

COPPER REEF MINES (1973) LIMITED
Incentive Stock Option Plan

FORM OF STOCK OPTION AGREEMENT

adopted by the Board of Directors as of
Dec 30, 2005

This INCENTIVE STOCK OPTION AGREEMENT is made effective as of the 1st day of January, 2006 (the "**Effective Date**")

BETWEEN:

ROBERT N. GRANGER Q.C., an individual residing at 1000 Closson
Road, Hillier, Ontario K0K 2J0

(hereinafter referred to as the "**Optionee**")

AND:

COPPER REEF MINES (1973) LIMITED, a company incorporated
pursuant to the laws of Manitoba

(hereinafter referred to as the "**Company**")

WHEREAS:

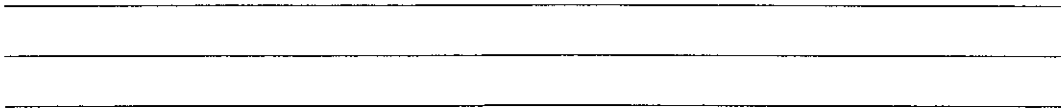
- A. The Optionee is eligible to receive an option to purchase common shares of the Company by virtue of being one or more of a Director, Officer, Employee or Consultant of the Company of the Company;
- B. The Company wished to grant the Optionee an option to purchase common shares in the capital of the Company;
- C. For purposes of this agreement, references to "Company" shall include any subsidiaries and affiliates of the Company from time to time as the context may require;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the sum of \$1.00 given by the Optionee to the Company, the receipt and sufficiency of which is acknowledged, the parties hereto agree as follows:

- 1. **Grant of Option.** Subject to the provisions hereof and as an incentive to the Optionee, and not as an inducement to employment or continued employment by the Company, the Company grants to the Optionee an option (the "**Option**") to purchase, from time to time, a total of up to 500,000 common shares in the share capital of the Company at an exercise price of \$0.20 per common share, exercisable on or before 11:59 p.m. (Winnipeg time) (the "**Time of Expiry**") on May 31, 2010 (the "**Expiry Date**").
- 2. **Cancellation:** The Option cannot be cancelled and shall be and remain in full force and effect and exercisable until the Time of Expiry on the Expiry Date. For greater certainty, this Option

shall only terminate and shall thereafter not be exercisable by the Optionee after 11:59 p.m. (Winnipeg time) on the Expiry Date. In the event that the Optionee dies during the term of the Option, any unexercised portion of the Option shall be available for exercise by the Optionee's heirs or administrators until the Time of Expiry on the Expiry Date.

3. **Vesting Terms.** The Option shall vest and accordingly become immediately exercisable in whole or in part upon execution thereof.
4. **Exercise Procedure.** In order to exercise the Option, the Optionee shall, no later than the Time of Expiry on the Expiry Date, give written notice to the Company of the Optionee's intention to exercise the Option in whole or in part, stating the number of common shares being acquired pursuant to such exercise, accompanied by cash or certified cheque made payable to the Company, in an amount equal to the aggregate exercise price for the common shares being purchased pursuant to the exercise of the Option. In order to exercise the Option, the Optionee shall deliver to the Company:
 - a. this Option Agreement, with the "Option Exercise Form" appended hereto completed and signed in respect of the exercise of the Option;
 - b. a certified cheque or bank draft made payable to the Company in an amount equal to the aggregate exercise price for the common shares being purchased pursuant to the exercise of the Option; and
 - c. such other certifications, undertakings or other documents and agreements as the Company may properly require to ensure compliance with applicable laws.
5. **Incentive Mechanism.** The Optionee expressly acknowledges and agrees that the Option is an incentive mechanism to the Optionee and not an inducement to employment or continued employment by the Company.
6. **Compliance with Securities Laws.** The Optionee expressly acknowledges and agrees to apprise himself of and seek independent legal advice regarding applicable securities and other laws relating to the holding and exercise of the Option and the holding and disposition of any common shares of the Company or other securities or property acquired on the exercise of the Option, and to at all times abide by and comply with such laws.
7. **Representations and Warranties.** The Optionee and the Company represent and warrant to each other that the Optionee is a bona fide: **[check appropriate category]**
 - Director of the Company
 - Officer of the Company
 - Employee of the Company
 - Consultant of the Company
 - a corporation wholly owned by Directors, Officers, Employees or Consultants of the Company, namely: **[list the holder and holdings of all shares of all classes]**



8. **Corporate Optionee.** In the event that the Optionee is a corporation, the Optionee:
 - a. represents and warrants to the Company that all of the Optionee's issued and outstanding shares capital are owned by a Director, Officer, Employee or Consultant of the Company;
 - b. undertakes, for the duration that the Optionee holds the Option, to not (i) permit or effect the transfer of any shares of any class of the Optionee, or permit or effect any option over any such shares; and (ii) allot or issue any of its shares of any class of the Optionee to any person other than the current shareholders of the Optionee, all of whom are Directors, Officers, Employees or Consultants of the Company;
 - c. expressly acknowledges and agrees that upon the representation and warranty contained in subparagraph (a) hereof no longer being true or upon the undertaking in subparagraph (b) hereof being breached, that the Option shall become immediately null and void.
9. **Adopting Plan:** In the event that the Company has adopted a stock option plan, then notwithstanding anything to the contrary contained herein, the Option and this Agreement shall be governed under the terms of such stock option plan as it may exist from time to time, provided that in the event of any inconsistencies between the Agreement and the stock option plan, the terms of this Agreement shall prevail.
10. **Adjustment:** In the event that there is any change in the common shares of the Company through the declaration of stock dividends, stock splits, consolidations, exchanges of shares, or otherwise, the number of common shares subject to Option and the option price shall be adjusted appropriately by the Company, at its discretion, and such adjustment shall be effective and binding for all purposes of this Agreement. In the event that the Company shall amalgamate, consolidate with, or merge into another corporation, the Optionee will thereafter receive, upon the exercise of the Option, the securities or property to which a holder of the number of common shares then deliverable upon the exercise of the Option would have been entitled to upon such amalgamation, consolidation, or merger. The Company agrees to take such reasonable steps in connection with such amalgamation, consolidation, or merger as may be necessary to ensure that the provisions hereof shall thereafter be applicable, as near as reasonably possible. A sale of all or substantially all of the assets of the Company for consideration (apart from the assumption of obligations), a substantial portion of which consists of securities, shall be deemed a consolidation, amalgamation or merger for the purposes hereof.
11. **General:** Whenever the singular or masculine are used throughout this Agreement, the same shall be construed as being the plural or feminine or neuter where the context so requires, and vice versa.
12. **Non-Transferability and Enurement.** This Agreement and the Option are personal to the Optionee and may not be sold, assigned or otherwise transferred or encumbered in whole or in part. This Agreement and the Option shall enure to the benefit of and be binding upon the parties hereto and, as applicable, their executors, administrators, legal representatives, successors and permitted assigns.

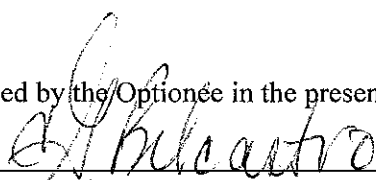
- 13. **Governing Law.** This Agreement and the Option shall be governed, construed and enforced according to the laws of the Province of Manitoba and is subject to the exclusive jurisdiction of the courts of the Province of Manitoba.
- 14. **Further Assurances.** The parties agree to execute such further assurances, instruments and other documents as may be required to give effect to the intent hereof.
- 15. **Counterparts and Delivery.** The Optionee and the Company may execute this Agreement in two or more counterparts and effect delivery by facsimile, and each such counterpart and facsimile shall be deemed to constitute one and the same original instrument effective as of the date first above written.

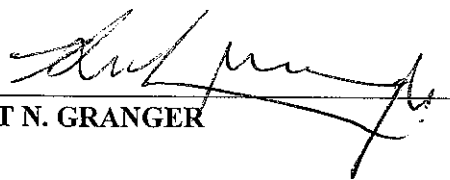
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

COPPER REEF MINES (1973) LIMITED

Per: 
Stephen L. Masson F. Geo.

Chairman and CEO.

Signed by the Optionee in the presence of:)
 X )
 Signature of Witness)
Caroline Belcastro)
 Print Name of Witness)
1000 Claxson Rd Hillier ON)
 Address and Occupation)
 Vintner)


ROBERT N. GRANGER

OPTION EXERCISE FORM

To: **COPPER REEF MINES (1973) LIMITED** (the "Company")
Re: Exercise of Incentive Stock Option

The undersigned, party to the attached Option Agreement between the undersigned and the Company, hereby irrevocably exercises its option to purchase and accordingly subscribes for _____ common shares of the Company, all pursuant to and in accordance with the terms and provisions of said Option Agreement.

The undersigned hereby tenders (i) the attached Option Agreement for cancellation and, in the event the Option is not exercised in full, for re-issue in respect of the unexercised portion of the Option; and (ii) a certified cheque or bank draft made payable to the Company in an amount equal to the aggregate exercise price for the common shares being purchased pursuant to the exercise of the Option in full payment for said common shares and for no other purpose.

The undersigned hereby directs that the common shares be registered in the name of the undersigned and mailed to the following address:

Street Address

City, Province, Postal Code

Attention:

The Optionee expressly acknowledges and agrees that it has apprised itself of and sought independent legal advice regarding applicable securities and other laws relating to the holding and exercise of the Option and the holding and disposition of any common shares of the Company or other securities or property acquired on the exercise of the Option, and that it has and will at all times abide by and comply with such laws.

DATED EFFECTIVE the _____ day of _____, 200_____ .

SIGNED IN THE PRESENCE OF:)	
)	
_____)	_____
Print Name of Witness)	Print Name of Option Holder
)	
X _____)	_____
Signature of Witness)	Signature of Option Holder or Signatory thereof
)	
_____)	_____
Address)	If applicable, print name and office of Signatory
)	
_____)	
Occupation)	