

AUREUM EXPLORATION INC.

STOCK OPTION PLAN

This stock option plan has been adopted by the directors of Aureum Exploration Inc.. in connection with its application for listing of its common shares on the Canadian Securities Exchange as governed by their Policy 6 (Subsection 5 “Incentive Stock Options”). Notwithstanding anything herein to the contrary, the terms of this stock option plan and the terms of all options granted pursuant to this stock option plan shall include all terms, conditions and restrictions provided by Policy 6 as if such terms, conditions and restrictions were reproduced herein. In the event of any inconsistency between Policy 6 and this stock option plan, Policy 6 shall prevail.

PART 1 **INTERPRETATION**

1.1 **Definitions.** In this Plan the following words and phrases shall have the following meanings, namely:

- (a) “Affiliate” means a company that is a parent or subsidiary of the Company, or that is controlled by the same person as the Company;
- (b) “Associate” means, where used to indicate a relationship with any person:
 - (i) a partner, other than a limited partner, of that person;
 - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
 - (iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or
 - (iv) a relative, including the spouse or child, of that person or a relative of that person’s spouse, where the relative has the same home as that person;and for the purpose of this definition, “spouse” includes an individual who is living with another individual in a marriage-like relationship.
- (c) “Board” means the Board of Directors of the Company or, if applicable, the Committee.
- (d) “Change of Control” means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.
- (e) “Committee” means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
- (f) “Company” means Aureum Exploration Inc..
- (g) “Consultant” means, in relation to the Company, an individual (or a company wholly-owned by an individual) who:
 - (i) provides ongoing consulting services to the Company or an Affiliate of the

Company under a written contract;

- (ii) possesses technical, business or management expertise of value to the Company or an Affiliate of the Company;
 - (iii) spends a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
 - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (h) “Corporation” means unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- (i) “CSE” means the Canadian Securities Exchange.
- (j) “Director” means any director of the Company or of any of its subsidiaries.
- (k) “Eligible Person” means a bona fide Director, Officer, Employee or Consultant, or a corporation wholly owned by such Director, Officer, Employee or Consultant.
- (l) “Employee” means:
- (i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);
 - (ii) an individual who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or
 - (iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;

and includes Management Company Employees and Consultants.

- (m) “Exchange” means the CSE or any other stock exchange on which the Shares are listed for trading.
- (n) “Exchange Policies” means the policies and related rules of the Exchange governing the granting of stock options by the Company, as amended from time to time.
- (o) “Expiry Date” means a date not later than 5 years from the date of grant of an option;
- (p) “Income Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.
- (q) “IR service provider” means a Person who, employed or retained as a Consultant by or on behalf of the Company, engages in activities that promote or reasonably could be expected to promote

the purchase or sale of securities of the Company.

- (r) “Joint Actor” means a person acting jointly and in concert with another person.
 - (s) “Management Company Employee” means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged as an IR service provider.
 - (t) “Market Price” means, subject to the exceptions prescribed by the Exchange from time to time, the greater of the closing market price of the Shares on: (a) the last trading day immediately preceding the date of grant of an option; and (b) the date of grant of an option.
 - (u) “Officer” means any senior officer of the Company or of any of its subsidiaries.
 - (v) “Optionee” means an Eligible Person that is granted options under this Plan.
 - (w) “Person” means an individual or a Corporation.
 - (x) “Plan” means this stock option plan, as may be amended from time to time.
 - (y) “Securities Act” means the *Securities Act* (Ontario), as amended from time to time.
 - (z) “Shares” means common shares without par value in the capital of the Company.
- 1.2 Gender. Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.
- 1.3 Governing Law. The validity and construction of this Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

PART 2 PURPOSE OF PLAN

- 2.1 Purpose. The purpose of this Plan is to attract and retain Consultants, Employees, Officers and Directors and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

PART 3 GRANTING OR AMENDING OF OPTIONS

- 3.1 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than two (2) of its members) appointed by the Board.
- 3.2 Committee’s Recommendations. The Board may accept all or any part of the recommendations of any committee appointed under Section 3.1 or may refer all or any part thereof back to the Committee for further consideration and recommendation.
- 3.3 Grant by Resolution. The Board, on its own initiative or, if a committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such committee, may by resolution designate those Eligible Persons to whom options should be granted (unless the Committee

has been authorized by the Board to pass such resolution in which case they may do as so authorized).

- 3.4 **Terms of Options.** The resolution of the Board, or the committee if applicable, shall specify the number of Shares that should be placed under option for each Optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised, such period not to exceed 5 years.
- 3.5 **Written Agreements.** Every option granted under this Plan shall be evidenced by a written agreement between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.
- 3.6 **Regulatory Approvals.** The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any optionee resides.
- 3.7 **Amendment of Options.** Options may also be amended under this Plan, whether granted under this Plan or otherwise, and the terms of this Plan shall apply mutatis mutandis.
- 3.8 **Withholding Taxes.** If the Company is required under the Income Tax Act or any other applicable law to make source deductions in respect of Employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of any Shares upon the exercise of options, then any Optionee who is deemed an Employee shall:
- (a) pay to the Company, in addition to the exercise price for such options, the amount necessary to satisfy the required tax remittance as is reasonably determined by the Company;
 - (b) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines a portion of the Shares issued upon the exercise of such options to realize proceeds to be used to satisfy the required tax remittance; or,
 - (c) make other arrangements acceptable to the Company to satisfy the required tax remittance.

PART 4

CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

- 4.1 **Exercise Price.** The exercise price of options granted under this Plan shall not be less than the Market Price.
- 4.2 **Notice.** The Company must comply with Exchange Policy by posting notice (currently, in Form 11) each time options are granted to Eligible Persons.
- 4.3 **Expiry Date.** Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 5 years.
- 4.4 **Number of Shares.** The number of Shares reserved for issuance to any one person pursuant to options granted under this Plan shall not exceed 5% of the issued and outstanding Shares at the time of granting of the options.
- 4.5 **Death of Optionee.** If an optionee dies prior to the expiry of his option, his legal representatives may, by the earlier of:

- (a) one year from the date of the optionee's death (or such lesser period as may be specified by the Board at the time of granting the option); and
- (b) the expiry date of the option;

exercise any portion of such option.

- 4.6 **Expiry on Termination or Cessation.** If an optionee ceases to be an Eligible Person for any reason other than death, such optionee's options shall terminate within a reasonable time as specified by the Board at the time of granting the options, such period not to exceed a period of one year from the date of termination, and all rights to purchase Shares under such options shall cease and expire and be of no further force or effect.
- 4.7 **Leave of Absence.** Employment shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the optionee's reemployment is not so guaranteed, then his employment shall be deemed to have terminated on the ninety-first day of such leave.
- 4.8 **Assignment.** No options granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to him hereunder to a trust or similar legal entity established by such optionee.
- 4.9 **Notice of Exercise.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company at its principal place of business.
- 4.10 **Payment.** Subject to any vesting requirements described in each individual option agreement, options may be exercised in whole or in part at any time prior to their lapse or termination. The exercise price of all options must be paid in cash. Shares purchased by an optionee on exercise of an option shall be paid for in full at the time of their purchase (i.e. concurrently with the giving of the requisite notice).
- 4.11 **Evidence of Share Ownership.** Within a reasonable time after due exercise of an option, the Company shall issue to the Optionee evidence of ownership of the Shares with respect to which the option has been exercised. Such evidence may be by way of direct registration advice or share certificate at the discretion of the Company provided however if the Optionee requests a share certificate, the Optionee will pay the Company for any additional issuance costs of the Company's transfer agent. Until the issuance of such evidence of share ownership, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof.
- 4.12 **Vesting.** Subject to the discretion of the Board, the options granted to an optionee under this Plan shall fully vest on the date of grant of such options.

PART 5

RESERVE OF SHARES FOR OPTIONS

- 5.1 **Maximum Number of Shares Reserved Under Plan.** Subject to adjustment as provided in PART 6, the aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed 10% of the issued and outstanding Shares of the Company at the time the options are granted. The aggregate number of shares to be delivered upon the exercise of all options granted under this Plan shall not exceed the maximum number of shares permitted under the rule

of any stock exchange on which Shares are then listed or other regulatory body having jurisdiction.

- 5.2 Sufficient Authorized Shares to be Reserved. Whenever the Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan or otherwise. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

PART 6

CHANGES IN SHARES

- 6.1 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.
- 6.2 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.3 Reorganization. Subject to any required action by its shareholders, if the Company shall be a party to a reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an optionee hereunder by paying to the said optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied. Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.
- 6.4 Rights Offering. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the optionee shall remain unaffected.

PART 7

EXCHANGE'S RULES AND POLICIES APPLY

- 7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having jurisdiction and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

PART 8

AMENDMENT OF PLAN

- 8.1 Board May Amend. Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned,

affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.

PART 9
MISCELLANEOUS PROVISIONS

- 9.1 Other Plans Not Affected. This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers and Employees.
- 9.2 Effective Date of Plan. This Plan shall become effective upon receipt of shareholder approval.
- 9.3 Use of Proceeds. Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.
- 9.4 Headings. The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 9.5 No Obligation to Exercise. Optionees shall be under no obligation to exercise options granted under this Plan.
- 9.6 Termination of Plan. This Plan shall only terminate pursuant to a resolution of the Board or the Company's shareholders.