

INCENTIVE STOCK OPTION AGREEMENT

THIS AGREEMENT MADE EFFECTIVE AS OF THE 12th DAY OF March, 2010 (the "Effective Date").

BETWEEN:

PINECREST RESOURCES LTD., a company incorporated under the laws of the Province of British Columbia having a place of business at 1250 – 999 W. Hastings St., Vancouver, British Columbia V6C 2W2, Facsimile: (604) 681 - 9955;

(the "Company")

AND:

EDWARD FARRAUTO, of 1250 – 999 W. Hastings St., Vancouver, British Columbia V6C 2W2

(the "Optionee")

WHEREAS:

A. The Optionee is a director of the Company and the Company desires to grant the Optionee an option to purchase certain Shares (as hereinafter defined) to provide incentive to the Optionee in acting in such capacity;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the recitals, the following agreements, the payment of One Dollar (\$1.00) made by each party to the other, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each party, the parties agree as follows:

1. Definitions

In this agreement, the term "Share" or "Shares" means one or more common shares without par value in the capital of the Company.

2. Grant of Option

The Company hereby grants to the Optionee an option (the "Option") to purchase all or any portion of 120,000 fully paid Shares of the Company (the "Optioned Shares") from the treasury at the price per Optioned Share equal to the greater of: (a) \$0.10 per Share; and (b) the price per common share distributed under the initial public offering of the common shares of the Company.

Subject to paragraph 4 of this agreement, the Option is exercisable on or before five years from the date that the Shares are listed for trading on the TSX Venture Exchange (the "Expiry Date"). Subject to paragraph 4 of this agreement, following the close of business on the Expiry Date the Option will expire and this agreement will terminate and be of no further force or effect whatsoever.

3. Assignment

The Option will not be assignable or transferable by the Optionee otherwise than by will or the law of intestacy.

4. Termination

If the Optionee does not continue as a director, officer, technical consultant or employee of the Resulting Issuer (as such term is defined in Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange Corporate Finance Manual (“Policy 2.4”)) following the Completion of the Qualifying Transaction (as such term is defined in Policy 2.4), the Option will have a maximum term of the later of 12 months after the Completion of the Qualifying Transaction and 90 days after the Optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer.

Notwithstanding the above, this Option shall terminate immediately on the date the Optionee ceases to be a director of the Company as a result of:

- (a) ceasing to meet the qualifications set forth in sections 124(1) and (2) of the *Business Corporations Act* (British Columbia) S.B.C. 2002, c. 57 (the “Act”);
- (b) a special resolution passed by the members of the Company pursuant to subsection 128(3)(a) and 131(a) of the Act; or
- (c) by order of any securities regulatory body having jurisdiction to so order.

Notwithstanding the above, if the Optionee should die while still a director of the Company, the Option may then be exercised by the Optionee's legal heirs or personal representatives to the same extent as if the Optionee were alive and a director of the Company for a period of one year after the Optionee's death but only for such Optioned Shares as the Optionee would have been entitled to purchase pursuant to the Option at the date of the Optionee's death.

5. Method of Exercise

The Option will be exercisable by the Optionee or his legal personal representatives tendering a notice in writing at the offices of the Company, specifying the number of Optioned Shares being purchased, together with a certified cheque in favour of the Company in an amount equal to the full purchase price of the number of Optioned Shares so specified. A copy of such notice will also be concurrently delivered to Axium Law Corporation of Suite 3350, 1055 Dunsmuir Street, PO Box 49222, Four Bentall Centre, Vancouver, British Columbia, V7Y 1L2. Upon any such exercise of the Option as aforesaid, the Company will deliver to the Optionee or his legal personal representatives a certificate or certificates in the name of the Optionee or his legal personal representatives representing in the aggregate such number of Optioned Shares as the Optionee or his legal personal representatives shall have then paid for. Such certificate or certificates will be endorsed with the legend set out in paragraph 9 of this agreement, if applicable.

Any Optioned Shares acquired pursuant to the exercise of the Option prior to the Completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin (as such term is defined in Policy 2.4) is issued.

6. No Obligation to Purchase

This is an option agreement only and nothing contained in this agreement or done pursuant to this agreement will obligate the Optionee to purchase and/or pay for any Optioned Shares except those Optioned Shares in respect of which the Optionee shall have exercised his Option in the manner provided.

7. Adjustments

The number of Shares deliverable upon the exercise of the Option will be subject to adjustment in the events and in the following manner:

- (a) in the event of any subdivision or subdivisions of the Shares of the Company as such Shares are constituted on the date of this agreement, at any time while the Option is in effect, into a greater number of Shares, the Company will thereafter deliver and the Optionee will accept at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Shares as result from such subdivision or subdivisions without the Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of any consolidation or consolidations of the Shares of the Company as such Shares are constituted on the date of this agreement, at any time while the Option is in effect, into a lesser number of Shares, the Company will thereafter deliver and the Optionee will accept at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Shares as result from such consolidation or consolidations;
- (c) in the event of any change of the Shares of the Company as such Shares are constituted on the date of this agreement, at any time while the Option is in effect, the Company will thereafter deliver and the Optionee will accept at the time of purchase of Optioned Shares hereunder the number of Shares of the appropriate class resulting from the said change as the Optionee would have been entitled to receive in respect of the number of Optioned Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of any capital reorganization, reclassification or change of outstanding Shares (other than change in the par value thereof) of the Company or in the event of any consolidation, merger or amalgamation of the Company with or into any other corporation or in the event of any sale of the property of the Company as or substantially as an entirety at any time while the Option is in effect, the Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of Shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result of such capital reorganization, reclassification or change of outstanding shares. The subdivision or consolidation of Shares at any time outstanding into a greater or lesser number of shares (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification or a change of the capital of the Company for the purposes of this paragraph 7(d);
- (e) the adjustments provided for in this paragraph 7 are cumulative;

- (f) the Company will not be required to issue fractional Shares in satisfaction of its obligations under this agreement and any fractional interest in a Share that would, except for the provisions of this paragraph 7(f), be deliverable upon the exercise of the Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions shall at any time arise with respect to the exercise price or number of Shares deliverable upon exercise of the Option, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of chartered accountants in Vancouver, British Columbia that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and the Optionee.

8. No Rights as a Shareholder

The Optionee will have no rights whatsoever as a shareholder in respect of any of the Optioned Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Optioned Shares in respect of which the Optionee shall have exercised his Option and which the Optionee shall have actually taken up and paid for.

9. U.S. Resident

If the Optionee is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Optioned Shares will be endorsed with the following or a similar legend:

“THE SECURITIES REPRESENTED BY THIS STOCK OPTION AGREEMENT OR THAT MAY BE ACQUIRED ON ITS EXERCISE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OF THE UNITED STATES OF AMERICA (THE "ACT") OR THE SECURITIES LAWS OF ANY STATE ("STATE") OF THE UNITED STATES OF AMERICA AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, TO A U.S. PERSON (AS DEFINED IN REGULATIONS ADOPTED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION UNDER THE ACT) OR WITHIN THE UNITED STATES UNLESS SUCH SECURITIES ARE (i) REGISTERED UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES ACT (A "STATE ACT"), OR (ii) EXEMPT FROM REGISTRATION UNDER THE ACT AND ANY APPLICABLE STATE ACT AND THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL TO SUCH EFFECT REASONABLY SATISFACTORY TO IT, OR (iii) SOLD IN ACCORDANCE WITH REGULATIONS AND THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL TO SUCH EFFECT REASONABLY SATISFACTORY TO IT.”

10. Amendments

Any amendments to this agreement will be in writing duly executed by the parties hereto.

11. Covenant of Company

The Company hereby covenants and agrees to and with the Optionee that it will reserve in its treasury sufficient Shares to permit the issuance and allotment of the Optioned Shares to the Optionee in the event the Option or any part thereof is exercised.

12. Representation

The Optionee represents that he has not been induced to purchase the Option by expectation of employment or continued employment.

13. Time of the Essence

Time is of the essence of this agreement and will be calculated in accordance with the provisions of the *Interpretation Act* (British Columbia).

14. Notice

Any notice relating to this agreement or required or permitted to be given in accordance with this agreement shall be in writing and shall be personally delivered, telefaxed or mailed by registered mail, postage prepaid to the address of the parties set out on the first page of this agreement. A copy of any notice provided to the Company must be concurrently delivered, telefaxed or mailed by registered mail, postage prepaid to Axiom Law Corporation of Suite 3350, 1055 Dunsmuir Street, PO Box 49222, Four Bentall Centre, Vancouver, British Columbia, V7X 1L2, facsimile: (604) 692-4900. Any notice shall be deemed to have been received if delivered or telefaxed, when delivered or telefaxed, and if mailed, on the fifth day (excluding Saturdays, Sundays and holidays) after the mailing thereof. If normal mail service is interrupted by a strike, slowdown, force majeure or other cause, a notice sent by registered mail will not be deemed to be received until actually received and the party sending the notice received until actually received and the party sending the notice shall utilize any other services which have not been so interrupted or shall deliver such notice in order to ensure prompt receipt thereof. Any party hereto may change its address for service by notice in writing to the other party hereto.

15. Governing Law

This agreement will be governed by, construed and enforced in accordance with the laws of the Province of British Columbia and the parties hereto submit and attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

16. Enurement

This agreement will enure to the benefit of and be binding upon the Company, its successors and assigns, and the Optionee, and his legal personal representatives to the extent provided in paragraph 4 hereof.

