



2012 STOCK OPTION PLAN

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STOCK OPTION PLAN

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means, initially, the secretary of the Company and thereafter shall mean such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;
- (b) “Associate” has the meaning given to it in the *Securities Act* (British Columbia);
- (c) “Award Date” means the date on which the board awards a particular Option;
- (d) “Board” means the board of directors of the Company, or any committee thereof which the board of directors of the Company has delegated the power to administer and grant options under this Plan;
- (e) “Cause” means:
 - (i) “Cause” as such term is defined in the written employment agreement, if any, between the Company and Employee; or
 - (ii) in the event there is no written employment agreement between the Company and the Employee or “Cause” is not defined in the written employment agreement between the Company and the Employee, the usual meaning of just cause under the common law or the laws of British Columbia;
- (f) “CNSX” means the Canadian National Stock Exchange;
- (g) “Company” means **PASINEX RESOURCES LIMITED.**;
- (h) “Consultant” means an individual or Consultant Company, other than an Employee or a Director of the Issuer, that:
 - (i) is engaged to provide on a ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Issuer or the Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and

- (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer.
- (i) “Consultant Company” means, for an individual consultant, a company of which the individual consultant is an employee or shareholder;
- (j) “consultant partnership” means, for an individual consultant, a partnership of which the individual consultant is an employee or partner;
- (k) “Director” means any individual holding the office of director or senior officer of the Company or a subsidiary of the Company to whom stock options can be granted in reliance on a prospectus exemption under applicable Securities Laws;
- (l) “Employee” means an individual who:
 - (i) is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) works full-time for the Company or a subsidiary of the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
 - (iii) works for the Company or a subsidiary of the Company on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (m) “Exercise Notice” means the notice respecting the exercise of an Option, in the form set out as Schedule “B” hereto, duly executed by the Option Holder;
- (n) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date;
- (o) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with paragraph 3.5;
- (p) “Expiry Date” means the date determined in accordance with paragraph 3.3 and after which a particular Option cannot be exercised;
- (q) “Insider” has the meaning given to it in the *Securities Act* (British Columbia);

- (r) “Investor Relations Activities” has the meaning given to it in Policy 1 of the CNSX Issuer Policy Manual;
- (s) “Market Price” means the last closing price of the Company’s Shares on the CNQ before the issuance of the required news release disclosing the grant of an Option;
- (t) “Option” means an option to acquire Shares, awarded to a Director, Employee or Consultant pursuant to the Plan;
- (u) “Option Certificate” means the certificate, in the form set out as Schedule “A” hereto, evidencing an Option;
- (v) “Option Holder” means a Director, Employee or Consultant or former Director, Employee or Consultant, who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;
- (w) “Plan” means this stock option plan;
- (x) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;
- (y) “Regulatory Authorities” means all stock exchanges and other organized trading facilities on which the Company’s Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company;
- (z) “Securities Laws” means securities legislation, securities regulations and securities rules, as amended, and the policies, notices, instruments and orders in force from time to time that are applicable to the Company;
- (aa) “Share” or “Shares” means, as the case may be, one or more common shares without par value in the capital stock of the Company;
- (bb) “Termination Date” means:
 - (i) in the case of the resignation of the Option Holder as an Employee of the Company, the date that the Option Holder provides notice of his or her resignation as an Employee of the Company to the Company; or
 - (ii) in the case of the termination of the Option Holder’s employment with the Company by the Company for any reason other than death, the date that the Company provides notice of termination of the Option Holder’s employment to the Option Holder; or

- (iii) in the case of the termination of the written contract of the Option Holder to provide consulting services to the Company, the date that one of the parties to the written contract provides notice of termination of the written contract to the other party; and

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

ARTICLE 2 PURPOSE AND PARTICIPATION

2.1 Purpose

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants, to reward such of those Directors, Employees and Consultants as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments.

2.2 Participation

The Board shall, from time to time and in its sole discretion, determine those Directors, Employees and Consultants, if any, to whom Options are to be awarded. The Board may only grant options to an Employee or Consultant if such Employee or Consultant is a bona fide Employee of Consultant of the Company or a subsidiary of the Company. The Board may, in its sole discretion, grant the majority of the Options to insiders of the Company.

In no case will an Option Holder be granted an Option where the number of Shares that may be purchased pursuant to that Option exceed, when added to the number of Shares available for purchase pursuant to Options previously granted to the Option Holder which remain exercisable, 5% of the Company's issued and outstanding share capital as of the Award Date of the Option being granted. In addition, in no case (a) will a Consultant be granted an Option where the number of Shares that may be purchased pursuant to that Option exceed, when added to the number of Shares available for purchase pursuant to Options previously granted to Consultants which remain exercisable, 2% of the Company's issued and outstanding share capital as of the Award Date of the Option being granted; or (b) will a person employed in Investor Relations Activities be granted an Option where the number of Shares that may be purchased pursuant to that Option exceed, when added to the number of Shares available for purchase pursuant to Options previously granted to persons employed in Investor Relations Activities which remain exercisable, 2% of the Company's issued and outstanding share capital as of the Award Date of the Option being granted.

2.3 Notification of Award

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

2.4 Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

2.5 Limitation

The Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Company, does not give any Option Holder that is an Employee the right to be or to continue to be employed by the Company and does not give any Option Holder that is a Consultant the right to be or to continue to be retained as a Consultant by the Company.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Board to Issue Shares

The Shares to be issued to Option Holders upon the exercise of Options shall be authorized and unissued Shares the issuance of which shall have been authorized by the Board.

3.2 Number of Shares

Subject to adjustment as provided for in paragraph 3.8 of this Plan, the number of Shares which will be available for purchase pursuant to Options granted under this Plan will not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which the Option expired or terminated shall again be available for the purposes of the Plan.

3.3 Term of Option

Subject to paragraph 3.4, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall be no later than the fifth anniversary of the Award Date of such Option or such later date as allowed by the policies of the CNQ.

3.4 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 4:30 p.m. local time in Vancouver, British Columbia on the Expiry Date. The Expiry Date of an Option shall be the earlier of the

date so fixed by the Board at the time the Option is awarded and the date established, if applicable, in subparagraphs (a) to (c) below:

(a) Death of Option Holder

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as Director), an Employee (if he or she holds his or her Option as an Employee), or a Consultant (if he or she holds his or her Option as a Consultant), the Expiry Date shall be the first anniversary of the Option Holder's date of death.

(b) Ceasing to hold Office

In the event that the Option Holder holds his or her Option as a Director of the Company and such Option Holder ceases to be a Director of the Company other than by reason of death, the Expiry Date of the Option shall be, unless otherwise provided for in the Option Certificate, the 90th day following the date the Option Holder ceases to be a Director of the Company unless the Option Holder ceases to be a Director of the Company as a result of:

- (i) ceasing to meet the qualifications set forth in the *Business Corporations Act* (British Columbia); or
- (ii) his or her removal as a director of the Company pursuant to the *Business Corporations Act* (British Columbia); or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the date the Option Holder ceases to be a Director of the Company.

(c) Ceasing to be an Employee or Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Company and such Option Holder ceases to be an Employee or Consultant of the Company other than by reason of death, unless otherwise provided in the Option Certificate, the Expiry Date of the Option shall be the 30th day following the Termination Date unless the Option Holder ceases to be:

- (i) an Employee of the Company as a result of termination for Cause; or
- (ii) an Employee or Consultant of the Company as a result of an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the Termination Date.

(d) Ceasing to perform Investor Relations activities

In the event that the Option Holder holds his or her Option in an Investor Relations capacity for the Company, the Expiry Date of the Option shall be the 30th day following the Termination Date unless the Option Holder ceases to:

- (iii) Perform those Investor Relations activities for the Company as a result of termination for Cause; or
- (iv) Perform those Investor Relations activities for the Company as a result of an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the Termination Date.

Notwithstanding anything contained herein, in no case will an Option be exercisable later than the Expiry Date of such Option fixed by the Board at the time the Option is awarded to the Option Holder.

3.5 Exercise Price

The price at which an Option Holder may purchase a Share upon the exercise of an Option shall be as set forth in the Option Certificate issued in respect of such Option and in any event shall not be less than the Market Price of the Company's Shares as of the Award Date.

Notwithstanding anything else contained herein, in no case will the Market Price be less than the minimum prescribed by each of the organized trading facilities as would apply to the Award Date in question.

3.6 Additional Terms

Subject to all applicable Securities Laws of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, the following:

- (a) providing that an Option expires on a date other than as provided for herein;
- (b) providing that a portion or portions of an Option vest after certain periods of time or upon the occurrence of certain events, or expire after certain periods of time or upon the occurrence of certain events;
- (c) providing that an Option be exercisable immediately, in full, notwithstanding that it has vesting provisions, upon the occurrence of certain events, such as a friendly or hostile takeover bid for the Company; and
- (d) providing that an Option issued to, held by or exercised by an Option Holder who is a citizen or resident of the United States of America, and otherwise meets the statutory requirements, be treated as an "Incentive Stock Option" as that term is defined for purposes of the United States of America Internal Revenue Code of 1986, as amended.

3.7 Assignment of Options

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

3.8 Adjustments

If prior to the complete exercise of an Option the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively the "Event"), an Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Event, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

3.9 Vesting

Options granted to Directors, Employees and Consultants, other than Consultants engaged in Investor Relations Activities, will vest fully upon the expiry of the hold period of four months from the Award Date, unless otherwise approved by the Board of Directors.

Options granted to Employees engaged in Investor Relations Activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the Options vesting in any three month period.

3.10 Resale Restrictions

In addition to any resale restrictions under applicable Securities laws, the Option and any Shares issued upon exercise of the Option will be subject to a hold period of four months from the Award Date of the Option. The Option, and the Shares, if applicable, will bear the following legend:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THAT DAY WHICH IS 4 MONTHS PLUS ONE DAY FROM THE AWARD DATE]."

ARTICLE 4 EXERCISE OF OPTION

4.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of an Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 4:30 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

4.2 Tax Withholding

To the extent the grant or exercise of an Option hereunder gives rise to any tax or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), prior to the delivery of the Option or Common Shares being acquired upon the exercise of the Option, as the case may be, the Company may:

- (a) require the Optionee to remit to the Company a cash payment; or
- (b) withhold from any remuneration or consideration whatsoever payable to the Optionee, an amount sufficient to pay any tax or other statutory withholding obligation associated with the grant or exercise of the Option, as the case may be.

The Company shall have the right to require an Optionee to remit to the Company a cash payment in an amount sufficient to pay any tax or other statutory withholding obligation associated with a grant or exercise of an Option hereunder as a condition to the delivery of any Option or Common Shares being acquired upon the exercise of an Option, as the case may be.

4.3 Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the Share Certificate for the balance of Shares available under the Option.

4.4 Condition of Issue

The Options and the issue of Shares by the Company pursuant to the exercise of Options are subject to the terms and conditions of this Plan and compliance with the rules and policies of all applicable Regulatory Authorities to the granting of such Options and to the issuance and distribution of such Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all Securities Laws and agrees to furnish to the Company any information, reports or undertakings required to comply with, and to fully cooperate with, the Company in complying with such Securities Laws.

ARTICLE 5 ADMINISTRATION

5.1 Administration

The Plan shall be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any Director, senior officer or employee of the Company such administrative duties and powers as it may see fit.

5.2 Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Prospective Amendment

The Board may from time to time amend the Plan and the terms and conditions of any Option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Option or the Shares, or for any other purpose which may be permitted by all relevant laws, regulations, rules and policies provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment.

6.2 Amendment to Exercise Price

In the event that the exercise price of an Option held by an Insider of the Company is to be reduced, disinterested Shareholder approval must be obtained.

6.3 Retrospective Amendment

The Board may from time to time retrospectively amend the Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options that have been previously granted.

6.4 Approvals

This Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities.

6.5 Termination

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which shall continue to be governed by the provisions of the Plan.

6.6 Agreement

The Company and every Option awarded hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan.

Pasinex Resources Limited

SCHEDULE "A"

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE _____ .

Stock Option Plan
Option Certificate

This Certificate is issued pursuant to the provisions of the **Pasinex Resources Limited**. (the "Company") Stock Option Plan (the "Plan") and evidences that ____ is the holder (the "Option Holder") of an option (the "Option") to purchase up to ____ common shares (the "Shares") in the capital stock of the Company at a purchase price of Cdn. \$_____ per Share. Subject to the provisions of the Plan:

- (a) the Award Date of this Option is _____; and
- (b) the Expiry Date of this Option is _____.

This Option may be exercised at any time and from time to time from and including the Award Date through to and including up to 4:30 local time in Vancouver, British Columbia on the Expiry Date by delivery to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to "**Pasinex Resources Limited**" in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Company to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

The foregoing Option has been awarded this ___ day of _____, _____.

PASINEX RESOURCES LIMITED.

Per:

Administrator, Stock Option Plan



SCHEDULE "B"

STOCK OPTION PLAN

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan
PASINEX RESOURCES LIMITED

The undersigned hereby irrevocably gives notice, pursuant to the **Pasinex Resources Limited** (the "Company") Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for **(cross out inapplicable item)**:

- (a) all of the Shares; or
- (b) _____ of the Shares;

which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft **(circle one)** payable to "**Pasinex Resources Limited.**" in an amount equal to the aggregate Exercise Price of the aforesaid shares and directs the Company to issue the certificate evidencing said shares in the name of the undersigned to be mailed to the undersigned at the following address:

DATED the _____ day of _____, _____

Signature of Option Holder _____