.”

How many shares are subject to the Plan?

As of the record date, the amount eligible under the 10% rollover provision was 4,485,470. The number of shares eligible for Incentive Stock Options in the United States is 4,485,470.

Who is eligible to participate in the Plan?

Stock options may be granted to any director, officer or employee of the Company or any subsidiary or any consultant or advisor of the Company or any subsidiary.

Currently, this includes, but is not limited to, the following directors and executives:

- Paul A. Parisotto, Director, President and CEO;
- Rick Wilson, Director, Chief Financial Officer;
- Mark Holcombe, Director;
- Bruno Mosimann, Director;
- Darren Stevenson, Director;
- Jennifer Dawson, Corporate Secretary and Controller; and
- Mehran Farmanara, independent Chartered Accountant and consultant to the Company.

In total, there are 7 officers, directors, employees and consultants eligible under the Plan.

The Board recommends a vote FOR the approval of the amended 2008 Company Stock Option Plan.

INFORMATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Sherb & Co., LLP was the Independent Registered Public Accounting Firm for the Company in the fiscal years ended October 31, 2006 and October 31, 2007.

Our financial statements have been audited by Sherb & Co. LLP. (“Sherb”), independent registered public accounting firm, for the years ended October 31, 2007 and 2006, and for the period from October 12, 2004 (inception) to October 31, 2007. Effective October 26, 2006, we terminated the services of our former independent auditor, DeGoya Griffiths.

No adverse opinion or disclaimer of opinion was issued during the past two years by our former accountant, and no opinion of our former accountant was qualified or modified as to uncertainty, audit scope or accounting principles.

The change in auditors was recommended by our Board of Directors.

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During the two most recent fiscal years and the interim period preceding such dismissal, we are not aware of any disagreements with our former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction

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of our former accountant, would have caused it to make references to the subject matter of the disagreement(s) in connection with its report.

We are not aware of any events (reportable under Item 304 (a)(1)(B) of Regulation S-B) that have occurred during the two most recent fiscal years and the interim period preceding the dismissal of our former accountant.

During the two most recent fiscal years and the interim period preceding the appointment of Ernst & Young, we have not consulted Sherb & Co. LLP regarding either:

- 1) The application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on our financial statements, and neither a written report nor oral advice was provided to us that we considered an important factor in reaching a decision as to the accounting or financial reporting issue; or
- 2) Any matter that was either the subject of a disagreement or event (reportable under Regulation S-B, Item 304(a)(1)(iv)(B)).

The Company does not expect that a representative from Sherb will be at the Annual Meeting. If a representative of Sherb does attend the meeting, they will be given an opportunity to make a statement, should they choose to do so. The Company does not know if the representative, if one does attend the Annual Meeting, would make himself or herself available for questions at the Annual Meeting.

On September 17, 2008, Blacksands terminated its relationship with Sherb & Co., LLP ("Sherb"), our independent Accountants. Blacksands dismissed Sherb as approved by the Board of Directors. Sherb's audit reports for Blacksands financial statements for the fiscal years ended October 31, 2007 and October 31, 2006 did not contain an adverse opinion, or a disclaimer of opinion, nor qualification or modification as to uncertainty, audit scope, or accounting principles. Sherb & Co., LLP's report on the Company's financial statements as of and for the fiscal year ended October 31, 2007 indicated that the financial statements had been prepared assuming that the Company will continue as a going concern and that the Company's losses from operations and accumulated deficit raised substantial doubt about the Company's ability to continue as a going concern. The Company does not dispute this conclusion. There were not any disagreements between Blacksands and Sherb, and none of the events described in Item 304(a)(1)(v) of Regulation S-K occurred.

On September 17, 2008, Blacksands engaged Ernst & Young LLP ("E&Y") to serve as its independent Accountant. During the two most recent fiscal years and through September 17, 2008, the Company did not consult with E&Y with regard to the application of accounting principles to a specified transaction, completed or proposed, the type of audit opinion that might be rendered on the Company's financial statements, or any matter that was either the subject of a disagreement or a reportable event.

Audit Fees

The aggregate fees billed by Sherb for professional services rendered in connection with the audit of the Company's annual consolidated financial statements for fiscal 2007 and 2006 and reviews of the consolidated financial statements included in the Company's Forms 10-KSB for fiscal 2007 and 2006 were approximately \$38,000 and \$33,000, respectively. After its formation, the Audit Committee pre-approved the Audit Fees for the audit of the Company's financial statements included in the Company's Form 10-KSB for fiscal 2007.

Audit-Related Fees

The aggregate fees billed by Sherb for any additional fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and our Forms 10-QSB not reported under "Audit Fees" above for fiscal 2007 and 2006 were \$17,000 and \$Nil, respectively. Sherb also billed us \$6,500 for the review of the financial statements included in our report on 8K for the fiscal year October 31, 2007. The Audit Committee approved the fees for quarterly reviews by Sherb of the financial statements included in the Company's Form 10-Q starting with the January 31, 2008 quarter.

Tax Fees

The aggregate fees billed by Sherb for professional services for tax compliance, tax advice, and tax planning for fiscal 2007 and 2006 were \$Nil and \$Nil, respectively. During the fiscal years ended October 31, 2007 and 2006, Sherb did not provide any tax advice.

All Other Fees

The aggregate fees billed by Sherb for all other non-audit services rendered to the Company, such as attending meetings and other miscellaneous financial consulting, for fiscal 2007 and 2006 were \$Nil and \$Nil, respectively.

OTHER MATTERS

As of the date of this Proxy Statement, management does not know of any other matter that will come before the meeting.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's Annual Report on Form 10-KSB for the fiscal year ended October 31, 2007, filed with the Securities and Exchange Commission on January 29, 2008.

By Order of the Board of Directors,

Paul A. Parisotto

President & CEO, Director

Toronto, Ontario, Canada

October 28, 2008

Please sign and return the enclosed form of proxy promptly. If you decide to attend the meeting, you may, if you wish, revoke the proxy and vote your shares in person.

APPENDIX A

BLACKSANDS PETROLEUM, INC.

2008 STOCK OPTION PLAN

(as adopted by the Board on February 15, 2008

and as amended by the Board on October 27, 2008)

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BLACKSANDS PETROLEUM, INC.

STOCK OPTION PLAN

ARTICLE 1

PURPOSE OF STOCK OPTION

- 1.01 The purpose of the Stock Option Plan (the "Plan") is to enhance shareholder value by (i) providing a long-term incentive to the Corporation's key service providers, including directors, officers and employees; (ii) improving the ability of the Corporation to attract, retain and motivate its key personnel; and (iii) encouraging participants in the Plan to maintain a significant level of investment in the Corporation, thereby closely aligning their personal interests with those of the shareholders.

ARTICLE 2

DEFINED TERMS

Where used in the Plan, the following terms shall have the meanings ascribed to them in sections 2.01 to 2.24:

- 2.01 "**Associate**" means any Body Corporate in which the Corporation beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of the Body Corporate for the time being outstanding and any partnership, joint venture or other similar entity in which the Corporation beneficially owns, directly or indirectly, voting interests or rights which represent in excess of 50% of the voting interests or rights of all partners, joint venturers, or other persons therein;
- 2.02 "**Board**" means the board of directors of the Corporation;
- 2.03 "**Body Corporate**" includes a company or other body corporate wherever or however incorporated;
- 2.04 "**cause**" means (i) the willful, substantial and continued failure by Optionee substantially to perform his or her duties and obligations (other than any such failure resulting from his or her incapacity due to physical or mental illness), (ii) Optionee's conviction or plea bargain of any felony or gross misdemeanor involving moral turpitude, fraud or misappropriation of funds or (iii) the willful engaging by Optionee in misconduct which causes substantial injury to the Corporation or any Subsidiary, any of their other employees or the employees of their clients, whether monetarily or otherwise. For purposes of this paragraph, no action or failure to act on Optionee's part shall be considered "willful" unless done or omitted to be done, by Optionee in bad faith and
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without reasonable belief that his or her action or omission was in the best interests of the Corporation;

- 2.05 "**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder;
- 2.06 "**Corporation**" means Blacksands Petroleum, Inc., a corporation existing pursuant to the laws of the State of Nevada, including any successor corporation thereto;
- 2.07 "**Change of Control**" shall be deemed to have occurred if any person or any group of two or more persons acting in concert, becomes the beneficial owner, directly or indirectly, of voting securities of the Corporation representing, or acquires the right to control or direct, 50% or more of the outstanding voting securities of the Corporation, including, without limitation, as a result of a take-over bid, and for the purposes hereof, "voting security" means any security other than a debt security of the Corporation carrying a voting right either under all circumstances or under some circumstances that occurred and are continuing;
- 2.08 "**Eligible Person**" means
- (a) any director, officer or employee of the Corporation or any Subsidiary; or
 - (b) any consultant or advisor of the Corporation or any Subsidiary, but only if such consultant or advisor:
 - (i) is a natural person;
 - (ii) provides bona fide services to the Corporation; and
 - (iii) the services provided by such consultant or advisor 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.
- 2.09 "**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;
- 2.10 "**Family Member**" means a "family member" as such term is defined in the General Instructions to Form S-8 (or successor to such Instructions or such Form) under the Securities Act;
- 2.11 "**Insider**" means any insider of the Corporation (as such term is defined in the Securities Act (Ontario), as such provision is from time to time amended, varied or re-enacted), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary, and includes an Associate of any such insider;
- 2.12 "**Market Price**" as of a certain date means the fair market value of the Shares on such date as determined by the Board in its sole discretion; provided, however, that if the Shares are listed or quoted on a Stock Exchange on such date, Market Price means (i) the
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closing sale price of Shares on the Stock Exchange on such date, or (ii) if such date is not a Trading Day or if no sales occurred on such Trading Day, the closing sales price of Shares on the Stock Exchange on the most preceding date that is a Trading Day on which sales occurred;

- 2.13 "**Option**" means an option to purchase Shares granted to an Eligible Person under the Plan pursuant to Article V hereof;
 - 2.14 "**Option Agreement**" means any written agreement, contract or other instrument or document evidencing any Option granted under the Plan. Each Option Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Board;
 - 2.15 "**Option Price**" means the price per Share, determined by the Board, at which shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with Article VIII hereof;
 - 2.16 "**Optionee**" means an Eligible Person to whom an Option has been granted and who continues to hold such Options;
 - 2.17 "**Person**" means any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust;
 - 2.18 "**Plan**" means the Blacksands Petroleum, Inc. stock option plan, as embodied herein, as the same may be amended or varied from time to time;
 - 2.19 "**Rule 16b-3**" means Rule 16b-3 under the Exchange Act;
 - 2.20 "**Securities Act**" means the United States Securities Act of 1933, as amended;
 - 2.21 "**Shares**" means the common shares of the Corporation, or, in the event of an adjustment provided for in Article VIII hereof, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;
 - 2.22 "**Stock Exchange**" means the principal stock exchange or quotation system upon which the Shares are listed or posted for trading or quoted, as determined by the Board from time to time, and shall initially be the Over-the-Counter Bulletin Board;
 - 2.23 "**Subsidiary**" means any entity that is controlled by the Corporation directly, or indirectly through one or more intermediaries, and in which the Corporation directly or indirectly owns at least 20% of the outstanding voting securities; and
 - 2.24 "**Trading Day**" means any day on which the Stock Exchange is open for trading.
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ARTICLE 3

ADMINISTRATION OF THE PLAN

- 3.01 The Plan shall be administered by the Board.
- 3.02 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan and the corporate law of the State of Nevada:
- (a) to establish policies, and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan, and to amend, suspend or waive such policies, rules and regulations;
 - (b) to interpret and construe the Plan and to determine all questions pertaining to the Plan or any Option;
 - (c) to determine which stock exchange or quotation system is the Stock Exchange;
 - (d) to determine which Eligible Persons shall be granted Options and to grant Options;
 - (e) to determine the number of Shares covered by each Option;
 - (f) to determine the Option Price of each Option;
 - (g) to determine the time or times when Options will be granted and will be exercisable;
 - (h) to determine the expiration date of each Option;
 - (i) to determine if the Shares that are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option;
 - (j) to prescribe the form of the Option Agreement relating to each Option, and to amend or waive any term of any Option Agreement; and
 - (k) to make any other determination and take any other action that the Board deems necessary or desirable for the administration of the Plan.
- 3.03 Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Option shall be within the sole discretion of the Board, may be made at any time and shall be final, conclusive and binding upon any Eligible Person and any holder or beneficiary of any Option.
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- 3.04 Any Options approved by the Board for any member thereof shall be subject to confirmation by the Board. The Board may, in its discretion, require as conditions to the grant or exercise of any Option that the Optionee shall have:
- (a) represented, warranted and agreed in form and substance satisfactory to the Corporation that the Optionee is acquiring and will acquire such Option and any Shares to be issued upon exercise thereof for such Optionee's own account, as the case may be, and is acquiring such Shares, for the Optionee's own account, for investment and not with a view to or in connection with any distribution, that the Optionee has had access to such information as is necessary to enable an evaluation of the merits and risks of such investment;
 - (b) agreed to restrictions on issue, transfer and cancellation or to termination arrangements in form and substance satisfactory to the Corporation and to an endorsement on any Option Agreement or certificate representing the Shares making appropriate reference to such restrictions; and
 - (c) agreed to indemnify the Corporation in connection with the foregoing.

ARTICLE 4

SHARES SUBJECT TO PLAN

- 4.01 The maximum number of Shares reserved for issue pursuant to the Plan shall be determined from time to time by the Board but, in any case, shall not exceed, in the aggregate, 10% of the number of Shares outstanding. Shares in respect of which Options are surrendered, cancelled, terminated or otherwise expire without being exercised shall be available for subsequent Options.
- 4.02 In the event of any subdivision, redivision, consolidation, reclassification, reorganization, dividend, distribution, merger or other change that causes (or would, if Options were outstanding, cause) an adjustment under Article VIII, then the Board shall, in such manner as it may deem equitable, adjust the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Options granted under the Plan. The Board's determination shall be final, binding and conclusive.

ARTICLE 5

ELIGIBILITY, GRANT AND TERMS OF OPTIONS

- 5.01 Options may be granted to any Eligible Person as determined by the Board from time to time in accordance with the provisions hereof.
- 5.02 Subject as herein and otherwise specifically provided, the Board shall determine: (i) which Eligible Persons are to be granted Options; (ii) the time or times when Options will be granted; (iii) the number of Shares subject to each Option; (iv) the Option Price of each Option; (v) the expiration date of each Option; (vi) the extent to which each Option is exercisable from time to time, including if the Shares which are issuable on the
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exercise of an Option will be subject to any restrictions upon the exercise of such Option; and (vii) any other terms and conditions relating to each Option.

5.03 Notwithstanding any other provision contained herein:

- (a) the Option Price of any Option shall in no circumstances be lower than the Market Price on the date on which the Option is granted;
- (b) each Option shall be governed by an Option Agreement; and
- (c) in no event may the term of an Option exceed ten (10) years from the date of the grant of the Option.

5.04 An Option is personal to the Optionee and may not be transferred or assigned, except (i) by will or by the laws of descent and distribution, or (ii) if approved by the Board, acting in its sole discretion, the Optionee may transfer an Option to any Family Member of such Optionee, provided that the transfer is not a "prohibited transfer for value" within the meaning of Form S-8 or any successor Form and provided that the Family Member to which the Option is transferred may not subsequently transfer such Option except by will or by the laws of descent and distribution.

5.05 No Options shall be granted to any Optionee if such grant could result, at any time, in:

- (a) the number of Shares reserved for issuance pursuant to Options or other stock options granted to Insiders exceeding 10% of the issued and outstanding Shares;
- (b) the issuance to Insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares;
- (c) the issuance to any one Insider and such Insider's Associates, within a one-year period, of a number of Shares exceeding 5% of the issued and outstanding Shares; or
- (d) the total number of Shares issuable to such Optionee pursuant to Options or other stock options granted by the Corporation exceed 10% of the issued and outstanding Shares.

5.06 For the purposes of subsections 5.05(a), (b), (c), and (d) "issued and outstanding Shares" is determined on the basis of the number of Shares that are outstanding immediately prior to the Share issuance in question, excluding Shares issued pursuant to Options or other stock options over the preceding one year period. No Options shall be granted if such grant would result in the number of Shares reserved for issuance pursuant to Options or other stock options exceeding 10% of the issued and outstanding Shares. For purposes of this Section 5.06, "issued and outstanding Shares" is determined on the basis of the number of Shares that are outstanding immediately prior to the grant of Options in question, excluding Shares issued pursuant to Options or other stock options over the preceding one year period.

ARTICLE 6

TERMINATION OF EMPLOYMENT; DEATH

- 6.01 If, before the expiry of an Option:
- (a) an Optionee ceases to be a director of the Corporation and any Subsidiary;
 - (b) an Optionee voluntarily resigns his office or employment with the Corporation and any Subsidiary;
 - (c) an Optionee voluntarily terminates his engagement to provide ongoing consulting or advisory services to the Corporation and any Subsidiary;
 - (d) the Optionee's employment or office with the Corporation and any Subsidiary is terminated by the Corporation or Subsidiary without cause;
 - (e) the Optionee's engagement to provide ongoing consulting or advisory services to the Corporation and any Subsidiary is terminated by the Corporation or Subsidiary without cause; or
 - (f) an Optionee retires from his office or employment with the Corporation and any Subsidiary upon attaining the mandatory retirement age established by the Corporation or Subsidiary from time to time;

the Option granted to such Optionee shall only be exercised during the period of thirty (30) days following the effective date of the event referred to in the preceding paragraphs (a) to (f) inclusive (but in any case, prior to the expiry of the Option in accordance with its terms), but only to the extent that the Optionee was entitled to exercise such Option at the effective date of such event (unless the Board determines otherwise). After such period, the Option and all rights of the Optionee thereunder shall immediately expire and terminate. For the purposes of paragraph (d), the effective date of the termination of employment or office shall be the date the Optionee ceases to provide services to the Corporation or a Subsidiary on a regular and consistent basis, regardless of any notice or severance period required by law, and in no event does the entitlement to or receipt of pay in lieu of notice or severance pay serve to extend the effective date or the termination.

- 6.02 If before the expiry of an Option, an Optionee dies or Optionee's relationship with the Corporation and any Subsidiary becoming disabled (within the meaning of section 22(e)(3) of the Code), the Options granted to such Optionee shall be exercisable by the Optionee, the Optionee's guardian or the personal representatives, heirs or legatees of the deceased Optionee during the six (6) month period after the date of death of the Optionee or date of termination of relationship as a result of the Optionee's disability, as applicable (but in any case, prior to the expiry of the Option in accordance with its terms), to the same extent that the Option would have been exercisable by such Optionee on the date of such Optionee's termination of relationship due to death or disability. After such period, the Option and all rights of the Optionee thereunder shall immediately expire and

terminate. If before the expiry of an Option, the Optionee's employment or office with the Corporation and any Subsidiary is terminated for cause or the Optionee's engagement to provide ongoing consulting or advisory services to the Corporation or to an entity controlled by the Corporation is terminated for cause, the Option and all rights of the Optionee thereunder shall immediately expire and terminate.

- 6.03 If the exercise period would otherwise expire (i) during a Blackout Period (as defined below) applicable to the relevant Optionee or (ii) within ten (10) trading days after the expiration of the Blackout Period applicable to the relevant Optionee, the Term of the related Option shall expire on the date that is the tenth trading day after the end of such Blackout Period. For purposes of this Plan, "Blackout Period" means any period during which the Optionee is prohibited by the Corporation's trading policy from trading in the Corporation's securities.

ARTICLE 7

EXERCISE OF OPTIONS

- 7.01 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office in Toronto, Ontario, or such other location at which the Corporation's head office is located from time to time, a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full, by cash or cheque, of the Option Price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.
- 7.02 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of an Option shall be subject to:
- (a) compliance with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, the requirements of the Stock Exchange and any other stock exchange or quotation system on which Shares are then listed or quoted and the corporate laws of the State of Nevada;
 - (b) completion of such registration or other qualification of such Shares or obtaining approval of such governmental authority or regulatory authority if any, as the Board shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - (c) the admission of such Shares to listing or quotation on the Stock Exchange and any other stock exchange or quotation system on which Shares are then listed or quoted;
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- (d) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the Board determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and
- (e) the satisfaction of any conditions on exercise prescribed pursuant to section 3.04 hereof.

In this regard the Corporation shall, to the extent necessary, take all commercially reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on the Stock Exchange.

ARTICLE 8

CERTAIN ADJUSTMENTS

- 8.01 In the event of any subdivision or redivision of the Shares into a greater number of Shares at any time after the grant of an Option to any Optionee and prior to the expiration of the term of such Option, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of his Option in accordance with the terms hereof, in lieu of the number of Shares to which he was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such Optionee would have held as a result of such subdivision or redivision if, on the record date thereof, the Optionee had been the registered holder of the number of Shares to which he was theretofore entitled upon such exercise.
- 8.02 In the event of any consolidation of the Shares into a lesser number of Shares at any time after the grant of an Option to any Optionee and prior to the expiration of the term of such Option, the Corporation shall deliver to such Optionee at the time of any subsequent exercise of his Option in accordance with the terms hereof, in lieu of the number of Shares to which he was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Shares as such Optionee would have held as a result of such consolidation if, on the record date thereof, the Optionee had been registered holder of the number of Shares to which he was theretofore entitled upon such exercise.
- 8.03 If at any time after the grant of an Option to any Optionee and prior to the expiration of the term of such Option, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in sections 8.01 and 8.02 hereof or, subject to the provisions of subsection 9.05(a) hereof, the Corporation shall consolidate or merge with or into another corporation (the corporation resulting or continuing from such consolidation or merger being herein called the "Successor Corporation"), the Optionee shall be entitled to receive upon the subsequent exercise of his Option in accordance with the terms hereof and shall accept in lieu of the number of Shares to which he was theretofore entitled upon such exercise but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class and/or other consideration from the Corporation or the Successor Corporation (as the case may be)
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that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, subject to the provisions of subsection 9.05(a) hereof, as a result of such consolidation or merger, if on the record date of such reclassification, reorganization, other change, or the effective date of such consolidation or merger, as the case may be, he had been the registered holder of the number of Shares to which he was theretofore entitled upon such exercise.

- 8.04 In the event the Corporation should declare and pay a special cash dividend or other distribution out of the ordinary course, a special dividend in specie on the Shares, or a stock dividend other than in the ordinary course, the Option Price of all Options outstanding on the record date of such dividend or other distribution shall be reduced by an amount equal to the cash payment or other distribution or the fair market value of the dividend in specie or stock dividend or other distribution, as determined by the Board in its sole discretion and provided, if required by the Stock Exchange or any other stock exchange or quotation system on which Shares are listed, that such reduction of the Option Price shall be subject to prior approval by such stock exchange or quotation system.

ARTICLE 9

AMENDMENT OR DISCONTINUANCE OF PLAN

- 9.01 The Board may amend, alter, suspend, discontinue or terminate the Plan at any time; provided, however, that notwithstanding any other provision of the Plan or any Option Agreement, without the approval of the shareholders of the Corporation, no such amendment, alteration, suspension, discontinuation or termination shall be made that, absent such approval:
- (a) violates the rules or regulations of the Stock Exchange or any other stock exchange or quotation system that are applicable to the Corporation;
 - (b) increases the number of Shares authorized under the Plan, except as provided by section 4.02; or
 - (c) permits the award of Options at a price less than the Market Price on the date of grant of the Option.
- 9.02 Any amendment to the Plan shall, if required, be subject to the prior approval of, or acceptance by, the Stock Exchange and any other stock exchange or quotation system that are applicable to the Corporation.
- 9.03 Notwithstanding the foregoing, the Board may not amend the Plan or any Option Agreement in a manner that materially and adversely affects any Option previously granted to an Optionee without the consent of the Optionee, except to the extent required by law or expressly permitted by the Plan or the Option Agreement relating to such Option.
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- 9.04 Except as provided in Article VIII hereof, no Option may be repriced or replaced, regranted through cancellation, or otherwise modified, if the effect of such replacement, regrant or modification is to reduce the Option Price of such Option, without in each case the approval of the shareholders of the Corporation.
- 9.05 Notwithstanding anything contained to the contrary in this Plan or in any resolution of the Board in implementation thereof:
- (a) in the event the Corporation proposes to merge or consolidate with any other corporation (other than a wholly-owned Subsidiary) or to liquidate, dissolve or wind-up, or in the event of a Change of Control, or in the event of a take-over bid made in respect of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee holding Options under the Plan, to permit the exercise of all such Options prior to the earlier of (i) the close of business on that date which is twenty (20) days following the date of such notice or (ii) the close of business on the expiration date of the Option; and to determine that upon the expiration of the applicable period, all rights of the Optionees to such Options or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever; and
 - (b) in the event of the sale by the Corporation of all or substantially all of the assets of the Corporation as an entirety or substantially as an entirety so that the Corporation shall cease to operate as an active business, the Corporation shall have the right, upon written notice thereof to each Optionee holding Options under the Plan, to permit the exercise of any outstanding Option as to all or any part of the Shares in respect of which the Optionee would have been entitled to exercise the Option in accordance with the provisions of the Plan at the date of completion of any such sale at any time up to and including, but not after the earlier of: (i) the close of business on that date which is thirty (30) days following the date of completion of such sale; and (ii) the close of business on the expiration date of the Option; but the Optionee shall not be entitled to exercise the Option with respect to any other Shares. Upon the expiration of such period, all rights of the Optionee to such Option or to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have further force or effect whatsoever.
- 9.06 Notwithstanding the provisions of this Article IX, should changes be required to the Plan by any securities commission, the Stock Exchange or any other stock exchange, quotation system or the governmental or regulatory body of any jurisdiction to which the Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Plan, as amended, shall be filed with the records of the Corporation and shall remain in full force and effect in its amended form as of and from the date of its adoption by the Board.
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- 9.07 The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option in the manner and to the extent it shall deem desirable to carry the Plan into effect.

ARTICLE 10

MISCELLANEOUS PROVISIONS

- 10.01 No Eligible Person or other person shall have any claim to be granted any Option under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons or holders or beneficiaries of Options under the Plan. The terms and conditions of Options need not be the same with respect to any Optionee or with respect to different Optionees.
- 10.02 No Optionee will have rights under an Option granted to such Optionee unless and until an Option Agreement shall have been duly executed on behalf of the Corporation and, if requested by the Corporation, signed by the Optionee, or until such Option Agreement is delivered and accepted through any electronic medium in accordance with procedures established by the Corporation.
- 10.03 In the event that any provision of an Option Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.
- 10.04 An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until the date of issuance of a certificate for Shares upon the exercise of such Option, in full or in part, and then only with respect to the Shares represented by such certificate or certificates.
- 10.05 Nothing contained in the Plan shall prevent the Corporation or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- 10.06 Nothing in the Plan or any Option shall confer upon a person any right to continue or be re-elected as a director of the Corporation or any Subsidiary or any right to continue in the employ of the Corporation or any Subsidiary, or affect in any way the right of the Corporation or any Subsidiary to terminate his employment at any time, or any right to continue to provide consulting or advisory services, or affect in any way the right of the Corporation or any Subsidiary to terminate such services at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment of any person beyond the time which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 10.07 In order to comply with all applicable United States, Canadian and foreign federal, state, provincial or local income tax laws or regulations, the Corporation may take such action
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as it deems appropriate to ensure that all applicable federal, state, provincial or local payroll, withholding, income or other taxes, which are the sole and absolute responsibility of an Optionee, are withheld or collected from such Optionee. In order to assist an Optionee in paying all or a portion of the federal, state, provincial and local taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Option, the Board, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Optionee to satisfy such tax obligation by (i) electing to have the Corporation withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Option with a Market Value equal to the amount of such taxes or (ii) delivering to the Corporation Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Option with a Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

- 10.08 References herein to any gender include all genders.
- 10.09 The validity, construction and effect of the Plan or any Option, and any rules and regulations relating to the Plan or any Option, shall be determined in accordance with the internal laws, and not the law of conflicts, of the State of Nevada.
- 10.10 If any provision of the Plan or any Option is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Option under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Board, materially altering the purpose or intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction or Option, and the remainder of the Plan or any such Option shall remain in full force and effect.
- 10.11 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Subsidiary and an Eligible Person or any other person. To the extent that any person acquires a right to receive payments from the Corporation or any Subsidiary pursuant to an Option, such right shall be no greater than the right of any unsecured general creditor of the Corporation or any Subsidiary.
- 10.12 No compensation or benefit awarded to or realized by any Optionee under the Plan shall be included for the purpose of computing such Optionee's compensation under any compensation-based retirement, disability, or similar plan of the Corporation unless required by law or otherwise provided by such other plan.
- 10.13 No fractional Shares shall be issued or delivered pursuant to the Plan or any Option, and the Board shall determine whether cash shall be paid in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be cancelled, terminated or otherwise eliminated.
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- 10.14 Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- 10.15 The Plan is intended to comply in all respects with Rule 16b-3 or any successor provision, as in effect from time to time, and in all events the Plan shall be construed in accordance with the requirements of Rule 16b-3. If any Plan provision does not comply with Rule 16b-3 as hereafter amended or interpreted, the provision shall be deemed inoperative. The Board of Directors, in its absolute discretion, may bifurcate the Plan so as to restrict, limit or condition the use of any provision of the Plan with respect to persons who are officers or directors subject to Section 16 of the Exchange Act without so restricting, limiting or conditioning the Plan with respect to other Eligible Persons.
- 10.16 The holder of any Option granted hereunder acknowledges that the grant, exercise, vesting or any payment with respect to such Option, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, may have tax consequences pursuant to United States or Canadian federal, state, provincial or local laws or under foreign or other international tax laws. Such a holder further acknowledges that such holder is relying solely and exclusively on the holder's own professional tax and investment advisors with respect to any and all such matters (and is not relying, in any manner, on the Corporation or any of its employees or representatives). Finally, such a holder understands and agrees that any and all tax consequences resulting from the Option and its grant, exercise, vesting or any payment with respect thereto, and the sale or other taxable disposition of the Shares acquired pursuant to the Plan, is solely and exclusively the responsibility of such holder without any expectation or understanding that the Corporation or any of its employees or representatives will pay or reimburse such holder for such taxes or other items.

ARTICLE 11

SHAREHOLDER AND REGULATORY APPROVAL

- 11.01 The Plan shall be subject to ratification by the shareholders of the Corporation to be effected by a resolution passed at a meeting of the shareholders of the Corporation, and to acceptance by the Stock Exchange and any other relevant regulatory authority.

ARTICLE 12

U.S. PARTICIPANTS

- 12.01 Where used in the Plan, with respect to U.S. Participants, the following terms shall have the meanings ascribed to them in this section 12.01:
- (a) "**Employee**" means, with respect to any U.S. Participant, a person who is an employee of the Corporation (or of any Majority-Owned Subsidiary) for purposes of section 422 of the Code;
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- (b) "**Fair Market Value**" means, with respect to any property (including, without limitation, any Share), the fair market value, as of a given date, of such property, determined by such methods or procedures as are established in good faith from time to time by the Board. Unless otherwise determined by the Board, the fair market value of a Share as of a given date will be the Market Price;
- (c) "**Grant Date**" means, with respect to any Option, the date on which the Board makes the determination to grant such Option and takes all actions required under applicable law for the valid grant of such option or any later date specified by the Board;
- (d) "**Incentive Stock Option**" means an Option that is intended to qualify as an "incentive stock option" pursuant to section 422 of the Code;
- (e) "**Majority-Owned Subsidiary**" means any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, if each corporation (other than the last corporation) in such chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. With respect to any U.S. Participant, the preceding definition of the term "Majority-Owned Subsidiary" is intended to comply with, and will be interpreted consistently with, the term defined in section 424(f) of the Code;
- (f) "**Nonqualified Stock Option**" means an Option that is not an Incentive Stock Option;
- (g) "**Parent**" means any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, if each corporation in such chain (other than the Corporation) owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The preceding definition of the term "Parent" is intended to comply with, and will be interpreted consistently with, section 424(e) of the Code;
- (h) "**U.S. Participant**" means 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
- (i) "**10% Shareholder**" means any person who owns, taking into account the constructive ownership rules set forth in section 424(d) of the Code, more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or of any Parent or Majority-Owned Subsidiary).

12.02 Notwithstanding any other provision of this Plan to the contrary, the aggregate number of Shares available for Incentive Stock Options is 4,485,470, subject to adjustment pursuant to Article VIII of this Plan and subject to the provisions of sections 422 and 424 of the Code.

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- 12.03 Each Option Agreement with respect to an Option granted to a U.S. Participant shall specify whether the related Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made in an Option Agreement, the related Option will be (a) an Incentive Stock Option if all of the requirements under the Code that must be satisfied in order for such Option to qualify as a Incentive Stock Option are satisfied or (b) in all other cases, a Nonqualified Stock Option.
- 12.04 In addition to the other terms and conditions of this Plan (and notwithstanding any other term or condition of this Plan to the contrary), the following limitations and requirements will apply to an Incentive Stock Option:
- (a) An Incentive Stock Option may be granted only to an Employee.
 - (b) The aggregate Fair Market Value of the Shares (determined as of the applicable Grant Date) with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (pursuant to this Plan and all other plans of the Corporation and of any Parent or Majority-Owned Subsidiary) will not exceed one hundred thousand dollars (U.S.\$100,000) or any other limitation subsequently set forth in section 422(d) of the Code.
 - (c) The exercise price per Share payable upon exercise of an Incentive Stock Option will be not less than one hundred percent (100%) of the Fair Market Value of a Share on the applicable Grant Date; provided, however, that the exercise price per Share payable upon exercise of an Incentive Stock Option granted to a U.S. Participant who is a 10% Shareholder on the applicable Grant Date will be not less than one hundred ten percent (110%) of the Fair Market Value of a Share on the applicable Grant Date.
 - (d) No Incentive Stock Option may be granted more than ten (10) years after the earlier of (i) the date on which this Plan is adopted by the Board or (ii) the date on which this Plan is approved by the shareholders of the Corporation.
 - (e) An Incentive Stock Option will terminate and no longer be exercisable no later than ten (10) years after the applicable Grant Date; provided, however, that an Incentive Stock Option granted to a U.S. Participant who is a 10% Shareholder on the applicable Grant Date will terminate and no longer be exercisable no later than five (5) years after the applicable Grant Date.
 - (f) If a U.S. Participant who has been granted an Incentive Stock Option ceases to be an Employee, such Incentive Stock Option will be exercisable pursuant to Article VI, except that the employment of a U.S. Participant who has been granted an Incentive Stock Option will not be considered interrupted or terminated upon (a) sick leave, military leave or any other leave of absence approved by the Administrator that does not exceed ninety (90) days in the aggregate; provided, however, that if reemployment upon the expiration of any such leave is guaranteed by contract or applicable law, such ninety (90) day limitation will not apply, or (b) a transfer from one office of the Corporation (or of any Parent or Majority-Owned Subsidiary) to another office of the Corporation (or of any Parent or
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Majority-Owned Subsidiary) to another office of the Corporation (or of any Parent or Majority-Owned Subsidiary) or a transfer between the Corporation and any Parent or Majority-Owned Subsidiary.

- (g) An Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant.
- (h) An Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned, pledged, hypothecated or otherwise disposed of by such U.S. Participant, except by will or by the laws of descent and distribution.

12.05 In the event that this Plan as amended by the Board on October 27, 2008 is not approved by the shareholders of the Corporation within twelve (12) months before or after October 27, 2008, any Incentive Stock Option granted under this Plan will automatically be deemed to be a Nonqualified Stock Option.

October 27, 2008

