NORTHERN HEMISPHERE DEVELOPMENT CORP.
INCENTIVE STOCK OPTION PLAN - ROLLING PLAN

1. Purpose

1.1 The purpose of this Incentive Stock Option Plan (the **"Plan"**) is to promote the profitability and growth of **Northern Hemisphere Development Corp.** (the **"Company"**) by facilitating the efforts of the Company and its subsidiaries to obtain and retain key individuals. The Plan provides an incentive for and encourages ownership of the Company's shares by its key individuals so that they may increase their stake in the Company and benefit from increases in the value of the Company's shares.

2. Administration

2.1 The Plan will be administered by a committee (the **"Committee"**) of the Company's Board of Directors (the **"Board"**), or in the alternative, the Plan will be administered by those persons or person designated by the Board to administer the Plan.

2.2 The Committee will be authorized, subject to the provisions of the Plan, to adopt such rules and regulations which it deems consistent with the Plan's provisions and, in its sole discretion, to designate options (**"Options"**) to purchase shares of the Company pursuant to the Plan. The Committee may authorize one or more individuals of the Company to execute, deliver and receive documents on behalf of the Committee.

3. Eligibility

3.1 To be eligible to receive Options under the Plan, the recipient (the **"Optionee"**) must be either a "Consultant", "Director", "Employee" or a "Management Company Employee" in relation to the Company, as those terms are defined in Policy 4.4, Director, Officer and Employee Stock Options, of the TSX Venture Exchange (the **"Exchange"**);

3.2 The defined term "subsidiaries" for the purpose of the Plan will include any company which may, from time to time, be wholly owned or over which control is held by the Company, which definition may be varied by the Committee to confirm with the changing interests of the Company.

3.3 Nothing in the Plan or in any Option or any purchase arrangement pursuant to **Section 9** hereof shall confer any right on any individual to continue in the employ of or association with the Company or its subsidiaries or will interfere in any way with the right of the Company or its subsidiaries to terminate at any time the employment of a person or a service contract of a person who is an Optionee under an Option.

4. Shares Subject to Option and General Limitations of Plan

4.1 The shares to be optioned under the Plan will be authorized but unissued Common Shares without par value (**"Shares"**) of the Company.

4.2 The aggregate number of Shares for which Options may be granted will not exceed **10%** of the issued and outstanding common share capital, subject to adjustment under **Section 11** below.

4.3 The number of Shares under Option at any specific time to any one Optionee shall not exceed 5% of the issued and outstanding common share capital of the Company in any 12 month period, subject to adjustment under **Section 11** hereof. However, if the Company is re-classified by the Exchange as a Tier 1 company, the number of Shares under Option at any specific time to any one Optionee may exceed 5% of the issued and outstanding common share capital of the Company in any 12 month period, PROVIDED THAT disinterested shareholder approval has been obtained.

4.4 Shares subject to and not delivered under an Option which expires or terminates shall again be available for option under the Plan.

4.5 The number of Shares under Option to any Consultant in any 12 month period shall not exceed 2% of the issued and outstanding common share capital of the Company.

4.6 The number of Shares under Option to all Employees conducting Investor Relations Activities (as defined in the policies of the Exchange) shall not exceed an aggregate of 2% of the issued and outstanding common share capital of the Company in any 12 month period, calculated at the date the option(s) was (were) granted.

4.7 Disinterested shareholder approval must be obtained for any grant of Options to Insiders (as that term is defined under the policies of the Exchange), within a 12 month period, of a number of options exceeding 10% of the issued share capital of the Company.

4.8 The Option Price will be paid in full at the time of exercise of the Option and no Shares will be delivered until full payment is made.

4.9 An Optionee will not be deemed the holder of any Shares subject to his Option until the Shares are delivered to him.

5. Granting of Options and Vesting Provisions

5.1 The Committee may from time to time at its discretion, subject to the provisions of the Plan, determine those eligible individuals to whom Options will be granted, the number of Shares subject to such Options, the dates on which such Options are to be granted and the expiration of such Options.

5.2 Subject to any additional vesting requirements in the Plan, Options issued to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than 1/4 of the Options vesting in any three month period.

5.3 Each Option will be evidenced by a written agreement between, and executed by, the Company and the Optionee containing terms and conditions established by the Committee with respect to such Option and will be consistent with the provisions of the Plan.

5.4 An Optionee may have one or more stock options outstanding at a time.

6. Option Price

6.1 The price per Share at which Shares may be purchased upon the exercise of an Option (the "**Option Price**") will not be lower than the market price (the "**Market Price**" as defined below_ of the Shares on the Exchange at the time of grant, less the applicable discount as provided by the policies of the Exchange, provided that the exercise price will not be less than $0.10 per share. In the context of the Plan, "Market Price" means the last closing price of the Company's shares on the day immediately preceding the date on which the directors grant and publicly announce the options, subject to adjustment in certain circumstances in accordance with the policies of the Exchange.

7. Hold Period

7.1 A four-month hold period on all stock options is imposed by the Exchange from the date of grant. However, subject to Board approval, Tier 1 Issuers may grant stock options without an Exchange hold period, provided the exercise price of the Options is based on the Market Price *without* the applicable discount.

8. Term of Option

8.1 The maximum term of any Option will be no longer than:
(a) for so long as the Company is classified as a Tier 2 issuer or equivalent designation of the Exchange, the fifth anniversary of the date of the Option; or
(b) if the classification of the Company on the Exchange is upgraded from that of a Tier 2 issuer the tenth anniversary of the date of the Option.

8.2 An Option granted to:

(a) a Director, Employee, Consultant or Management Company Employee must expire within 90 days after the Optionee ceases to be in at least one of those categories; and
(b) an Optionee who is engaged in Investor Relations Activities must expire within 30 days after the Optionee ceases to be employed to provide Investor Relations Activities.

9. Transferability of Options

9.1 An Option may not be assigned or transferred otherwise than by Will or the law of intestacy. During the lifetime of an Optionee, the Option may be exercised only by the Optionee.

10. 10. Death

10.1 If any Optionee shall die holding an Option which has not otherwise expired and has not been fully exercised, his personal representative, heirs or legatees may, at any time within 60 days of grant of probate of the will or letters of administration of the estate of the decedent or within one year after the date of such death, whichever is the lesser time, exercise the Option with respect to the unexercised balance of the Shares subject to the Option.

11. Changes in Shares

11.1 In the event the authorized common share capital of the Company as presently constituted is consolidated into a lesser number of Shares or subdivided into a greater number of Shares, the number of Shares for which Options are outstanding or are available for option under the Plan will be decreased or increased proportionately as the case may be and, for outstanding Options, the Option Price will be adjusted accordingly and the Optionees will have the benefit of any stock dividend declared during the period within which the said Optionee held his Option. Should the Company amalgamate or merge with any other company or companies (the right to do so being hereby expressly reserved) whether by way of arrangement, sale of assets and undertakings or otherwise, then and in each such case the number of shares of the resulting corporation to which an Option relates will be determined as if the Option had been fully exercised prior to the effective date of the amalgamation or merger and the Option Price will be correspondingly increased or decreased, as applicable.

12. Cancellation of Options

12.1 The Committee may, with the consent of the Optionee, cancel an existing Option, in accordance with the policies of the Exchange.

13. Amendment or Discontinuance

13.1 The Board may alter, suspend or discontinue the Plan, but may not, without the approval of the shareholders of the Company and the Exchange, make any alteration which would:

(a) increase the aggregate number of Shares subject to Option under the Plan except as provided in **Section 11;** or
(b) decrease the Option Price except as provided in **Section 11**.

Notwithstanding the foregoing, the terms of an existing Option may not be altered, suspended or discontinued without the consent in writing of the Optionee.

13.2 Disinterested shareholder approval must be obtained for any reduction in the exercise price if the Optionee is an Insider of the Company at the time of the proposed amendment.

14. Interpretation

14.1 The Plan will be construed according to the laws of the Province of British Columbia.

15. Liability

15.1 No member of the Committee or any director, officer or employee of the Company will be personally liable for any act taken or omitted in good faith in connection with the Plan.

16. Investor Relations Services

16.1 In addition to the restrictions set out in **Section 4**, and notwithstanding **Section 5**, options granted to Consultants or persons performing Investor Relations Activities for the Company shall comply with the applicable policies of the Exchange at the time of the granting of each option.

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