

## ROLLING STOCK OPTION PLAN

**55 North Mining Inc.** (the “**Company**”) hereby implements this Stock Option Plan, for the benefit of the respective directors, officers and full-time employees of the Company, its subsidiaries and affiliates, as well as any other person or company engaged to provide ongoing management or consulting services to the Company or to its subsidiaries and affiliates (collectively, the “**Service Providers**”, individually, a “**Service Provider**”), which plan is hereafter referred to as the “**Plan**”.

### 1. DEFINITIONS

As used herein, the following terms shall have the following meanings:

- (a) “**Associate**” shall have the meaning ascribed to that term in the *Securities Act* (Ontario);
- (b) “**business day**” means a day other than a Saturday, Sunday or any other day which is a statutory holiday in the Province of Ontario;
- (c) “**Common Shares**” means the common shares in the capital of the Company;
- (d) “**Insider**” will mean:
  - (i) an insider as defined in the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a subsidiary of the Company; and
  - (ii) an Associate of any person who is an insider by virtue of (i);
- (e) “**Outstanding Issue**” means the aggregate number of Common Shares that are outstanding immediately prior to the share issuance in question;
- (f) “**Securities Act (Ontario)**” means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;
- (g) “**senior officer**” shall have the meaning ascribed to that term in the *Securities Act* (Ontario);
- (h) “**Share Compensation Arrangements**” means a stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares from treasury to one or more Service Providers, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise; and
- (i) “**subsidiary**” shall have the meaning ascribed to that term in the *Securities Act* (Ontario).

### 2. PURPOSE OF THE PLAN

The purpose of the Plan is to provide the Company and its subsidiaries with a share-related mechanism designed to develop and increase the interest in the growth and development of the Company and its subsidiaries of those Service Providers as may from time to time be granted options under the Plan by providing to them the opportunity to acquire a proprietary interest in the Company through the purchase of Common Shares.

### 3. IMPLEMENTATION

The establishment of the Plan was approved by the board of directors of the Company (the “**Board**”).

### 4. ADMINISTRATION

The Plan will be administered by the Board or the Compensation Committee or other committee or persons appointed by the Board (the “**Committee**”). References herein to the “*Board*” are deemed to be references to the “*Board*” or the “*Committee*”, as the case may be. Subject to the provisions of the Plan, the Board is authorized in its sole discretion to make such determinations under, and such interpretations of, and to take such steps and actions in connection with the proper administration of the Plan and to impose, amend or revoke such rules and regulations concerning the granting of options pursuant to the Plan as it, in its sole discretion, may deem necessary or advisable. No member of the Board will be liable for any action or determination taken or made in good faith with respect to the Plan or any options granted thereunder and each such member shall be entitled to indemnification by the Company with respect to any such action or determination in the manner provided for by the Board. Any determination approved by a majority of the members of the Board will be deemed to be a determination of that matter by the Board. Members of the Board may be granted options under the Plan.

### 5. NUMBER OF SHARES DEDICATED TO THE PLAN

Options shall not be granted under the Plan with respect to any class of shares in the capital of the Company other than Common Shares. The aggregate number of Common Shares subject to options under the Plan shall not exceed 10% of the Outstanding Issue at the time of grant of any options. All options granted under the Plan will conform to all applicable provisions prescribed by the Plan and to such specific terms and conditions as may be determined by the Board at the time of making each such grant. The granting of any option must, in order to become effective and binding on the Company, be authorized or approved by the Board. Common Shares in respect of which an option is granted under the Plan, but not exercised prior to the termination of such option, whether through lapse of time or otherwise, shall be available for options thereafter granted by the Board under the Plan. All Common Shares issued pursuant to the due exercise of options granted under the Plan will be so issued as fully paid and non-assessable shares.

### 6. ELIGIBILITY FOR OPTIONS

The persons who will be eligible to be granted options pursuant to the Plan (“**Eligible Participants**”) will be such Service Providers as the Board shall from time to time determine, in its sole discretion, or the personal holding corporation wholly-owned by any such Service Provider, the issued and outstanding voting shares of which are, and will continue to be, beneficially owned, directly or indirectly, by such individual Eligible Participant, or the registered retirement savings plan established for the sole benefit of any such Service Provider. In determining the options to be granted to Eligible Participants under the Plan, the Board will give due consideration to the value of each such person’s present potential contribution to the Company’s (or any subsidiary of the Company’s) success and to the recommendation, if any, in that regard of the compensation committee, if any, of the Board.

### 7. GRANTING OF OPTIONS

Subject to the provisions herein set forth and after reviewing any recommendations from time to time made by the Committee, if any, of the Board, the Board shall, in its sole discretion, select the Eligible Participants to whom options under the Plan may be granted (herein sometimes referred to as the “**Optionees**”), the number of Common Shares to be optioned to each of them, the date or dates on which such options should be granted and the terms and conditions within the limits prescribed in Section 8 hereof attaching to each such option. The aggregate number of Common Shares reserved for issuance pursuant to all options granted

to any one Optionee shall not exceed 5% of the number of Common Shares outstanding on a non-diluted basis at the time of such grant. In addition: (i) the number of securities issued to any one individual pursuant to the Plan and all other Share Compensation Arrangements, within any 12 month period, shall not exceed 5% of the Outstanding Issue; (ii) the number of securities issuable to Insiders, at any time, pursuant to the Plan and all other Share Compensation Arrangements, shall not exceed 10% of the Outstanding Issue; (iii) the number of Options which can be granted to Insiders, in any 12 month period, shall not exceed 10% of the number of issued Common Shares (iv) the number of securities issuable to any one consultant pursuant to the Plan in a 12 month period shall not exceed 2% of the Outstanding Issue; and (v) the aggregate number of securities granted to persons employed to provide investor relations services shall not exceed 2% of the Outstanding Issue in any 12 month period.

The granting of an option under the Plan to an Eligible Participant shall neither entitle nor preclude such Eligible Participant from being subsequently granted one or more additional options to purchase Common Shares under the Plan.

## 8. TERMS AND CONDITIONS OF THE OPTIONS

The terms and conditions of each option granted under the Plan shall be set forth in an option agreement (an “**Option Agreement**”) to be entered into between the Company and each Optionee, such agreement to be in such form as may from time to time be approved by the Board. To the extent that the terms of the Plan and any Option Agreement are inconsistent, the terms of the Plan shall govern. The Option Agreement shall include the following terms and conditions as well as such other terms and conditions not inconsistent with the Plan as may be deemed advisable by the Board:

- (a) Number of Shares - The Board shall, in its sole discretion, fix the aggregate number of Common Shares which are the subject of the option so granted.
- (b) Option Price - The Board shall fix the option price per Common Share which shall not be less than the market price in Canadian dollars at the time of the granting of such option. For the purposes of this subparagraph 8(b), “**market price**” of the Common Shares shall mean the closing market price on the TSX Venture Exchange one trading day prior to the effective date on which the option is granted by the Board and if there is no sale on such trading day, then the last closing market price on the TSX Venture Exchange prior to the effective date on which the option is granted. If the Common Shares are not then traded on the TSX Venture Exchange, “**market price**” of the Common Shares shall mean the closing market price on such public market on which the Common Shares are then traded, as selected by the Board, in its sole discretion, one trading day prior to the effective date on which the option is granted by the Board and if there is no sale on such trading day, then the last closing price on such public market prior to the effective date on which the option is granted. If the Common Shares are not then traded on any public market, the Board in its sole discretion shall determine the “**market price**” at the time of grant.
- (c) Payment - The full purchase price of the Common Shares purchased upon the exercise of the option shall be paid for in cash or by certified cheque or bank draft upon the exercise thereof. An Optionee who is not already a Shareholder of the Company shall have none of the rights of a Shareholder of the Company until Common Shares issuable pursuant to the exercise of an option granted to an Optionee are issued to such Optionee.
- (d) Vesting - Subject to subsection 8(i) of this Section 8, the Board shall determine, at the time of granting an option to an Optionee pursuant to the Plan, the maximum number of

Common Shares that may be exercised by such Optionee in each year or other period during the term of the option.

- (e) Term of Option - The term of the option shall not be for less than one year and not more than 5 years (unless the Corporation becomes or is permitted by the stock exchange on which it is listed to have a longer term in which case the maximum term shall be that which is permitted by the relevant stock exchange) from the date the option is granted, subject always to subsections (f), (g), (h) and (i) of this Section 8; provided that, notwithstanding the foregoing or anything else to the contrary in the Plan, if the term of any option granted under the Plan ends on a day occurring within a Blackout Period (as defined below) or within seven business days thereafter, such option shall continue to be exercisable under the terms of the Plan up to 5:00 p.m. (Toronto time) on the seventh business day following the end of such Blackout Period.

For the purposes hereof, “**Blackout Period**” means the time period, referred to as the “blackout period”, determined by the Company under its Confidentiality of Material Information and Restrictions on Trading Securities of the Company Policy (or any successor thereto or replacement thereof) pursuant to which Insiders will be prohibited from trading in the securities of the Company, which policy currently provides for a Blackout Period: (A) commencing on the first day of the month following the end of a quarter and ending on the day after the issuance of the press release in respect of the financial results for such quarter; and (B) of one business day after the issuance of any other press release by the Company. For greater certainty, Blackout Period shall not include any period in which there is a prohibition on trading in securities of the Company as a result of a cease trade or other order of any securities commission or regulatory authority.

- (f) Death of Optionee - In the event of the death of an Optionee while a Service Provider prior to 5:00 p.m. (Toronto time) on the expiry date of the option (the “**Expiry Date**”), the option may be exercised, as to all or any of the Common Shares forming the subject matter of such option in respect of which such Optionee would have been entitled to exercise the option hereunder at the time of the death of such Optionee if such Optionee had survived, by the legal representatives of such Optionee at any time up to and including, but not after, 5:00 p.m. (Toronto time) on the date which is the first anniversary of the date of death of such Optionee or the Expiry Date, whichever is the earlier, after which the option shall in all respects cease and terminate and be of no further force or effect whatsoever as to such of the Common Shares in respect of which such option had not been previously exercised. The provisions of this subsection 8(f) shall apply, in the case of an Optionee that is the personal holding corporation controlled by, or a registered retirement savings plan established by, a Service Provider, in the event of the death of such Service Provider, *mutatis mutandis*.

- (g) Discharge of Optionee - In the event of the discharge of an Optionee as an employee of the Company or a subsidiary of the Company by reason of a wilful and substantial breach of such Optionee’s employment or service duties prior to 5:00 p.m. (Toronto time) on the Expiry Date, all options granted to such Optionee under the Plan shall in all respects forthwith cease and terminate and be of no further force or effect whatsoever as to such of the Common Shares in respect of which such option had not previously been exercised, upon notice of such discharge being given by the Company or subsidiary of the Company to such Optionee. For the purposes of the Plan, the determination by the Company that such Optionee was discharged as an employee of, or service provider to, the Company or a subsidiary of the Company by reason of a wilful and substantial breach of such

Optionee's employment or service duties shall be binding upon such Optionee. The provisions of this subsection 8(g) shall apply, in the case of an Optionee that is the personal holding corporation controlled by, or a registered retirement savings plan established by, a Service Provider, in the event of the discharge of such Service Provider, *mutatis mutandis*.

- (h) Resignation, Removal or Termination of Employment of Optionee - In the event of the resignation, removal or termination of employment or service of an Optionee other than in the circumstances referred to in subsections (f) and (g) above, such that the Optionee is no longer an Eligible Participant, such Optionee may exercise each option then held by such Optionee under the Plan to the extent that such Optionee was entitled to do so at the time of such resignation, removal or termination of employment or service, at any time up to and including, but not after, 5:00 p.m. (Toronto time) on the 90<sup>th</sup> day (or such later day as the Board in its sole discretion may determine) following the effective date of resignation, removal or termination of employment or service, or the Expiry Date, whichever is earlier, after which the option shall in all respects cease and terminate and be of no further force or effect whatsoever as to such of the Common Shares in respect of which such option had not been previously exercised. The provisions of this subsection 8(h) shall apply, in the case of an Optionee that is the personal holding corporation controlled by, or a registered retirement savings plan established by, a Service Provider, in the event of the resignation, removal or termination of employment or service of such Service Provider other than in circumstances referred to in subsections (f) and (g) above, *mutatis mutandis*.
- (i) Sale, Arrangement and Take-over Bid - As used in this subsection 8(i):
- (i) “**Arrangement**” means any merger, arrangement, amalgamation or other similar form of business combination transaction involving the Company, other than with a wholly-owned subsidiary of the Company, under circumstances such that, following the completion of such transaction, there is a Change in Control of the Company;
  - (ii) “**Change in Control**” means, in relation to the Company or any successor or resulting company or other entity, circumstances under which Control of the Company or any successor or resulting company or other entity is changed from one person or group of persons to another person or group of persons, other than to a person or persons not dealing at arm's length with the person(s) exercising Control of the Company immediately prior to such circumstances occurring;
  - (iii) “**Control**” means the possession, directly or indirectly, through one or more intermediaries or otherwise, of the power to elect a majority of directors and/or to direct or cause the direction of the management or policies of the Company, whether through the ownership of voting securities, by contract or in any other manner whatsoever;
  - (iv) “**offeror**” has the meaning ascribed to that term in the *Securities Act* (Ontario);
  - (v) “**Take-over Bid**” means a take-over bid, as defined in the *Securities Act* (Ontario), which is a “**formal bid**” as defined in such Act, and which is made:
    - (A) for all of the issued and outstanding Common Shares in the capital of the Company; or

(B) for all of the issued and outstanding Common Shares in the capital of the Company other than:

- (1) those Common Shares in the capital of the Company which are then owned by the offeror under such Take-over Bid; and/or
- (2) those Common Shares in the capital of the Company which the offeror under such Take-over Bid then otherwise has, directly or indirectly, the right to acquire; and

(vi) “**Sale**” means the sale of all or substantially all of the assets of the Company as an entirety or substantially as an entirety to any person or entity (other than a wholly-owned subsidiary of the Company) under circumstances such that, following the completion of such sale, the Company will cease to carry on an active business, either directly or indirectly through one or more subsidiaries.

If:

- (1) the Company shall enter into an agreement providing for a Sale or an Arrangement; or
- (2) a Take-over Bid shall be made,

the Board may, at any time thereafter, authorize the Company to give a notice in writing to each Optionee advising such Optionee that, notwithstanding any other provision of the Plan, all options granted to such Optionee under the Plan will expire on the date determined by the Board as specified in such notice (provided that the date determined by the Board as specified in such notice shall not increase the term of any option granted under the Plan), which date shall in no event be later than the earlier of:

- a. 60 days following the date of such notice; and
- b. in the case of the Company having entered into an agreement providing for a Sale or an Arrangement, one business day prior to the date on which the Sale or Arrangement provided for in such agreement is completed, or, in the case of a Take-over Bid having been made, one business day prior to the date on which there shall have been taken up by the offeror thereunder at least 90% of the total number of the issued and outstanding Common Shares in the capital of the Company in respect of which such Take-over Bid is being made and, for this purpose, all Common Shares in the capital of the Company in respect of which such Take-over Bid is made which are owned by the offeror at the expiry of such Take-over Bid shall be deemed to have been taken up pursuant to such Take-over Bid.

In the event that such a notice is given by the Company (the “**Company Notice**”), each Optionee shall have the right, on such terms and conditions as may be prescribed in such notice, to exercise up to the time that such Optionee’s option expires, after giving effect to such notice, all options then held by such Optionee under the Plan in respect of up to all of the Common Shares which could have been purchased by such Optionee on a full exercise of all such options. Notwithstanding any other provision contained in the Plan, if such Optionee so elects to exercise such Optionee’s option in accordance with this subsection, the Optionee shall have the right (which right may be exercised by the Optionee in its sole discretion) to elect to have the Company pay to any such Optionee on the payment date set

out in the Company Notice cash (in lieu of the Common Shares which the Company would otherwise be required to issue) in an amount equal to the result obtained by multiplying the amount, if any, by which the market price per Common Share in Canadian dollars on the date of completion of the Sale, Arrangement or Take-over Bid, as the case may be, exceeds the option price, by the number of Common Shares then remaining unsubscribed for under all options then held by such Optionee under the Plan which could have been purchased by such Optionee on a full exercise of all such options; and, if a Sale, Arrangement or Take-over Bid is completed, the market price for the purposes of calculating the amount of such cash payment to be made by the Company shall be the same as the value of the consideration paid per Common Share under the Sale, Arrangement or Take-over Bid, as applicable. The payment of cash by the Company pursuant to this subparagraph 8(i) shall be net of any applicable withholding taxes or other deductions required by law.

In the event that the Board determines, in good faith, that the Sale, Arrangement or Take-over Bid, as the case may be, will not be completed, the exercise of any option hereunder (whether resulting in the issuance of Common Shares or the payment of cash by the Company in satisfaction thereof) shall be terminated and, in such event, any cash paid by (or to) the Optionee to (or from) the Company in respect thereof will be returned to the payor and the option shall thereafter continue to be exercisable by the Optionee in accordance with its terms (including vesting).

- (j) Non-Assignability of Option - Each option granted under the Plan shall be non-assignable and non transferable by the Optionee.
- (k) Exercise of Option - Subject to the provisions of the Plan, an option granted under the Plan shall be exercised from time to time by the Optionee, or in the event of death by his legal representatives, by giving notice in writing addressed to the Company at its registered and principal office in the City of Toronto, to the attention of the Secretary of the Company, specifying the number of Common Shares forming the subject matter of such option in respect of which such notice is being given, together with payment (by cash, certified cheque or bank draft) in full of the purchase price of the Common Shares being purchased.
- (l) Withholding Tax - If the Company is required under the *Income Tax Act* (Canada) 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 Common Shares on exercise of Options, then the Optionee shall:
  - (i) pay to the Company, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Company to be the amount necessary to permit the required tax remittance;
  - (ii) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Common Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or
  - (iii) make other arrangements acceptable to the Company to fund the required tax remittance.

## 9. ADJUSTMENTS IN EVENT OF CHANGE IN STRUCTURE OF CAPITAL

Appropriate adjustments in the number of Common Shares and in the option price per Common Share, relating to options granted or to be granted, shall be made by the Board in its sole discretion to give effect to adjustments in the number of Common Shares resulting, subsequent to the approval of the Plan, from any subdivisions, consolidations or reclassifications of the Common Shares, the payment of stock dividends by the Company or other relevant changes in the capital structure of the Company. Any such adjustments shall be subject to the approval thereof, to the extent required, by such stock exchanges on which the Common Shares are then listed for trading.

## 10. AMENDMENT OR DISCONTINUANCE OF PLAN

- (a) Subject to regulatory approval, the approval of any stock exchange on which the Common Shares are then listed for trading and the limitations set out in subsections 10(b) and (c) hereof, the Board may, by resolution, amend, vary or discontinue the Plan, or any agreement or entitlement subject to the Plan, at any time without notice to or approval of the Shareholders of the Company, including, without limitation, for the purpose of:
- (i) changing the class of persons who will be eligible to be granted options pursuant to the Plan (other than as provided for in subsection 10(b) hereof) and the authority of the Board in respect of the grant of options under the Plan;
  - (ii) ensuring continuing compliance with applicable laws and regulations and the requirements or policies of any governmental or regulatory authority, securities commission or stock exchange having authority over the Company or the Plan;
  - (iii) changes of a “housekeeping”, clerical, technical or stylistic nature, including, without limitation, eliminating any ambiguity, error or defect, supplying any omission or correcting or supplementing any provision contained in the Plan or in any agreement subject to the Plan which may be incorrect or incompatible with any other provision of the Plan or such agreement;
  - (iv) changing the method of determining the option price for options granted pursuant to the Plan, provided that the option price shall not in any case be lower than the “market price” of a Common Share, as that term (or any successor term) is interpreted and applied by the TSX Venture Exchange and any other stock exchange or market having authority over the Company or the Plan;
  - (v) changing the following terms governing options under the Plan: (A) vesting terms (including the acceleration of vesting); (B) exercise and payment method and frequency; (C) transferability or assignability, other than as provided for in subsection 10(b) hereof; (D) to fairly or properly take into account a Sale, Arrangement or Take-over Bid; (E) adjustments required in the circumstances of one of the events referred to in Section 9 hereof; and (F) the effect of termination (for whatever reason) of the Optionee’s employment or service;
  - (vi) determining that any of the provisions of the Plan or any agreement subject to the Plan concerning the effect of termination (for whatever reason) of the Optionee’s employment, service or consulting agreement/arrangement or cessation of the Optionee’s directorship or office, shall not apply for any reason acceptable to the Board;



- (vii) changing the terms and conditions of any financial assistance which may be provided by the Company to the Optionees to facilitate the purchase of Common Shares, or adding or removing any provisions providing for such financial assistance;
  - (viii) adding a cashless exercise feature, payable in cash or securities, provided same includes a full deduction of the number of underlying Common Shares from the Plan reserved under Section 5 hereof (notwithstanding the foregoing it is noted that the TSX Venture does not permit cashless exercise features in option plans);
  - (ix) providing for the granting of non-equity based kinds of awards under the Plan, including, without limitation, stock-appreciation rights;
  - (x) adding or amending provisions necessary for options under the Plan to qualify for favourable tax treatment to Optionees and/or the Company under applicable tax laws;
  - (xi) changing any terms relating to the administration of the Plan; and
  - (xii) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law (including, without limitation, the rules and policies of the TSX Venture Exchange and of any other stock exchange or market having authority over the Company or the Plan).
- (b) Subject to regulatory approval, the approval of any stock exchange on which the Common Shares are then listed for trading and the limitations set out in subsection 10(c) hereof, the Board may, by resolution, amend, vary the Plan, or any agreement or entitlement subject to the Plan, at any time for the following purposes, provided that any such amendment or variance will not become effective unless and until approved by a majority of the votes cast by Shareholders of the Company, in person or by proxy, at a meeting of Shareholders:
- (i) any increase in the maximum number of Common Shares issuable under the Plan as provided for in Section 5 hereof;
  - (ii) any reduction in the option price of an outstanding option held by an Insider except for the purpose of maintaining option value in connection with an adjustment provided for under Section 9 hereof (for this purpose, the cancellation or termination of an option of an Optionee prior to expiry of the option term for the purpose of reissuing an option to the same Optionee with a lower exercise price shall be treated as an amendment to reduce the option price of an option);
  - (iii) any extension of the option term of an option held by an Insider (except where the date of the expiry of the option term would have fallen within a Blackout Period (as defined in subsection 8(e) hereof));
  - (iv) any increase to the limit on the numbers of securities issued or issuable to Insiders set out in section 7 hereof; and
  - (v) any other amendment requiring Shareholder approval under applicable law (including, without limitation, under the rules and policies of the TSX Venture Exchange and of any other stock exchange or market having authority over the Company or the Plan);

provided further that, in the case of any amendment or variance referred to above, Insiders who directly benefit from such amendment or variance will not have the votes attaching to the Common Shares or other securities of the Company held, directly or indirectly, by them counted in respect of the required approval of the Shareholders of the Company.

- (c) Notwithstanding anything herein to the contrary, no amendment, variance or discontinuance of the Plan, or any agreement or entitlement subject to the Plan, may be made, without the prior written consent of the Optionee, if the Board determines that the effect thereof is to impair, derogate from or otherwise materially and adversely affect any option previously granted to such Optionee under the Plan.

## 11. MISCELLANEOUS

Nothing contained in the Plan nor in any option granted thereunder shall be deemed to give any Optionee any interest or title in or to any shares of the Company or any rights as a Shareholder of the Company or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the exercise of any option.

The Plan does not give any Optionee or any employee of, or service provider to, the Company or any of its subsidiaries the right or obligation to or to continue to serve as a Service Provider. The awarding of options to any Eligible Participant is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any shares or any other securities in the capital of the Company or any of its subsidiaries other than as specifically provided for in the Plan.

No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if an Optionee would otherwise become entitled to a fractional Common Share upon the exercise of an option, such Optionee shall only have the right to purchase the next lowest whole number of Common Shares and no payment or other adjustment shall be made with respect to the fractional interest so disregarded.

The Issuer represents that, for stock options granted to employees, consultants or management company Employees, the Optionee is a bona fide employee, consultant or Management Company Employee, as the case may be.

## 12. BINDING EFFECT

The Company and every Optionee shall be bound by the terms and conditions of the Plan.

## 13. COMPLIANCE WITH APPLICABLE LAW

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.