

**PEMBROOK MINING CORP.**  
**ROLLING STOCK OPTION PLAN (2016)**

**1 INTERPRETATION**

1.01 Definitions

In this Plan the following words and phrases shall have the following meanings, namely:

- (a) "Board" means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by Section 3.01 hereof;
- (b) "Company" means Pembrook Mining Corp.;
- (c) "Consultant" means an individual who provides consulting, technical, management or other services to the Company or any of its subsidiaries, including a Service Provider as defined by The Toronto Stock Exchange if the Company becomes listed on The Toronto Stock Exchange, and who is permitted by Exchange Policy and by Securities Laws to receive, either directly or through a company, shares or options of the Company in exchange for services;
- (d) "Director" means any director of the Company or of any of its subsidiaries;
- (e) "Employee" means any individual in the employment of the Company or any of its subsidiaries or of a company providing management or administrative services to the Company;
- (f) "Exchange" means the Toronto Stock Exchange. and any other stock exchange on which the Shares are listed for trading;
- (g) "Exchange Policy" means, if and when the Company's securities are Listed on an Exchange, the policies, bylaws, rules and regulations of the Exchange governing the granting of options by the Company, as amended from time to time;
- (h) "Expiry Date" means the date that is the earlier of ten years from the date of grant of the option, or such shorter period as prescribed by the Board or if Listed, by the Exchange;
- (i) "Insider" has the meaning ascribed thereto in the *Securities Act* (British Columbia);
- (j) "Investor Relations Activities" has the meaning ascribed thereto in Exchange Policy;
- (k) "Joint Actor" means a person acting "jointly or in concert with" another person as that phrase is interpreted in section 96 of the *Securities Act*.
- (l) "Listed" means if and when the Company's securities are listed for trading on an Exchange.
- (m) "Option Agreement" means the agreement, substantially in the form set out as Schedule "A" hereto, evidencing an Option;
- (n) "Option Price" means the price at which options may be granted in accordance with Securities Laws and, if Listed, Exchange Policy.
- (o) "Officer" means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia);
- (p) "Optionee" means the recipient of an incentive stock option;
- (q) "Outstanding Issue" is determined by Securities Laws and if Listed by Exchange Policy.
- (r) "Plan" means this stock option plan as from time to time amended;

- (s) "Securities Act" means the Securities Act, R.S.B.C. 1996, c.418, as amended, from time to time.
- (t) "Securities Laws" means the acts, policies, bylaws, rules and regulations of the securities commissions governing the granting of options by the Company, as amended from time to time;
- (u) "Shares" means common shares of the Company.

1.02 Gender

Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

**2 PURPOSE and APPLICATION OF PLAN**

2.01 Purpose

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

2.02 Application

This Plan will apply to all Options granted by the Company from the date hereof forward, and all options previously granted by the Company and its predecessors by amalgamation, Tambo Mining Corp, and Paget Resources Corp., and will supersede and replace the terms of the Stock option Plans under which all options were previously granted by the Company and its predecessors.

**3 GRANTING OF OPTIONS**

3.01 Administration

This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members (the "Committee").

3.02 Committee's Recommendations

The Board may accept all or any part of recommendations of the committee or may refer all or any part thereof back to the committee for further consideration and recommendation.

3.03 Grant by Resolution

The Board may, by resolution, designate eligible persons who are bona fide Employees, Consultants, Officers or Directors, or corporations employing or wholly owned by such Employee, Consultant, Officer or Director, or such other eligible Optionees as permitted Securities Laws and, if listed, Exchange Policy (all of whom are collectively the "Eligible Participants"), to whom options should be granted and specify the terms of such options which shall be in accordance with Securities Laws and, if listed, Exchange Policy.

3.04 Grant to Eligible Participants

The Committee may, by resolution, grant options to those Eligible Participants who are not Insiders of the Company and specify the terms of such options, which shall be in accordance with Securities Laws and, if listed, Exchange Policy.

3.05 Terms of Option

The resolution of the Board shall specify the number of Shares that should be placed under option to each Eligible Participant, the Option Price to be paid for such Shares upon the exercise of each such option, and the period, including any applicable vesting periods required by the Board or Committees, and if listed, Exchange Policy during which each such option may be exercised.

3.06 Written Agreement

Every option granted under this Plan shall be evidenced by an Option Agreement, containing such terms and conditions as are required by Securities Laws and, if listed, Exchange Policy 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 Option Agreement and this Plan, the terms of this Plan shall govern.

**4 CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS**

4.01 Exercise Price

The exercise price of an option granted under this Plan shall not be less than the Option Price at the time of granting the options. In any event, if listed, no options shall be granted which are exercisable at a price of less than the price permitted by Exchange Policy.

4.02 Expiry Date

Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not be later than the Expiry Date.

4.03 Different Exercise Periods, Prices and Number

The Board and the Committee may, in their absolute discretion, upon granting an option under this Plan and subject to the provisions of Section 6.03 hereof, specify a particular time period or periods following the date of granting the option during which the Optionee may exercise his or her option to purchase Shares and may designate the exercise price and the number of Shares in respect of which such Optionee may exercise his or her option during each such time period.

4.04 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 outstanding Shares at the time of granting of the options.

4.05 Termination of Engagement

If an Optionee ceases to be an Eligible Participant for any reason other than death, then such Optionee has the lesser of 90 days or until the Expiry Date within which to exercise any option not exercised prior to the date of ceasing to be an Eligible Participant; provided that if the Optionee is engaged in Investor Relations activities the Optionee has the lesser of 30 days or until the Expiry Date within which to exercise any option not exercised prior to the date of ceasing to be an Eligible Participant.

4.06 Death of Optionee

If an Optionee dies prior to the expiry of his or her option, his or her legal representatives may, within the earlier of one year from the date of the Optionee's death or the Expiry Date of the option, exercise that portion of an option granted to the Optionee under this Plan which remains outstanding.

4.07 Assignment

No option 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, RRSP, RESP or similar legal entity established by such Optionee.

4.08 Notice

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.

4.09 Payment

Options may be exercised in whole or in part at any time, subject to any applicable vesting provisions, prior to their lapse or termination. Shares purchased by an Optionee on exercise of an option shall be paid for in full, in cash, or by certified cheque or bank draft, at the time of their purchase. Subject to Board approval, and if listed, Exchange approval if required, cashless exercise may be permitted.

4.10 Vesting Periods for Investor Relations Consultants

Notwithstanding anything in this Plan to the contrary, options issued to Consultants performing Investor Relations Activities shall vest in stages over a period of at least 12 months with no more than ¼ of the options vesting in any three month period.

**5 RESERVE OF SHARES FOR OPTIONS**

5.01 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.

5.02 Maximum Number of Shares to be Reserved Under Plan

The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall be 10% of the issued and outstanding Shares at the time of the stock option grant. Any issuance of Shares from treasury, including issuances pursuant to exercise of options, shall automatically replenish the number of Shares issuable under the Plan. Options that have been cancelled or that have expired without being exercised continue to be issuable under the Plan.

5.03 Maximum Number of Shares Reserved

Unless authorized by shareholders of the Company or, if listed, permitted by the Exchange, this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time, in:

- (a) the issuance to Insiders, in any 12 month period, of a number of Shares exceeding 10% of the Outstanding Issue; or

- (b) the issuance to any one Insider, in any 12 month period, of a number of Shares exceeding 5% of the Outstanding Issue unless the Company has obtained disinterested shareholder approval; or
- (c) the issuance, in any 12 month period, to persons providing Investor Relations Activities, individually or in aggregate, of a number of Shares exceeding 2% of the Outstanding Issue.

## **6 CHANGES IN OPTIONS**

### **6.01 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, in proportion to the subdivision or consolidation.

### **6.02 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 shall be adjusted accordingly to ensure to the extent possible that the economic value of the option is maintained.

### **6.03 Effect of a Take-Over Bid**

Subject to prior Exchange approval (if Listed), if a bona fide offer (an "Offer") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company shall, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to such Option ("Option Shares") will become Vested and the option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein including any extensions thereof; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to section 4.03 shall be reinstated. If any Option Shares are returned to the Company under this section 6.03, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

### **6.04 Acceleration of Expiry Date**

Subject to prior Exchange approval (if Listed), if at any time when an option granted under the Plan remains unexercised with respect to any unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised options granted under the Plan is accelerated so that all options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.

6.05 Effect of a Change of Control

Subject to prior Exchange approval (if Listed), if a Change of Control (as defined below) occurs, all Option Shares subject to each outstanding Option will become vested, whereupon such Option may be exercised in whole or in part by the Optionee. "Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities (as defined in the Securities Act) 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 fifty percent (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 of Directors of the Company.

6.06 Certain Adjustments

In order to prevent substantial enlargement or dilution of the rights granted to, or available for, holders of options as compared to holders of Shares, in the event:

- (a) of any distribution of evidences of indebtedness or assets of the Company (excluding dividends paid in the ordinary course) to all holders of Shares; or
- (b) that as a result of any recapitalization, merger, consolidation or otherwise, the Shares are converted into or exchangeable for any other securities;
- (c) that any rights are granted to all holders of Shares to purchase Shares at prices substantially below fair market value;

then in any such case, subject to prior approval of the relevant stock exchanges, the number of Shares reserved for issuance and available for options under the Plan, the number of Shares subject to outstanding options and the exercise price per option shall be proportionately adjusted to ensure to the extent possible that the economic value of the option is maintained.

6.07 Reduction in Option Price

If the Option Price is to be reduced for options previously granted to Insiders, if Listed, approval of disinterested shareholders will be obtained if required by the Exchange.

## **7 SECURITIES LAWS AND EXCHANGE POLICIES**

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 Securities Laws and, if Listed, Exchange Policies 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. If Listed, in the event that the Company's listing changes from one tier to another tier on a stock exchange or the Company's shares are listed on a new stock exchange, or the Exchange revises its rules and policies regarding the granting of options, the granting of options shall, at the Company's sole election, be governed by the rules and policies of such new tier or new stock exchange or as revised, and unless inconsistent with the terms of this Plan, the Company shall be able to grant options pursuant to the rules and policies of such new tier or new stock exchange or as revised without requiring shareholder approval.

## **8 AMENDMENT OF PLAN**

### **8.01 Board May Amend**

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.

### **8.02 Exchange Approval**

If Listed, any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such Exchange and shareholder approval as is required by Exchange Policy and Securities Laws has been received.

## **9 EFFECT OF PLAN ON OTHER COMPENSATION PLANS**

### **9.01 Other Plans Not Affected**

This Plan is in addition to any other existing plans and shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants and Employees.

## **10 OPTIONEE'S RIGHTS AS A SHAREHOLDER**

### **10.01 No Rights Until Option Exercised**

An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to him upon exercise of an option.

## **11 EFFECTIVE DATE OF PLAN**

### **11.01 Effective Date**

This Plan shall become effective upon the approval of this Plan by the shareholders of the Company, however, options may be granted under this Plan prior to the receipt of approval by shareholders.

DATE OF PLAN: May 25, 2016