

**NORTHISLE COPPER AND GOLD INC.**

Suite 1200 – 1166 Alberni St.  
Vancouver, BC V6E 3Z3

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TAKE NOTICE** that an Annual General Meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of **NORTHISLE COPPER AND GOLD INC.** (the “**Company**”) will be held at Suite 1200 – 1166 Alberni St., Vancouver, British Columbia on Wednesday, June 22, 2022 at 10:00 a.m. (Vancouver time) for the purposes of:

1. setting the number of directors for the ensuing year at five (5);
2. electing the directors for the ensuing year;
3. appointing an auditor for the ensuing year and authorizing the directors to fix the auditor’s remuneration;
4. considering and, if thought advisable, passing an ordinary resolution approving the proposed amended and restated stock option plan, the full text of which is attached as Schedule “B” to the Information Circular (as defined below); and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Details of the matters proposed to be put before the Meeting are set forth in the accompanying management information circular of the Company to which this Notice of Meeting is attached (the “**Information Circular**”).

**Your vote is important regardless of the number of shares that you own. Shareholders who are unable to attend the Meeting in person are required to date and sign the enclosed form of Instrument of Proxy and to return it to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1** not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof, at which the person named therein purports to vote in respect thereof.

Dated this 12th day of May, 2022.

**ON BEHALF OF THE BOARD**

*“Sam Lee”*

**SAM LEE**

President, Chief Executive Officer and Director

**NORTHISLE COPPER AND GOLD INC.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON DECEMBER 8, 2021**

This information is given as of May 12, 2022

**I. SOLICITATION OF PROXIES**

This management information circular dated May 12, 2022 (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of **NORTHISLE COPPER AND GOLD INC.** (the “**Company**”) for use at the Annual General Meeting (the “**Meeting**”) of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

**II. PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed instrument of proxy is solicited by management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the instrument of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised management in writing that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

**III. APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided or complete another instrument of proxy.**

**The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Company’s transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.**

The instrument of proxy must be signed by the shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies which do not strictly conform to the foregoing requirements.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.**

#### **IV. VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

**In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular.** The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgment of the nominee.

#### **V. ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

Only registered holders of common shares of the Company or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

##### *Notice and Access*

The Company is relying on the “notice and access” provisions available under applicable securities laws for delivery of meeting materials to its registered and beneficial shareholders. Shareholders who do not have instructions on their accounts to receive paper material will receive the notice of meeting, which

contains information on how to obtain electronic and paper copies of proxy related materials in advance of the Meeting, as well as a proxy or voting instruction form.

Using notice and access reduces our printing and mailing costs and is more environmentally friendly, without reducing shareholders' access to information about the Company.

*Distribution to NOBOs*

In accordance with the requirements of the Canadian Securities Administrators and National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company will have caused its agent to distribute copies of the Notice of Meeting and this Information Circular (collectively, the "**meeting materials**") as well as a Voting Instruction Form directly to those Non-Registered Holders who have provided instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner ("**Non-Objecting Beneficial Owner**" or "**NOBO**").

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for Voting Instruction Form enclosed with mailings to NOBOs.*

The meeting materials distributed by the Company's agent to NOBOs include a Voting Instruction Form. Please carefully review the instructions on the Voting Instruction Form for completion and deposit.

*Distribution to OBOs*

In addition, the Company will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Shareholders who have provided instructions to an Intermediary that the beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner ("**Objecting Beneficial Owner**" or "**OBO**").

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge Proxy Services to forward the meeting materials to OBOs. Management does not intend to pay for Intermediaries to forward the meeting materials to OBOs and as such, an OBO will not receive the meeting materials unless their Intermediary assumes the cost of delivery. Generally, those OBOs who have not waived the right to receive meeting materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with **Computershare Investor Services Inc.** in the manner set out above in this circular, with respect to the common shares beneficially owned by such OBO; **OR**

- (b) more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the OBO must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the OBO to direct the voting of the shares he or she beneficially owns.

**Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

## **VI. VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

### **A. Voting Securities**

As at the date immediately prior to this Information Circular, there were 181,335,104 common shares of the Company issued and outstanding, with each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which they are the holder.

### **B. Record Date**

Only shareholders of record at the close of business on May 5, 2022, who either personally attend the Meeting or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading “Appointment and Revocation of Proxies”, will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

### **C. Principal Holders**

To the knowledge of the directors and executive officers of the Company, only the following beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company:

<b>Name of Shareholder</b>	<b>Number of Shares Held</b>	<b>Percentage of Issued and Outstanding Shares</b>
Dale Corman	21,016,200	11.6%

**VII. INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

**VIII. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this Information Circular, "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

The Company was a party to the following material transactions with informed persons during the financial year ended December 31, 2021:

- remuneration for directors and key management personnel for the period ended December 31, 2021 are as follows:

Salaries and director fees	<b>\$373,015</b>
Share-based compensation <sup>(1)</sup>	<b>275,290</b>
<b>Total:</b>	<b>\$648,305</b>

<sup>(1)</sup> Share-based compensation is the fair value of options and other share-based compensation granted to directors and key management personnel which was recognized during the year.

Other than as disclosed elsewhere in this Information Circular, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

## **IX. STATEMENT OF EXECUTIVE COMPENSATION**

### **A. General Provisions**

For the purposes of this Information Circular:

“**CEO**” of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**closing market price**” means the price at which the Company’s security was last sold, on the applicable date:

- (a) in the security’s principal marketplace in Canada; or
- (b) if the security is not listed or quoted on a marketplace in Canada, in the security’s principal marketplace;

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**grant date**” means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid or payable under an incentive plan;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“**non-equity incentive plan**” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“**plan**” includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“**replacement grant**” means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

“**repricing**” means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

“**share-based award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## **B. Compensation Discussion and Analysis**

### *Compensation Program Objectives*

The Company’s compensation policies and programs are designed to be competitive with similar junior resource exploration companies and to recognize and reward executive performance consistent with the success of the Company. These policies and programs are intended to attract and retain capable and experienced people. The role and philosophy of the Company’s Board of Directors (the “**Board**”) is to ensure that the Company’s goals and objectives, as applied to the actual compensation paid to the Company’s President and Chief Executive Officer and other executive officers, are aligned with the Company’s overall business objectives and with shareholders’ interests.

In addition to informal industry comparables from publicly available information, the Board considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and its shareholders, overall financial and operating performance of the Company, and the Board’s assessment of each executive’s individual performance and contribution toward meeting corporate objectives. Performance is also recognized through the Company’s Option Plan (as defined below).

On September 17, 2021, the Board retained The Bedford Group to conduct a formal review of the Company’s compensation practices and programs and make recommendations to the Board in a formal compensation report following such review (the “**Bedford Report**”). The CGCN Committee (as defined below) has reviewed the Bedford Report and referred to its contents in further refining the Company’s compensation program and practices in 2022.



### ***Role of Executive Officers in Determining Compensation***

The CGCN Committee reviews and recommends compensation policies and programs to the Board, as well as salary and benefit levels for the Company’s executives. The Board, excluding non-independent directors, makes the final determination regarding the Company’s compensation programs and practice.

### ***Comparator Group***

The Bedford Report established a peer group of comparator companies (the “**Peer Group**”) reflecting the evolving business of the Company. The Bedford Group used various considerations in proposing a Peer Group, including companies of a similar stage of development, industry focus and range of market capitalization – all compared to the Company as at the date of the Bedford Report. Based on these considerations, the Company’s Peer Group for the Bedford Report was as follows:

Adventus Mining	Aquila Resources	Chakana Copper
Dore Copper	Falco Resources	Fortune Minerals
Kutcho Copper	Northern Dynasty	Northwest Copper
Regulus Resources	Troilus Gold	Western Copper and Gold

The Peer Group is used for the benchmarking of the Company’s compensation structure and provides a proxy for the competitive market for the Company’s executive compensation. On an annual basis, the CGCN Committee considers the Peer Group. The CGCN Committee takes into account the following factors in making this assessment of the Peer Group: the stage of project development; the applicability of financial metrics for pre-cashflow projects; the geographical location of operations; and the market capitalization of the various peers. As a result of this assessment, the CGCN Committee may adjust the Peer Group from time to time.

### ***Elements of the Compensation Program for Fiscal Year 2021***

The total compensation plan for the NEOs is comprised of two components: base salary or consulting fees and share-based compensation. In 2021, there was no policy or target regarding cash and non-cash elements of the Company’s compensation program defined in advance, however, following receipt of the Bedford Report, the CGCN Committee recommended an overall structure for executive compensation to the Board in December 2021. Executive compensation for 2021 was determined with reference to the proposed plan. The CGCN Committee annually reviews the total compensation of the Company’s executives against the backdrop of the compensation goals and objectives described above and makes recommendations to the Board concerning the individual components of the executives’ compensation.

### ***Base Salary***

As an exploration and development company with no ongoing cash flow or revenues from production, the Company establishes salaries for its executive officers at a competitive level to similar companies, in keeping with the Company’s available resources. In 2021, executive salaries increased as a result of the increased activity level of the Company, bringing executive compensation in range of the median level for peer companies in 2021.

### ***Stock Option Plan***

The Company has a Stock Option Plan (the “**Option Plan**”) in place for the granting of stock options to the directors, officers, employees and consultants of the Company. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating such persons and to closely

align the personal interest of such persons to that of the Company's shareholders, having regard to the fact that the Company has no ongoing cash flow or revenue from production and, as a result, there are limited funds available for the payment of salaries or consulting fees. The allocation of options under the Option Plan is determined by the Board which, in determining such allocations, considers such factors as previous grants to individuals, overall Company performance, share price, the role and performance of the individual in question, the amount of time directed to the Company's affairs and time expended in serving on the Company's committees. Certain amendments to the Option Plan are being proposed to comply with recent amendments to the TSX Venture Exchange ("**TSXV**") Policy 4.4 – *Security Based Compensation* ("**Policy 4.4**").

For further information, please see "C. Approval of the Amended Option Plan" under "XV. Particulars of Matters to be Acted Upon" below for details of certain proposed amendments to the Option Plan. The full text of the Amended Option Plan is attached hereto as Schedule "B" and a blackline comparing all changes between the Option Plan and the Amended Option Plan is attached hereto as Schedule "C".

### ***Share Unit Plan***

The Company has a Share Unit Plan (as defined herein) in place, the purpose of which is to allow for the potential acquisition of common shares of the Company by selected eligible persons through the granting of RSUs (as defined herein) and DSUs (as defined herein) for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key employees and directors of the Company and its designated affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of common shares by key employees and directors of the Company and its designated affiliates. The allocation of Share Units (as defined herein) under the Share Unit Plan is determined by the Board which, in determining such allocations, considers such factors as previous grants to individuals, overall Company performance, the role and performance of the individual in question, the amount of time directed to the Company's affairs and time expended in serving on the Company's committees.

For further information, please see "See "D. Incentive Plan Awards" under this "IX. Statement of Executive Compensation" below for details of the Share Unit Plan.

### ***Risk Considerations***

Commencing in 2012, the Board started to review from time to time and at least once annually, the risks, if any, associated with the Company's compensation policies and practices at such time. Such a review occurred at the time of preparation of this Compensation Discussion and Analysis. Implicit in the Board's mandate is that the Company's policies and practices respecting compensation, including those applicable to the Company's executives, be designed in a manner which is in the best interests of the Company and its shareholders, and risk implications is one of many considerations which are taken into account in such design.

A portion (set at a level consistent with its industry peers) of the Company's executive compensation consists of options granted under the Option Plan and RSUs granted under the Share Unit Plan. Such compensation is both "long term" and "at risk" and, accordingly, is directly linked to the achievement of long-term value creation. As the benefits of such compensation, if any, are not realized by the executives until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Company and its shareholders is extremely limited.

The other element of compensation, salary, represents the remaining portion of an executive’s total compensation. While salary is not “long term” or “at risk”, as noted above, these components of compensation represent a relatively small part of total compensation, and as a result it is unlikely that an executive would take inappropriate or excessive risks at the expense of the Company and its shareholders that would be beneficial to the executive from the standpoint of the executive’s short term compensation when his or her long term compensation might be put at risk from such actions.

Due to the relatively small size of the Company, and the current level of the Company’s activity, the Board is able to closely monitor and consider any risks which may be associated with the Company’s compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings, during which financial and other information pertaining to the Company will be reviewed, which review will include executive compensation. No risks have been identified arising from the Company’s compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Pursuant to the terms of the Company’s insider trading policy, all directors, officers and members of senior management are prohibited from entering into financial instruments that are designed to hedge or offset any decrease in the market value of the Company’s equity securities that are held directly or indirectly by them or granted as compensation to them. Such prohibited financial instruments include prepaid variable forward contracts, equity swaps, collars, put or call options and similar financial instruments.

**C. Summary Compensation Table**

The NEOs of the Company for the purposes of the following disclosure are as follows:

1. Sam Lee, President and CEO;
2. Nicholas Van Dyk, CFO;
3. David Douglas, Corporate Secretary and former CFO; and
4. John McClintock, the Company’s former President and CEO.

The compensation for the NEOs, directly or indirectly, for the Company’s three most recently-completed financial years is as follows:

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Sam Lee <sup>(3)</sup> <sup>(7)</sup> President and CEO, Director	2021	68,750	158,960	124,110	Nil	Nil	Nil	Nil	351,820
	2020	Nil	Nil	428,000	Nil	Nil	Nil	Nil	428,000
	2019	-	-	-	-	-	-	-	-
Nicholas Van Dyk CFO <sup>(4)</sup> <sup>(7)</sup>	2021	145,000	90,240	82,740	Nil	Nil	Nil	Nil	317,980
	2020	15,000	Nil	88,400	Nil	Nil	Nil	Nil	103,400
	2019	-	-	-	-	-	-	-	-
David Douglas Corporate Secretary <sup>(5)</sup>	2021	39,000	Nil	11,820	Nil	Nil	Nil	Nil	50,820
	2020	14,600	Nil	42,250	Nil	Nil	Nil	Nil	56,850
	2019	9,500	Nil	25,833	Nil	Nil	Nil	Nil	35,333
	2021	57,765	Nil	Nil	Nil	Nil	Nil	Nil	57,765
	2020	46,781	Nil	50,700	Nil	Nil	Nil	Nil	97,481

John McClintock former President, CEO and Director <sup>(6)</sup>	2019	50,938	Nil	44,000	Nil	Nil	Nil	Nil	94,938
--	------	--------	-----	--------	-----	-----	-----	-----	--------

- (1) Salaries include accrued wages payable for 2019. As at December 31, 2021 and December 31, 2020, the Company owed \$nil (December 31, 2019 - \$71,283) and \$nil (December 31, 2019 - \$46,750) to John McClintock and David Douglas, respectively, for unpaid management fees. Amounts due are non-interest bearing with no specific terms of repayment.
- (2) The weighted average grant date fair value of the incentive stock options granted during the financial year ended December 31, 2021 was \$0.19 per option, the weighted average grant date fair value of the incentive stock options granted during the financial year ended December 31, 2020 was \$0.12 per option and the weighted average grant date fair value of the incentive stock options granted during the financial year ended December 31, 2019 was \$0.10 per option. The Company calculated the compensation cost by using the Black-Scholes option pricing model as follows: for options granted in 2021, by assuming a risk-free interest rate of 1.02%, a dividend yield of nil, the expected annual volatility of the Company's share price of 90% and an expected life of the options of 4.5 years, for options granted in 2020, by assuming a risk-free interest rate of 0.23%, a dividend yield of nil, the expected annual volatility of the Company's share price of 93% and an expected life of the options of 4.5 years, for options granted in 2019 by assuming a risk-free interest rate of 1.15%, a dividend yield of nil, the expected annual volatility of the Company's share price of 80% and an expected life of the options of 5 years. There was no cash compensation actually paid to any of the NEOs disclosed in the above table in connection with the granting of the incentive stock options in respect of which these "Option-based awards" were calculated.
- (3) Mr. Lee was appointed President and CEO on October 5, 2020 and as a Director on November 5, 2020. Mr. Lee does not receive any separate compensation for his role as a Director.
- (4) Mr. Van Dyk was appointed Vice President, Corporate Development and Investor Relations on November 17, 2020 and subsequently transitioned to CFO on September 1, 2021. Compensation disclosed in this table prior to October 1, 2021 was paid to Revelation Financial Inc., a company controlled by Mr. Van Dyk, for compensation payable to Mr. Van Dyk in his capacity as Vice President, Corporate Development and Investor Relations and CFO. On October 1, 2021, Mr. Van Dyk joined the Company directly as noted in Note 7.
- (5) Mr. Douglas resigned from the position of CFO on September 1, 2021, at which time he continued with the Company solely in the position of Corporate Secretary. Compensation disclosed in this table was paid to Mr. Douglas in his capacity as CFO and Corporate Secretary until that date, and Corporate Secretary alone after that date.
- (6) Mr. McClintock transitioned from President and CEO to Vice President, Exploration on October 5, 2020 and resigned as a Director on November 4, 2020. Mr. McClintock did not receive any separate compensation for his role as a Director. Mr McClintock resigned as Vice President, Exploration on June 30, 2021 but remains a Strategic Advisor to the company.
- (7) On October 1, 2021, Mr. Lee and Mr. Van Dyk entered into new employment agreements with the Company which reflect, amongst other things, an annual base salary of \$275,000 and \$220,000 respectively.

#### **D. Incentive Plan Awards**

##### ***Option Plan***

As disclosed under "B. Compensation Discussion and Analysis" of this Item IX ("Statement of Executive Compensation"), the Company has in place an Option Plan for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons the opportunity to acquire an equity interest in the Company through rights granted under the Option Plan to purchase shares of the Company. Certain amendments to the Option Plan are being proposed for approval by shareholders at the Meeting in order to comply with the recent amendments to TSXV Policy 4.4. See "C. Approval of the Amended Option Plan" under "XV. Particulars of Matters to be Acted Upon" below for details of the amendments to the Option Plan. The full text of the Amended Option Plan is attached hereto as Schedule "B" and a blackline comparing all changes between the Option Plan and the Amended Option Plan is attached hereto as Schedule "C".

Options are granted from time to time under the Option Plan as determined by the Board, including options granted to executive officers. Previous grants of options under the Option Plan are taken into account when the granting of new options is being considered.

### *Share Unit Plan*

In addition, the Company adopted a share unit plan (the “**Share Unit Plan**”) to enable the Company to grant restricted share units (“**RSUs**”) and deferred share units (“**DSUs**” and collectively with the RSUs, the “**Share Units**”) in order to allow for the potential acquisition of common shares of the Company by selected eligible persons for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key employees and directors of the Company and its designated affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of common shares by key employees and directors of the Company and its designated affiliates. It is generally recognized that share unit plans can aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in the Company. The Share Unit Plan was approved at the annual meeting of shareholders held on December 8, 2021.

The Share Units issuable under the Share Unit Plan are “phantom shares” that track the value of the underlying common shares but do not entitle the recipient to the actual underlying common shares until such Share Units vest.

As of the date hereof, a total of 348,000 DSUs and 781,000 RSUs have been granted under the Share Unit Plan. The number of share units that remain issuable under the Share Unit Plan is 5,871,000.

### Particulars of the Share Unit Plan

A summary of certain provisions of the Share Unit Plan is set out below. This summary is qualified in its entirety by the full text of the Share Unit Plan, the full text of which is available on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### *Eligible Participants*

Participation in the Share Unit Plan is restricted to employees, non-executive directors and officers of the Company and its designated affiliates (an “**Award Eligible Person**”). Employees, including directors who are also employees, are eligible to participate in the Company’s Share Unit Plan.

### *Transferability*

Awards issued under the Share Unit Plan may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the beneficiary or estate of a Share Unit Plan Eligible Person, as the case may be, upon the death of the Share Unit Plan Eligible Person’s granted Share Units (the “**Award Grantee**”)).

### *Administration of the Share Unit Plan*

The Share Unit Plan is administered by the Board of the Company. The Share Unit Plan consists of DSUs and RSUs, the administration thereof is outlined below:

- (a) **Deferred Share Units.** Under the Share Unit Plan, the Board may grant DSUs (a “**DSU Award**”) to Award Eligible Persons who are non-employees of the Company or its designated affiliates (a “**DSU Award Eligible Person**”), attributable to the DSU Award Eligible Person’s duties as a non-



	unexercised options (#)			money options (\$)	have not vested (#)	awards that have not vested (\$)	vested share-based awards not paid out or distributed (\$)
Sam Lee	4,000,000 630,000	0.12 0.29	Oct. 5, 2025 Dec. 16, 2026	1,200,000 81,900	144,000	60,480	Nil
Nicholas Van Dyk	650,000 420,000	0.20 0.29	Nov. 17, 2025 Dec. 16, 2026	143,000 54,600	96,000	40,320	Nil
David Douglas	300,000 250,000 250,000 60,000	0.15 0.07 0.28 0.29	Feb. 26, 2023 Sept. 24, 2024 Dec. 28, 2025 Dec. 16, 2026	81,000 87,500 35,000 7,800	Nil	Nil	Nil
John McClintock	400,000 400,000 300,000	0.15 0.07 0.28	Feb. 26, 2023 Sept. 24, 2024 Dec. 28, 2025	52,000 84,000 Nil	Nil	Nil	Nil

#### INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table summarizes the value of each incentive plan award vested or earned by each NEO during the financial year ended December 31, 2021:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Sam Lee	41,370	Nil	Nil
Nicholas Van Dyk	27,580	Nil	Nil
David Douglas	18,167	Nil	Nil
John McClintock	17,000	Nil	Nil

#### REPRICINGS

There were no repricings of Stock Options under the Option Plan or otherwise during the Company's completed financial period ended December 31, 2021.

#### **E. Pension Plan Benefits**

The Company has no defined benefit plans that provide for payments or benefits to any NEO at, following or in connection with retirement.

The Company also does not have any defined contribution or deferred compensation plans relating to any NEO.

#### **F. Termination and Change of Control Benefits**

No NEO or employee has entered into an agreement with the Company that provides for payments following or in connection with a termination without cause or a Change of Control (as defined below), other than as follows:

- pursuant to an employment agreement between the Company and Mr. Lee dated October 1, 2021, in the event that Mr. Lee is terminated without cause, the Company shall pay to Mr. Lee (in addition to basic entitlements for unpaid base salary to the date of termination, accrued and outstanding vacation pay and reimbursement for properly incurred business expenses) an amount in cash equal to twelve (12) months' of his then-current base salary, plus his average annual bonus awarded over the previous three (3) years (the "**Average Bonus**"). In the event that, within the 12-month period immediately following a Change of Control, Mr. Lee is terminated without cause or resigns for good reason, (i) the Company shall pay to Mr. Lee (in addition to the basic entitlements outlined above) an amount in cash equal to 2x his then current base salary, plus 2x his Average Bonus; (ii) all unvested Options and any other equity-based compensation held by Mr. Lee shall immediately vest and become exercisable in accordance with their respective terms; and (iii) all benefits received by Mr. Lee shall continue for a period of two (2) years from the effective date of termination; and
- pursuant to an employment agreement between the Company and Mr. Van Dyk dated October 1, 2021, in the event that Mr. Van Dyk is terminated without cause, the Company shall pay to Mr. Van Dyk (in addition to the basic entitlements outlined above) an amount in cash equal to twelve (12) months' of his then-current base salary, plus his Average Bonus. In the event that, within the 12-month period immediately following a Change of Control, Mr. Van Dyk is terminated without cause or resigns for good reason, (i) the Company shall pay to Mr. Van Dyk (in addition to the basic entitlements outlined above) an amount in cash equal to twelve (12) months' of his then-current base salary, plus his Average Bonus; (ii) all unvested Options and any other equity-based compensation held by Mr. Van Dyk shall immediately vest and become exercisable in accordance with their respective terms; and (iii) all benefits received by Mr. Van Dyk shall continue for a period of one (1) year from the effective date of termination.
- pursuant to an employment agreement between the Company and Robin Tolbert dated January 1, 2022, in the event that Mr. Tolbert is terminated without cause, the Company shall pay to Mr. Tolbert (in addition to basic entitlements for unpaid base salary to the date of termination, accrued and outstanding vacation pay and reimbursement for properly incurred business expenses) an amount in cash equal to one month of base salary per year of service, subject to a minimum of three (3) months' notice. In the event that, within the 12-month period immediately following a Change of Control, Mr. Tolbert is terminated without cause or resigns for good reason, (i) the Company shall pay to Mr. Tolbert (in addition to the basic entitlements outlined above) an amount in cash equal to 1x his then current base salary, plus 1x his Average Bonus; (ii) all unvested Options and any other equity-based compensation held by Mr. Tolbert shall immediately vest and become exercisable in accordance with their respective terms; and (iii) all benefits received by Mr. Tolbert shall continue for a period of one (1) years from the effective date of termination; and
- pursuant to an employment agreement between the Company and Ian Chang dated April 11, 2022, in the event that Mr. Chang is terminated without cause, the Company shall pay to Mr. Chang (in addition to basic entitlements for unpaid base salary to the date of termination, accrued and outstanding vacation pay and reimbursement for properly incurred business expenses) an amount in cash equal to twelve (12) months' of his then-current base salary, plus his average annual bonus awarded over the previous three (3) years (the "**Average Bonus**"). In the event that, within the 12-month period immediately following a Change of Control, Mr. Chang is terminated without cause or resigns for good reason, (i) the Company shall pay to Mr. Chang (in addition to the basic entitlements outlined above) an amount in cash equal to 1x his then current base salary, plus 1x his Average Bonus; (ii) all unvested Options and any other equity-based compensation held by Mr. Chang shall immediately vest and become exercisable in accordance with their respective terms;



and (iii) all benefits received by Mr. Chang shall continue for a period of one (1) year from the effective date of termination.

For the purposes of this section, “**Change of Control**” means: (a) a direct or indirect acquisition of voting securities of the Company that, when taken together with any other voting securities owned directly or indirectly by such acquiror(s) at the time of acquisition, constitute 50% or more of the outstanding voting securities of the Company; (b) a majority of the then-incumbent nominees for election to the Board are not elected at any meeting of shareholders of the Company; (c) a sale, transfer or disposition of all or substantially all assets of the Company; (d) a liquidation, dissolution or winding-up of the Company; or (e) a merger, amalgamation, consolidation or reorganization into or with another body corporate or legal person that results in 50% or more of the voting shares of the resulting entity being beneficially held by a party (or parties) which, in the aggregate, held less than 40% of the voting shares of the Company immediately prior to such transaction.

**G. Director Compensation**

The following table discloses all amounts of compensation provided by the Company to its directors who are not NEOs for the financial period ended December 31, 2021:

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)<sup>(1)</sup></b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Dale Corman	Nil	25,230	30,141	N/A	N/A	Nil	55,371
Larry Yau	Nil	25,230	30,141	N/A	N/A	Nil	55,371
Martino De Ciccio	Nil	25,230	30,141	N/A	N/A	Nil	55,371
Kevin O’Kane	Nil	25,230	30,141	N/A	N/A	Nil	55,371

<sup>(1)</sup> The weighted average grant date fair value of the incentive stock options granted during the financial year ended December 31, 2021 was \$0.20 per option. The Company calculated the compensation cost by using the Black-Scholes option pricing model as follows: by assuming a risk-free interest rate of 1.19%, a dividend yield of nil, the expected annual volatility of the Company’s share price of 89% and an expected life of the options of 4.5 years. There was no cash compensation actually paid to any of the directors who are not NEOs disclosed in the above table in connection with the granting of the incentive stock options in respect of which these “Option-based awards” were calculated.

Other than as set forth in the foregoing, no director of the Company who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS**

The following table discloses the particulars of all awards outstanding for each of the directors who are not NEOs at the end of the Company’s financial period ended December 31, 2021, including awards granted before this most recently completed financial period:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Dale Corman	300,000	0.15	Feb. 26, 2023	81,000	87,000	36,540	N/A
	200,000	0.07	Sep. 4, 2024	70,000			
	200,000	0.28	Dec. 29, 2025	28,000			
	153,000	0.29	Dec. 16, 2026	19,890			
Larry Yau	300,000	0.15	Feb. 26, 2023	81,000	87,000	36,540	N/A
	200,000	0.07	Sep. 4, 2024	70,000			
	200,000	0.28	Dec. 29, 2025	28,000			
	153,000	0.29	Dec. 16, 2026	19,890			
Martino De Ciccio	350,000	0.15	Feb. 26, 2023	94,500	87,000	36,540	N/A
	200,000	0.07	Sep 4, 2024	70,000			
	200,000	0.28	Dec. 29, 2025	28,000			
	153,000	0.29	Dec. 16, 2026	19,890			
Kevin O’Kane	333,333	0.175	Nov. 4, 2025	81,667	87,000	36,540	N/A
	153,000	0.29	Dec. 16, 2026	19,890			

**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR**

The following table summarizes the value of each incentive plan award vested or earned by each of the directors who are not NEOs at the end of the Company’s financial period ended December 31, 2020:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Dale Corman	21,533	N/A	N/A
Larry Yau	21,533	N/A	N/A
Martino De Ciccio	21,533	N/A	N/A
Kevin O’Kane	30,200	N/A	N/A

**X. SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of the Company’s compensation plans under which equity securities of the Company were authorized for issuance at the end of the Company’s most recently completed financial year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	15,305,333	\$0.18*	2,590,667
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	15,305,333	\$0.18*	2,590,667

\*excludes DSUs and RSUs which are convertible to shares for no additional consideration

## **XI. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No executive officer, director, employee, former executive officer, former director, former employee, proposed nominee for election as a director, or associate of any such person has been indebted to the Company or its subsidiaries at any time since the commencement of the Company’s last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company or its subsidiaries at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

## **XII. MANAGEMENT CONTRACTS**

During the Company’s most recently completed financial year ended December 31, 2021, there were no management functions of the Company which were to any substantial degree performed by a person other than a director or senior officer of the Company.

## **XIII. CORPORATE GOVERNANCE**

Pursuant to National Policy 58-101 – Disclosure of Corporate Governance Practices, the Company is required to and hereby discloses its corporate governance practices as follows:

### **A. Board of Directors**

The Board of the Company facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board, both with and without non-independent directors and members of the Company’s management (including members of management that are also directors) being in attendance. In the year ended December 31, 2021, the independent directors held 4 such meetings without non-independent directors present.

Sam Lee, CEO, is not considered to be independent as Mr. Lee is an executive officer of the Company.

Dale Corman, Martino De Ciccio, Kevin O’Kane and Larry Yau are “independent” directors in that each is independent and free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with the director’s ability to act in the best interests of the Company, other than interests and relationships arising from shareholdings.

The independent directors are expected to be actively and regularly involved in reviewing and supervising the Company’s operations and have regular and full access to management. Further supervision is performed

through the Audit Committee which is composed of independent directors who will meet with the Company's auditors without management being in attendance.

All directors were in attendance at all Board meetings during 2021.

**B. Directorships**

Certain of the directors of the Company are presently a director in one or more other reporting issuers, as follows:

**Directors**

Larry Yau  
Kevin O'Kane

**Other Issuers**

Spanish Mountain Gold Ltd.  
SolGold Plc  
Almaden Minerals Ltd.  
IAMGOLD Corporation

**C. Board Mandate**

The Board is responsible for the stewardship of the Company and for the supervision of the management of the business and affairs of the Company. The mission of the Board is to oversee the Company's efforts to create enduring value for all stakeholders. The Board's primary responsibilities are to:

- (a) identify and monitor the long-term business strategies of the Company;
- (b) review and monitor the financial and operating results of the Company;
- (c) recruit and evaluate the CEO and senior management and review management succession planning;
- (d) assess principal risks facing the Company and implement systems to mitigate such risks;  
and
- (e) oversee the development of the Company's approach to corporate governance.

**D. Position Descriptions**

Given the size of the Company, the Board does not believe that it is necessary to develop a formal written position description for the chair of the Board or the chair of each Board committee. The primary role of the chair of the Board and the chair of each committee is managing the affairs of the Board or respective committee, as applicable, including ensuring the Board or committee is properly organized, functions effectively and meets its obligations and responsibilities as set out in its mandate.

Similarly, the Board has not adopted a formal written position description for the CEO, however the CEO's duties and responsibilities are generally set out in his employment agreement.

**E. Orientation and Continuing Education**

The Company does not have formal orientation and training programs, but expects to provide new Board members with:

- (a) access to the Company's recent, publicly filed documents, technical reports in respect of the Company's mineral properties and the Company's internal financial information;
- (b) access to management and technical experts and consultants; and
- (c) a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

The CGCN Committee (as defined below) will periodically make recommendations to the Board in relation to directors' orientation and continuing education program.

#### **F. Ethical Business Conduct**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. The Board has adopted a Code of Conduct, the full text of which is available to view on its website at [www.northisle.ca](http://www.northisle.ca). The Board intends to instruct its management and employees to abide by the Code.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

#### **G. Nomination of Directors**

The CGCN Committee (as defined below) is responsible for identifying potential Board candidates and developing criteria and procedures for the identification and recruitment of candidates for election as directors of the Company. The CGCN Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors and recommends nominees to fill vacancies on the Board. Members of the Board, management and representatives of the mineral exploration industry are expected to be consulted for possible candidates.

#### **H. Compensation**

The CGCN Committee (as defined below) will make recommendations to the Board as to the form and amount of director compensation, including cash, equity-based awards and other director compensation. Directors' compensation will take into account market practices for comparable companies and will reflect an appropriate balance between cash and equity.

The independent members of the CGCN Committee (as defined below) shall be responsible for determining a framework for management compensation and within such framework, determining the remuneration package of the CEO including, where appropriate, bonuses, incentive payments, shares, share option grants and/or other equity incentives and confirm aspects of the individual remuneration packages of other members of senior management as recommended by the CEO including, where appropriate, incentive payments, shares, share option grants and/or other equity incentives.

In setting the compensation, the independent directors intend to take into account market practices for comparable companies and will annually review the performance of the CEO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives. In addition, the CGCN Committee will also take into account those recommendations made to the Company in the Bedford Report. See also "B. Compensation Discussion and Analysis" under "IX. Statement of Executive Compensation" herein.

## **I. Other Board Committees**

### *CGCN Committee*

On May 11, 2021, the Board established a Corporate Governance, Compensation and Nominating Committee (the "**CGCN Committee**"). The CGCN Committee currently consists of three directors, Martino de Ciccio, Kevin O'Kane and Larry Yau, all of whom are independent. The CGCN Committee's mandate is to assist the Board in establishing the Company's corporate governance policies and practices, identifying individuals qualified to become members of the Board, reviewing the composition and performance of the Board and its committees and overseeing compensation matters for the CEO and senior management.

### *Technical and Sustainability Committee*

On May 11, 2021, the Board established a Technical and Sustainability Committee (the "**Sustainability Committee**"). The Sustainability Committee currently consists of three directors, Kevin O'Kane, Dale Corman and Sam Lee. The Sustainability Committee's mandate is to review and monitor the policies, activities and performance of the Company as they relate to: (i) exploration and mineral reserve and resource estimates; (ii) development of the North Island Project; and (iii) sustainability, including health, safety, environmental and corporate social responsibility.

### *Other Committees*

The Board may establish such additional committees from time to time as it deems appropriate and delegate to them such authority permitted by applicable law and the Company's Articles. As the directors will be actively involved in the operations of the Company and the size of the Company's operations do not warrant a larger Board, the Board has determined that any committees in addition to the Audit Committee, the CGCN Committee and the Sustainability Committee will not be necessary at the current stage of the Company's development. The CGCN Committee will review and consider the establishment and composition of potential and existing committees of the Board on an annual basis.

## **J. Assessments**

The Board conducts an annual self-evaluation (the "**Annual Review**") to determine whether it and its committees are functioning effectively. The Annual Review process is developed by the CGCN Committee and will include a solicitation of comments from all directors and a report to the Board on the results of this evaluation. The CGCN Committee also annually evaluates the contributions of the individual directors.

## **XIV. AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

**A. Audit Committee Charter**

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this Information Circular.

**B. Composition of the Audit Committee**

The Company's audit committee currently consists of three directors: Larry Yau, Dale Corman and Martino De Ciccio, all of whom are independent within the meaning of NI 52-110.

A member of the audit committee is "independent" if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment.

**C. Relevant Education and Experience**

NI 52-110 provides that a member of the audit committee is considered to be "financially literate" if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexities of the issues that can reasonably be expected to be raised by the Company.

All of the members of the Company's audit committee are considered to be "financially literate", as that term is defined in NI 52-110.

Larry Yau is a Canadian Chartered Accountant with over 30 years of financial and business experience gained primarily in the mining and resource sectors. He is currently the Chief Executive Officer for Spanish Mountain Gold Ltd., an advanced gold exploration company based in British Columbia. He was previously Manager, Corporate Development, at Placer Dome Inc. until its acquisition by Barrick Gold Corp.

Dale Corman has over 30 years' experience as a senior officer of public mining companies. His roles have required that Mr. Corman understand, review and approve financial statements.

Martino De Ciccio has over 13 years' experience as a senior officer of public companies and is a CFA Charter holder. His roles have required that Mr. De Ciccio understand, review and approve financial statements.

The Board believes that the audit committee members have the relevant education and experience to comply with NI 52-110.

**D. Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Company's Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

**E. Pre-Approval Policies and Procedures**

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board, and where applicable the audit committee, on a case-by-case basis.

**F. External Auditor Service Fees**

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, is as follows:

<b>Financial Period Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
December 31, 2021	\$83,648	Nil	\$2,675	Nil
December 31, 2020	\$29,000	Nil	\$6,000	Nil

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit Related Fees” include services that are traditionally performed by the auditor. These audit related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice include assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

**XV. PARTICULARS OF MATTERS TO BE ACTED UPON**

**A. Election of Directors**

Management intends to propose for adoption an ordinary resolution that the number of directors of the Company be fixed at five (5).

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. The terms of office of those nominees who are presently directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular. **The Board recommends a vote “FOR” the appointment of each of the following nominees as directors.**



<b>Name of Nominee, Residence and Present Positions Held</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number of Shares Beneficially Owned or Controlled</b>
<b>SAM LEE</b> British Columbia, Canada President, Chief Executive Officer and Director	See “Director Biographies” below.	November 5, 2020	2,003,081
<b>DALE CORMAN</b> <sup>(1)(2)</sup> British Columbia, Canada Chairman and Director	See “Director Biographies” below.	August 19, 2011	21,016,200
<b>MARTINO DE CICCIO</b> <sup>(1)</sup> London, England, UK Director	See “Director Biographies” below.	February 6, 2018	Nil
<b>KEENA HICKEN-GABERRIA</b> <sup>(1)</sup> British Columbia, Canada	See “Director Biographies” below.	Proposed	Nil
<b>KEVIN O’KANE</b> British Columbia, Canada Director	See “Director Biographies” below.	November 5, 2020	166,667

<sup>(1)</sup> Denotes proposed member of the Audit Committee.

<sup>(2)</sup> Mr. Corman beneficially owns more than ten per cent (10%) of the voting rights attached to all voting securities of the Company. Please see “*Voting Shares and Principal Holders Thereof – Principal Holders*”.

A notice of meeting and record date was filed on SEDAR on April 8, 2022, being the first public announcement of the date of the Meeting. Pursuant to the Advance Notice Policy of the Company adopted by shareholders on December 8, 2021, any additional director nominations for the Meeting must be received by the Company in compliance with the Advance Notice Policy no later than the close of business on May 23, 2022. A copy of the Company’s Advance Notice Policy may be obtained under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Director Biographies***

#### *Sam Lee, President, CEO and Director*

Mr. Lee was appointed to the role of President & CEO of Northisle in October 2020. Over the past 20 years Mr. Lee has advised on some of the most prominent M&A, equity and debt transactions in the international and Canadian global mining industry totaling over \$100 billion in value. During this period, he has worked in major resource markets including Toronto, Sydney and Vancouver where he led various strategic initiatives for CIBC World Markets. Most recently, he was Managing Director and head of CIBC’s Vancouver Mining Group. Mr. Lee holds a Bachelor of Applied Science, Faculty of Engineering, from the University of Toronto, was a graduate of the Lassonde Mineral Engineering program and is a CFA charterholder.

#### *Dale Corman, Director and Chairman*

From 1995 to 2006, Mr. Corman was Chairman of the Board of Directors and Chief Executive Officer of Western Silver Corporation. He has 50 years’ experience as a senior corporate officer of publicly listed companies in Canada and the United States, as well as extensive expertise in mineral and geothermal

exploration and development, property evaluation and acquisition, project financing and corporate management. Mr. Corman received a B.S. in geology from Rensselaer Polytechnic Institute in Troy, New York, in 1961 and obtained Professional Engineer status in Ontario in 1972. From 2006 until June 2021, Mr. Corman acted as Executive Chairman and Chief Executive Officer of Western Copper and Gold Corporation.

As Chairman of the Board of the Company, Mr. Corman is responsible for general corporate oversight and strategy.

*Martino De Ciccio, Director*

Mr. De Ciccio has worked in the mining industry for the past 12 years and is currently vice-president strategy and investor relations at Endeavour Mining, a gold production company, a position he assumed in 2015. Prior to joining Endeavour Mining, he held the position of strategy and business development manager at La Mancha Resources. Mr. De Ciccio earned a BCom in finance from McGill University. He is a CFA charter holder and a member of the CFA Institute.

*Keena Hicken-Gabberia, Director*

Mrs. Hicken-Gabberia has over 20 years of experience providing accounting and advisory services to clients in Canada, the United Kingdom, and the United States, in a variety of industries including mining, construction, infrastructure, energy, forestry, manufacturing and banking. Mrs. Hicken-Gabberia began her professional career in auditing with KPMG in 1998, where she specialised in risk management, internal controls, and project management. In 2012, she established her own firm, New Leaf Enterprises Inc., where she began working with indigenous organizations and communities. In 2016, she was appointed by an indigenous community equity partner to the Board of Orca Sand & Gravel LP, a concrete aggregate mining company located on the Northern tip of Vancouver Island, and has held the position of Chair since 2018. Mrs. Hicken-Gabberia also serves as the Board Chair of Dadan Sivunivut Inc., volunteer Treasurer of the Rural Islands Economic Partnership Society, and as the CFO of LFT Group Brands Ltd. She is a Chartered Professional Accountant, CA, and earned a Commerce degree in Entrepreneurial Management from Royal Roads University. She is a designated Certified Fraud Examiner, Project Management Professional and ICD.D.

*Kevin O’Kane, Director*

Mr. O’Kane is a mining engineer with more than 40 years' experience in the global mining industry. Mr. O’Kane spent over 35 years with BHP in various roles including leading multibillion-dollar projects from conception, through permitting and into execution and operations, President of Pampa Norte copper operations in Chile, in various major project development, technical and operating roles at the Escondida copper mine in Chile and in various health, safety, environment and community leadership roles including as Vice President Health, Safety, Environment & Community for BHP’s copper business. Most recently, Mr. O’Kane served as the Executive Vice President and Chief Operating Officer of SSR Mining Inc. Mr. O’Kane also serves on the Boards of SolGold Plc, Almaden Minerals Ltd. and NorthIsle Copper and Gold Inc. Each of the foregoing companies in which Mr. O’Kane presently serves are mineral exploration and development companies.

***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The above information was provided by management of the Company.

## **B. Appointment of Auditors**

Management proposes that PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Vancouver, British Columbia be re-appointed Auditors of the Company at the Meeting for the ensuing year at a remuneration to be negotiated between the Auditors and the directors. PricewaterhouseCoopers LLP was initially appointed as the Company's Auditors at the Annual General Meeting of Shareholders held on December 29, 2020.

### ***Directors' Recommendation***

Management has determined that the reappointment of PricewaterhouseCoopers LLP as Auditors of the Company for the ensuing year at a remuneration to be negotiated between the Auditor and the directors is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of the ordinary resolution in respect of same.

### ***Shareholder Approval***

As disclosed above, the appointment of Auditors at a remuneration to be negotiated between the Auditors and the directors is subject to the Company receiving shareholder approval therefor.

The form of resolution to be placed before shareholders at the Meeting is as follows:

#### **“Be it Resolved that, as an Ordinary Resolution, with or without amendment:**

1. the appointment of PricewaterhouseCoopers as Auditors of the Company for the ensuing year, at a remuneration to be negotiated between the Auditors and the directors, is hereby approved, ratified and confirmed.

2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing.”

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to approve the appointment of Auditors at a remuneration to be negotiated between the Auditors and the directors, unless a shareholder has specified in its proxy that its common shares are to be withheld in respect of such resolution.** If no choice is specified by the shareholder to vote for or to withhold in respect of the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.

### **C. Approval of the Amended Option Plan**

The Option Plan in its current form was most recently approved by the shareholders of the Company at its 2021 annual general meeting held on December 8, 2021. The purpose of the Option Plan is to assist the Company in attracting, retaining and motivating directors, officers and employees of the Company and to closely align the personal interests of such directors, officers and employees with the interests of the Company and its shareholders. Options granted under the Option Plan are non-assignable and may be granted for a term not exceeding that permitted by the TSXV. At the Meeting, shareholders will be asked to consider and, if thought fit, to approve certain amendments to the Option Plan. The proposed amended and restated stock option plan (the “**Amended Option Plan**”) is being implemented to comply with the recent amendments to TSXV Policy 4.4. It is a condition of TSXV acceptance of the Amended Option Plan that shareholder approval of the amendments be obtained at the Meeting and that shareholder approval of the Amended Option Plan is obtained annually thereafter.

The following summary of changes to the Option Plan does not purport to be complete and is qualified in its entirety by reference to the Amended Option Plan. The full text of the Amended Option Plan is attached hereto as Schedule “B” and a blackline comparing all changes between the Option Plan and the Amended Option Plan is attached hereto as Schedule “C”. Capitalized terms used in this section and not otherwise defined have the same meaning attributed to them in the Amended Option Plan.

#### ***Material Terms of the Option Plan***

A summary of the material aspects of the Option Plan is as follows:

1. The directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries (collectively, “**Eligible Persons**”).
2. The maximum number shares which may be issued pursuant to options previously granted and those granted under the Option Plan is a maximum of 10% of the issued and outstanding shares of the Company at the time of the grant.
3. The number of shares which may be issuable under the Option Plan and all of the Company’s other previously established or proposed share compensation arrangements, in any 12-month period:
  - (a) to any one person, shall not exceed 5% of the total number of issued and outstanding shares of the Company on the date of grant on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;

- (b) to insiders as a group shall not exceed 10% of the total number of issued and outstanding shares of the Company on the date of grant on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
  - (c) to any one consultant shall not exceed 2% of the total number of issued and outstanding shares of the Company on the date of grant on a non-diluted basis; and
  - (d) to all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares of the Company on the date of grant on a non-diluted basis.
4. Options will be exercisable over periods of up to ten years as determined by the Board of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange.
  5. Options are not assignable nor transferable, except other than pursuant to a will or by the laws of descent and distribution.
  6. The Option Plan contains no vesting requirements but permits the Board of the Company to specify a vesting schedule in its discretion.
  7. The Option Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.
  8. The Option Plan does not provide for financial assistance by the Company to any optionee.
  9. The Option Plan does not provide the Company with the ability to transform a stock option into a stock appreciation right.
  10. Where a black-out period is imposed by Company and the specified expiry date of a stock option (i.e., the expiry date determined at the date time of grant) falls within the black-out period or within five trading days after such black-out period, such stock option will expire on the date that is 10 trading days following the end of the black-out period.
  11. If an optionee ceases to be an Eligible Person for cause, any outstanding options held by such optionee on the date of such termination shall be cancelled as of that date. In other circumstances, an option may be exercised by the optionee:
    - (a) in the event of termination other than for cause, until the earlier of (i) the expiry date of such option; and (ii) the date that is 90 days (or 30 days if the optionee was engaged in investor relations activities) after the optionee ceases to be an Eligible Person; and
    - (b) in the event of death or disability, until the earlier of (i) one year after the date of death or disability; and (ii) the expiry date of such option, and then only to the extent that such optionee was entitled to exercise the option at the date of death or disability of such optionee.

The Board of the Company may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the Exchange or any other regulatory body having authority over the

Company or the Option Plan, suspend, terminate or discontinue the Option Plan at any time, or amend or revise the terms of the Option Plan or of any option granted thereunder and the option agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an optionee under the Option Plan without the consent of that optionee.

### ***Amendments to the Option Plan***

The principal changes between the Option Plan and the Amended Option Plan are as follows:

1. including a 10% limit on security-based compensation issued or granted to Insiders at any point in time;
2. requiring that the Company obtain disinterested shareholder approval of any decrease in the exercise price of or extensions to Options granted to individuals that are Insiders at the time of adoption of the Amended Option Plan;
3. providing the Company with the ability to settle participants' entitlements to receive additional Options in lieu of dividends with cash where the Company does not have sufficient shares available for issuance to satisfy the obligation or where the issuance of shares would result in breaching a limit on grants or issuances contained in the Amended Option Plan; and
4. other "housekeeping" amendments to ensure compliance with TSXV Policy 4.4.

The full text of the Amended Option Plan is attached hereto as Schedule "B" and a blackline comparing all changes between the Option Plan and the Amended Option Plan is attached hereto as Schedule "C" and each will be available for review at the Meeting.

### ***Directors' Recommendation***

The Board has determined that the approval of the Amended Option Plan is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of the ordinary resolution approving the Amended Option Plan.

### ***Shareholder Approval***

As disclosed above, the approval of the Amended Option Plan is subject to the Company receiving shareholder approval therefor.

The form of resolution to be placed before shareholders at the Meeting is as follows:

#### **"Be it Resolved that, as an Ordinary Resolution, with or without amendment:**

1. Subject to acceptance by the TSXV, the Company's Amended Stock Option Plan as described in the management information circular dated May 12, 2022, prepared in connection with this annual general meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.
2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing."

If approval of the Amended Option Plan or a modified version thereof is not obtained, the Company will not proceed to grant further awards under the Amended Option Plan or the Option Plan.

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to approve the Amended Option Plan, unless a shareholder has specified in its proxy that its common shares are to be voted against the resolution. If no choice is specified by the shareholder to vote for or against the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.**

**XVI. OTHER MATTERS TO BE ACTED UPON**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

**XVII. ADDITIONAL INFORMATION**

Additional information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Company is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2020.

Shareholders wishing to obtain a copy of the Company's financial statements and Management's Discussion and Analysis may obtain them free of charge on SEDAR at [www.sedar.com](http://www.sedar.com), or may contact the Company as follows:

**NORTHISLE COPPER AND GOLD INC.**

**Suite 1200 – 1166 Alberni St.**

**Vancouver, B.C. V6E 3Z3**

**Telephone: 604-638-2515**

**Fax: 604-669-2926**

**Website: [www.northisle.ca](http://www.northisle.ca)**

**XVIII. BOARD APPROVAL**

The content and sending of this Information Circular has been approved by the Company's Board. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Vancouver, British Columbia, the 12<sup>th</sup> day of May, 2022.

**ON BEHALF OF THE BOARD**

*"Sam Lee"*

**SAM LEE**

President, Chief Executive Officer and Director

## SCHEDULE "A"

### **NORTHISLE COPPER AND GOLD INC.** (the "Company")

#### **AUDIT COMMITTEE CHARTER**

The Board of Directors (the "**Board**") of Northisle Copper and Gold Inc. (the "**Corporation**") has established an Audit Committee (the "**Committee**"). The mandate, structure, membership, responsibilities and specific duties of the Committee are described below.

#### **1. Mandate**

The Committee's mandate is to assist the Board in:

- its oversight of the integrity of the Corporation's financial statements;
- the Corporation's compliance with legal and regulatory requirements and corporate policies and controls;
- the external auditor's qualifications and independence; and
- the performance of the Corporation's internal audit function.

#### **2. Committee Structure**

The Committee and its Chairperson shall be appointed by the Board.

The Committee shall be comprised of a minimum of at least three directors, each of whom the Board has determined are independent, considering applicable securities rules and regulations of stock exchanges.

Each member of the Committee shall be financially literate.

Quorum for any meeting shall be two members.

The Committee shall have a minimum of four meetings per year, to coincide with the Corporation's financial reporting cycle. Additional meetings will be scheduled as considered necessary or appropriate.

Members of the Committee may be removed or replaced by the Board at any time, with or without cause.

A Committee member may resign at any time by providing notice in writing. Such resignation shall take effect upon receipt thereof or at any later time specified therein.

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

#### **3. Responsibilities**

In discharging its mandate, the Committee's responsibilities shall include the following:

##### External Auditor

- a. Review with management and the external auditor risks of material misstatement due to fraud, and the processes and controls implemented by the Corporation to manage the risks.
- b. Make recommendations to the Board and the shareholders with respect to the retention or termination of the external auditor.



- c. Recommend to the Board for approval, all audit engagement fees and terms, as well as all non-audit engagements of the external auditor prior to the commencement of the engagement.
- d. Review with the external auditor the plan and scope of the audit engagement.

Financial Reporting

- e. Prior to the release of each quarterly and annual financial statements, review and discuss with management and the external auditor, the Corporation's financial statements and related management's discussion and analysis and press release.
- f. Review with management and the external auditor the accounting and reporting procedures and practices applied by the Corporation in preparing its financial statements.
- g. Review and discuss with the external auditor the results of its reviews and audit including any issues arising.
- h. Review and discuss such other relevant public disclosure containing financial information as the Committee may consider necessary or appropriate.

Internal Controls

- i. Review and discuss the effectiveness of the Corporation's internal controls over financial reporting.
- j. Review and discuss the responsibilities and effectiveness of the Corporation's internal audit function.

Risk

- k. Review and assess (i) the Corporation's policies with respect to risk assessment and risk management; (ii) the Corporation's major financial risk exposures; (iii) the steps management has taken to monitor and control such exposures, and (iv) the processes followed for assessment of internal controls over financial reporting.

Report to Board

- l. Apprise the Board promptly of significant developments in the course of performing the above duties, including reviewing with the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements or the performance of the external auditor or the internal audit function.
- m. Perform any other activities required by applicable law, rules or regulations, and take such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate, consistent with its mandate and responsibilities.

**SCHEDULE "B"**

**AMENDED OPTION PLAN**

Please see attached.

**STOCK OPTION PLAN  
NORTHISLE COPPER AND GOLD INC.**

**1. PURPOSE OF THE PLAN**

The Company hereby establishes an amended and restated stock option plan for directors, senior officers, Employees, Management Company Employees and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten (10) years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the option is granted less the applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

- 2.1 "**Associate**" means an "Associate" as defined in the TSX Policies.
- 2.2 "**Black-Out Period**" means a period of time during which, pursuant to the policies of the Company, trading in Shares or Options is prohibited or restricted.
- 2.3 "**Board**" means the Board of Directors of the Company as constituted from time to time.
- 2.4 "**Change of Control**" means the acquisition by any person and/or its Joint Actors, 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 and/or its Joint Actors, 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.
- 2.5 "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.
- 2.6 "**Company**" means NorthIsle Copper and Gold Inc. and its successors.
- 2.7 "**Consultant**" means a "Consultant" as defined in the TSX Policies.
- 2.8 "**Consultant Company**" means a "Consultant Company" as defined in the TSX Policies.
- 2.8 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
  - (b) acting as a director or officer of the Company or its subsidiaries.
- 2.9 "**Discounted Market Price**" means, in respect of Shares on a particular Grant Date, the Market Price less the maximum discount permitted by the Exchanges.
- 2.10 "**Disinterested Shareholder Approval**" means approval by a majority of the votes attaching to shares voted at a meeting of shareholders of the Company, excluding the votes attaching to shares

held by persons with an interest in the subject matter of the resolution, in accordance with TSX Policies.

- 2.11 "**Eligible Persons**" has the meaning given to that term in section 1 hereof.
- 2.12 "**Employee**" means an "Employee" as defined in the TSX Policies.
- 2.13 "**Exchanges**" means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.14 "**Expiry Date**" means, in respect of an Option, the date set by the Board under paragraph 3.1 of the Plan as the last date on which such Option may be exercised, as may be extended in accordance with paragraph 4.5 of the Plan.
- 2.15 "**Expiry Time**" means, in respect of an Option, 4:00pm Pacific Standard Time on the Expiry Date of such Option.
- 2.16 "**Fair Market Value**" shall mean, with respect to any property (including, without limitation, any Shares), the fair market value of such property determined by such methods or procedures as are established from time to time by the Board. Unless otherwise determined by the Board, the fair market value of a Share as of a given date will be the price at which the last recorded sale of a board lot of Shares took place on the Exchanges immediately preceding the Grant Date.
- 2.17 "**Grant Date**" means, in respect of an Option, the date on which such Option is granted, as shall be specified in the Option Agreement for such Option.
- 2.18 "**Incentive Stock Option**" shall mean an Option granted to a U.S. Participant that is intended to qualify as an "incentive stock option" within the meaning of section 422 of the Code.
- 2.19 "**Insider**" means an "Insider" as defined in the TSX Policies.
- 2.20 "**Investor Relations Activities**" means "Investor Relations Activities" as defined in the TSX Policies.
- 2.21 "**Joint Actor**" means a person "acting jointly or in concert" with another person as that phrase is interpreted in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.
- 2.22 "**Management Company Employee**" means a "Management Company Employee" as defined in the TSX Policies.
- 2.23 "**Market Price**" means, in respect of Shares on a particular Grant Date, the closing price per Share on the last day on which Shares were traded immediately prior to either: (a) the day on which the Company announces the grant of the Option; or (b) if the grant is not announced, on the Grant Date. If the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.24 "**Nonqualified Stock Option**" shall mean an Option granted to a U.S. Participant that is not an Incentive Stock Option.
- 2.25 "**Option**" means an option to purchase Shares granted pursuant to, or otherwise subject to, this Plan.
- 2.26 "**Option Agreement**" means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.

- 2.27 "**Optionee**" means a person holding an Option.
- 2.28 "**Option Price**" means the exercise price of an Option, being the per Share price at which the Optionee may acquire Option Shares pursuant to the exercise of such Option, such price to be specified in the Option Agreement for such Option, as may adjusted from time to time in accordance with the provisions of section 5.
- 2.29 "**Option Shares**" means the Shares which an Optionee may purchase under an Option.
- 2.30 "**Plan**" means this Stock Option Plan.
- 2.31 "**Shares**" means the common shares in the capital of the Company provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.32 "**Securities Act**" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.33 "**10% Shareholder**" shall mean a person who owns (taking into account the constructive ownership rules under section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company (or of any parent or subsidiary of the Company within the meaning of section 424(e) and 424(f) of the Code).
- 2.34 "**TSX Policies**" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "TSX Policy" means any one of them.
- 2.35 "**Unissued Option Shares**" means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.36 "**U.S. Participant**" shall mean an Optionee who is a U.S. citizen or a U.S. resident, in each case as defined in the Code, or other Optionee whose Option becomes subject to taxation under the Code.
- 2.37 "**U.S. Securities Act**" shall mean the United States *Securities Act of 1933*, as amended.
- 2.38 "**Vested**" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### **3. GRANT OF OPTIONS**

#### **3.1 Option Terms**

Pursuant to paragraph 7.3 of the Plan, the Board shall have the authority to issue Options and set the terms of Options in accordance with the terms of the Plan and applicable policies of the Exchanges.

The Board may from time to time authorize the issue of Options to Eligible Persons.

Subject to the limitations in Section 6.2(a) applicable to U.S. Participants and Section 6.3(c) applicable to Incentive Stock Options, the Option Price for each Option shall be not less than the Discounted Market Price on the Grant Date provided that if an Option is granted within 90 days of the distribution of Shares by the Company pursuant to a prospectus, the Option Price must be the greater of the Discounted Market Price and the per share price paid for Shares acquired under such distribution. The 90 day period begins: (a) on the date a final receipt is issued for the prospectus, or, in the case of an initial public offering of Shares, on the date of listing of the Shares; or (ii) in the case of a prospectus that qualifies the distribution of Shares upon the exercise of special warrants, on the date of issuance of such special warrants.

The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date, subject to the operation of paragraph 4.5. Options shall not be assignable (or transferable) by the Optionee.

### **3.2 Previously Granted Options**

In the event that on the date this Plan is implemented and effective (the "**Effective Date**") there are outstanding stock options (the "**Pre-Existing Options**") that were previously granted by the Company pursuant to any stock option plan in place prior to the Effective Date (a "**Pre-Existing Plan**"), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms of the Plan.

### **3.3 Limits on Shares Issuable on Exercise of Options**

At the time of grant of any Option, the aggregate number of Shares reserved for issuance under the Plan which may be made subject to Options at any time and from time to time (including those issuable upon the exercise of Pre-Existing Options) together with those Shares reserved for issuance at such time under any other established or proposed share compensation arrangement of the Company shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis, as constituted on the Grant Date of such Option.

Any Shares subject to an Option which has been granted under the Plan and which has been subsequently cancelled or terminated in accordance with the terms of the Plan, without having been exercised, will again be available for issuance pursuant to the exercise of Options granted under the Plan.

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, in any 12 month period:

- (a) to any one person, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (c) to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis.

In addition, the maximum aggregate number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements to Insiders (as a group) must not exceed 10% of the total number of issued and outstanding Shares at any point in time, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit.

### **3.4 Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee.

In respect of Options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Option Agreement that the Optionee is

a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary.

The execution of an Option Agreement by the Company shall constitute conclusive evidence that the Option issued thereunder has been awarded in compliance with this Plan.

#### **4. EXERCISE OF OPTION**

##### **4.1 When Options May be Exercised**

Subject to paragraphs 4.3, 4.4, 4.5 and 6.2, including, without limitation: (i) any restriction (including vesting requirements) on the number or percentage of Option Shares which may be purchased by the Optionee during any particular time period; (ii) any restriction on the exercise of Options pursuant to the requirements of a Black-Out Period or any regulatory authority having jurisdiction; and (iii) termination of the Option in accordance with the terms of the Plan, the unexercised portion of an Option may be exercised by the Optionee in whole or in part at any time after the Grant Date up to the Expiry Time and shall not be exercisable thereafter.

##### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company written notice specifying the number of Option Shares in respect of which the Option is being exercised together with payment in full of the Option Price for each such Option Share by way of certified cheque, bank draft, money order or cash. Upon receipt of such notice and payment by the Company, there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Option Shares in respect of which the Option has been exercised, the Company shall as soon as practicable issue and deliver a certificate representing the Shares so purchased.

##### **4.3 Vesting of Option Shares**

The Board, subject to the policies of the Exchanges, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in paragraph 3.3 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period. Notwithstanding the foregoing, in the event that a Pre-Existing Plan imposed vesting requirements on a Pre-Existing Option, such vesting requirements must be satisfied before any such Pre-Existing Options shall become Vested.

##### **4.4 Ceasing to be an Eligible Person and Death**

###### **(a) Death or Disability**

If an Optionee (or: (a) in the case of an Optionee that is not an individual, the person that controls such Optionee; or (b) in the case of an Optionee that is a Consultant Company, all of the individuals who provide services to the Company or its subsidiaries on behalf of such Consultant Company) shall die, any Option held by such Optionee at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period ending on the earlier of: (a) one year after the date of death of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of death of such Optionee.

If the Optionee ceases to be an Eligible Person, due to his or her Disability or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company

or to any entity controlled by the Company, any Option held by such Optionee at the date of Disability shall be exercisable in whole or in part for a period ending on the earlier of: (a) one year after the date of Disability of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of Disability of such Optionee.

(b) Termination For Cause

If the Optionee ceases to be an Eligible Person as a result of "termination for cause" of such Optionee by the Company or its subsidiary (or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee's employer), as that term is interpreted by the courts of the jurisdiction in which the Optionee is employed or engaged, any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her voluntary resignation, or to his or her termination by the Company or its subsidiary other than for cause (or, in the case of an Optionee who is a Management Company Employee or a Consultant, the termination of the company providing management or consultant services to the Company or its subsidiary), any outstanding Option then held by such Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of: (i) the Expiry Time; and (ii) the date that is 90 days (or 30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee ceases to be an Eligible Person.

(d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), the New Options shall expire on the earlier of: (i) the Expiry Time of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to sub-paragraphs 4.4(a), (b) or (c) hereof; and (iv) the date that is two (2) years after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Interpretation

For purposes of this paragraph 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

#### **4.5 Extension of Expiry Date During Black-Out Period**

If the Expiry Date in respect of any Option occurs during or within five (5) trading days following a Black-Out Period imposed by the Company, the Expiry Date of the Option shall be automatically extended to the date that is ten (10) trading days following the end of such Black-Out Period (the "**Extension Period**"); provided that if an additional Black-Out Period is subsequently imposed by the Company during the



Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Black-Out Period to enable the exercise of such Options within ten (10) trading days following the end of the last imposed Black-Out Period.

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

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, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchanges) all Option Shares subject to such Option 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; 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, subject to the limitations in Section 6.2(d) applicable to U.S. Participants, the Option Shares received upon such exercise, or in the case of sub-paragraph (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 paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.6, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

#### **4.7 Acceleration of Expiry Date**

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 Board 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, provided that any accelerated vesting of Options granted to Consultants performing Investor Relations Activities shall be subject to the prior written approval of the Exchanges. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this paragraph, except that not less than 5 business days' and not more than 35 days' notice is required.

#### **4.8 Compulsory Acquisition or Going Private Transaction**

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

#### **4.9 Effect of a Change of Control**

If a Change of Control 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, subject to the approval of the Exchanges, if necessary.

If an Optionee elects to exercise his or her Options following a Change of Control, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Option Shares which he or she was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such Optionee would have been entitled to receive as a result of such Change of Control, on the effective date thereof, had he or she been the registered holder of the number of Option Shares to which he or she was entitled to purchase upon exercise of such Options.

#### **4.10 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company (including, in the case of a Management Company Employee or Consultant, termination of the company providing such management or consulting services to the Company or its subsidiary), the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.11 Shares Not Acquired**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

### **5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

#### **5.1 Share Reorganization**

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in clause (a)(ii).

#### **5.2 Special Distribution**

Subject to the prior approval of the Exchanges, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

Notwithstanding the foregoing, (i) should the Company not have sufficient Shares available to satisfy such an increase in the number of Unissued Option Shares; or (ii) should the increase of the number of Unissued Option Shares result in the Company breaching a limit on grants or issuances set out in paragraph 3.3, then in lieu of increasing the number of Unissued Option Shares, the Company may pay the holders of each Option such amount in cash, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

### **5.3 Corporate Organization**

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in paragraphs 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

### **5.4 Determination of Option Price and Number of Unissued Option Shares**

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

#### **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges and any other governmental authority having jurisdiction.

## **6. OPTIONS GRANTED TO U.S. PARTICIPANTS**

### **6.1 Maximum Number of Shares for Incentive Stock Options**

Notwithstanding any other provision of this Plan to the contrary (including, but not limited to, Section 3.3), the number of Shares available for granting Incentive Stock Options under the Plan may not exceed 10% of the total number of Shares outstanding on a non-diluted basis as of the later of: (i) date this Plan is initially adopted by the Board of Directors or (ii) the date the Plan is approved (or re-approved) by the shareholders of the Company, subject to adjustment in accordance with Article 5.

### **6.2 Special Requirements for Incentive Stock Options and Nonqualified Stock Options**

The stock option agreement relating to any Option granted to a U.S. Participant shall specify whether such Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made, the Option will be (a) an Incentive Stock Option if all of the requirements under the Code are satisfied or (b) in all other cases, a Nonqualified Stock Option. In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to any Option granted to a U.S. Participant:

- (a) The exercise price payable per Share upon exercise of an Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option;
- (b) The Company may use its reasonable efforts to ensure that any adjustment with respect to the exercise price for and number of Shares subject to an Option (including, but not limited to, the adjustments contemplated under Section 5) granted to a U.S. Participant pursuant to this Plan will be made so as to comply with, and not create any adverse consequences under, sections 424 and 409A of the Code;
- (c) With respect to any extension of an Expiry Date in accordance with paragraph 4.5 of the Plan, the term "Black-Out Period" shall mean a period of time during which, pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or rules of the Exchanges, trading in Shares or Options is prohibited or restricted; and
- (d) With respect to the right of rescission provided in Section 4.6, such right shall be limited so as to comply with, and not to create any adverse consequences under, section 409A or any other provision of the Code.

### **6.3 Special Requirements for Incentive Stock Options**

In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to an Incentive Stock Option:

- (a) An Incentive Stock Option may be granted only to employees (including a director or officer who is also an employee) of the Company (or of any parent or subsidiary of the Company). For purposes of this Article 6, the term "employee" shall mean a person who is an employee for purposes of the Code and the terms "parent" and "subsidiary" shall have the meanings set forth in sections 424(e) and 424(f) of the Code;
- (b) The Company will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the date of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under this Plan and all other plans of the Company and of any parent or subsidiary of the Company) exceeds US\$100,000 or any limitation subsequently set forth in section 422(d) of the Code;

- (c) The exercise price payable per Share upon exercise of an Incentive Stock Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, the exercise price payable per Share upon exercise of such Incentive Stock Option will be not less than 110% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option;
- (d) An Incentive Stock Option will terminate and no longer be exercisable no later than ten years after the date of grant of such Incentive Stock Option; provided, however, that in the case of a grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, such Incentive Stock Option will terminate and no longer be exercisable no later than five years after the date of grant of such Incentive Stock Option;
- (e) If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Corporation) for any reason, whether voluntary or involuntary, other than death, permanent disability or cause, such Incentive Stock Option shall be exercisable by the U.S. Participant (to the extent such Incentive Stock Option was Vested on the date of cessation of employment) at any time prior to the earlier of (i) the date that is three months after the date of cessation of employment or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) because of the death or permanent disability of such U.S. Participant, such U.S. Participant, such U.S. Participant's personal representatives or administrators, or any person or persons to whom such Incentive Stock Option is transferred by will or the applicable laws of descent and distribution, may exercise such Incentive Stock Option (to the extent such Incentive Stock Option was Vested on the date of death or permanent disability, as the case may be) at any time prior to the earlier of (i) the date that is one year after the date of death or permanent disability, as the case may be, or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Company) for cause, the right to exercise such Incentive Stock Option will terminate on the date of cessation of employment, unless otherwise determined by the directors. For purposes of this Article 6, the term "permanent disability" has the meaning assigned to that term in section 422(e)(3) of the Code;
- (f) An Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant;
- (g) An Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned or pledged by such U.S. Participant, except by will or by the laws of descent and distribution; and
- (h) No Incentive Stock Option will be granted more than ten years after the earlier of the date this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Company.

## **7. MISCELLANEOUS**

### **7.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

## **7.2 Necessary Approvals**

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested Shareholder Approval (as required by the Exchanges) will be obtained for any reduction in the exercise price or the extension of the term of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

## **7.3 Administration of the Plan**

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in paragraph 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

## **7.4 Withholding Taxes**

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Company determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Company. In such circumstances, the Company may require that an Optionee pay to the Company, in addition to and in the same manner as the exercise price for the Shares, such amount as the Company is obliged to remit to the relevant taxing authority in respect of the exercise of the Option or, alternatively, the Company shall have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares acquired upon exercise of any Option, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to an Optionee by the Company, whether or not such amounts are payable under the Plan.

## **7.5 Amendments to the Plan**

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

## **7.6 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

## **7.7 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

### **7.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or 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.

### **7.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

### **7.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

### **7.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

### **7.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

### **7.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

### **7.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.



## SCHEDULE "A"

### NORTHISLE COPPER AND GOLD INC.

#### STOCK OPTION PLAN - OPTION AGREEMENT

[The following legend is required in respect of Options with an Option Price based on the Discounted Market Price: *Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 20● [four months and one day after the date of grant].*]

This Option Agreement is entered into between NorthIsle Copper and Gold Inc. (the "Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the "Grant Date");
2. ● (the "Optionee");
3. was granted the option (the "Option") to purchase ● Common Shares (the "Option Shares") of the Company;
4. for the price (the "Option Price") of \$● per share; **[For U.S. Participants, Option Price may not be less than Fair Market Value as of the Grant Date]**
5. which shall be exercisable immediately commencing on the Grant Date [OR set forth applicable vesting schedule];
6. terminating on the ●, 20● (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

The Optionee acknowledges that any Option Shares received by him upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the "**Securities Acts**"). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him or to assist him in complying with any exemption from such registration if he should at a later date wish to dispose of the Option Shares. **[Following to be included in Option Agreements with "U.S. Persons"** - The Optionee acknowledges that the Option Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

*"The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company."*

To the extent that the Option is potentially subject to taxation under either Canada or the U.S. or both jurisdictions, the Optionee acknowledges that the Optionee has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of the Option (including federal, state and provincial, as applicable). Furthermore, non-U.S. Optionees who are granted Options that are not subject to the restrictions applicable to U.S. Participants but who subsequently become subject to U.S. source income are strongly encouraged to seek advice of independent tax counsel to determine the applicability of U.S. tax law to such Options.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

#### **Acknowledgement – Personal Information**

The Optionee hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20●.

**NORTHSLE COPPER AND GOLD INC.**

\_\_\_\_\_  
Signature

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_

**SCHEDULE "C"**

**BLACKLINED COPY OF THE OPTION PLAN  
AND THE AMENDED OPTION PLAN**

Please see attached.

**STOCK OPTION PLAN  
NORTHISLE COPPER AND GOLD INC.**

**1. PURPOSE OF THE PLAN**

The Company hereby establishes ~~a~~an amended and restated stock option plan for directors, senior officers, Employees, Management Company Employees and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten (10) years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the option is granted less the applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

- 2.1 "**Associate**" means an "Associate" as defined in the TSX Policies.
- 2.2 "**Black-Out Period**" means a period of time during which, pursuant to the policies of the Company, trading in Shares or Options is prohibited or restricted.
- 2.3 "**Board**" means the Board of Directors of the Company as constituted from time to time.
- 2.4 "**Change of Control**" means the acquisition by any person and/or its Joint Actors, 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 and/or its Joint Actors, 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.
- 2.5 "**Code**" shall mean the U.S. Internal Revenue Code of 1986, as amended.
- 2.6 "**Company**" means NorthIsle Copper and Gold Inc. and its successors.
- 2.7 "**Consultant**" means a "Consultant" as defined in the TSX Policies.
- 2.8 "**Consultant Company**" means a "Consultant Company" as defined in the TSX Policies.
- 2.8 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
  - (b) acting as a director or officer of the Company or its subsidiaries.
- 2.9 "**Discounted Market Price**" means, in respect of Shares on a particular Grant Date, the Market Price less the maximum discount permitted by the Exchanges.
- 2.10 "**Disinterested Shareholder Approval**" means approval by a majority of the votes attaching to shares voted at a meeting of shareholders of the Company, excluding the votes attaching to shares held by persons with an interest in the subject matter of the resolution, in accordance with TSX Policies.

- 2.11 "**Eligible Persons**" has the meaning given to that term in section 1 hereof.
- 2.12 "**Employee**" means an "Employee" as defined in the TSX Policies.
- 2.13 "**Exchanges**" means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.14 "**Expiry Date**" means, in respect of an Option, the date set by the Board under paragraph 3.1 of the Plan as the last date on which such Option may be exercised, as may be extended in accordance with paragraph 4.5 of the Plan.
- 2.15 "**Expiry Time**" means, in respect of an Option, 4:00pm Pacific Standard Time on the Expiry Date of such Option.
- 2.16 "**Fair Market Value**" shall mean, with respect to any property (including, without limitation, any Shares), the fair market value of such property determined by such methods or procedures as are established from time to time by the Board. Unless otherwise determined by the Board, the fair market value of a Share as of a given date will be the price at which the last recorded sale of a board lot of Shares took place on the Exchanges immediately preceding the Grant Date.
- 2.17 "**Grant Date**" means, in respect of an Option, the date on which such Option is granted, as shall be specified in the Option Agreement for such Option.
- 2.18 "**Incentive Stock Option**" shall mean an Option granted to a U.S. Participant that is intended to qualify as an "incentive stock option" within the meaning of section 422 of the Code.
- 2.19 "**Insider**" means an "Insider" as defined in the TSX Policies.
- 2.20 "**Investor Relations Activities**" means "Investor Relations Activities" as defined in the TSX Policies.
- 2.21 "**Joint Actor**" means a person "acting jointly or in concert" with another person as that phrase is interpreted in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.
- 2.22 "**Management Company Employee**" means a "Management Company Employee" as defined in the TSX Policies.
- 2.23 "**Market Price**" means, in respect of Shares on a particular Grant Date, the closing price per Share on the last day on which Shares were traded immediately prior to either: (a) the day on which the Company announces the grant of the Option; or (b) if the grant is not announced, on the Grant Date. If the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.24 "**Nonqualified Stock Option**" shall mean an Option granted to a U.S. Participant that is not an Incentive Stock Option.
- 2.25 "**Option**" means an option to purchase Shares granted pursuant to, or otherwise subject to, this Plan.
- 2.26 "**Option Agreement**" means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.
- 2.27 "**Optionee**" means a person holding an Option.

- 2.28 "**Option Price**" means the exercise price of an Option, being the per Share price at which the Optionee may acquire Option Shares pursuant to the exercise of such Option, such price to be specified in the Option Agreement for such Option, as may adjusted from time to time in accordance with the provisions of section 5.
- 2.29 "**Option Shares**" means the Shares which an Optionee may purchase under an Option.
- 2.30 "**Plan**" means this Stock Option Plan.
- 2.31 "**Shares**" means the common shares in the capital of the Company provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.32 "**Securities Act**" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.33 "**10% Shareholder**" shall mean a person who owns (taking into account the constructive ownership rules under section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company (or of any parent or subsidiary of the Company within the meaning of section 424(e) and 424(f) of the Code).
- 2.34 "**TSX Policies**" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "TSX Policy" means any one of them.
- 2.35 "**Unissued Option Shares**" means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.36 "**U.S. Participant**" shall mean an Optionee who is a U.S. citizen or a U.S. resident, in each case as defined in the Code, or other Optionee whose Option becomes subject to taxation under the Code.
- 2.37 "**U.S. Securities Act**" shall mean the United States *Securities Act of 1933*, as amended.
- 2.38 "**Vested**" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### 3. GRANT OF OPTIONS

#### 3.1 Option Terms

Pursuant to paragraph 7.3 of the Plan, the Board shall have the authority to issue Options and set the terms of Options in accordance with the terms of the Plan and applicable policies of the Exchanges.

The Board may from time to time authorize the issue of Options to Eligible Persons.

Subject to the limitations in Section 6.2(a) applicable to U.S. Participants and Section 6.3(c) applicable to Incentive Stock Options, the Option Price for each Option shall be not less than the Discounted Market Price on the Grant Date provided that if an Option is granted within 90 days of the distribution of Shares by the Company pursuant to a prospectus, the Option Price must be the greater of the Discounted Market Price and the per share price paid for Shares acquired under such distribution. The 90 day period begins: (a) on the date a final receipt is issued for the prospectus, or, in the case of an initial public offering of Shares, on the date of listing of the Shares; or (ii) in the case of a prospectus that qualifies the distribution of Shares upon the exercise of special warrants, on the date of issuance of such special warrants.

The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date, subject to the operation of paragraph 4.5. Options shall not be assignable (or transferable) by the Optionee.

### 3.2 Previously Granted Options

In the event that on the date this Plan is implemented and effective (the "**Effective Date**") there are outstanding stock options (the "**Pre-Existing Options**") that were previously granted by the Company pursuant to any stock option plan in place prior to the Effective Date (a "**Pre-Existing Plan**"), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms of the Plan.

### 3.3 Limits on Shares Issuable on Exercise of Options

At the time of grant of any Option, the aggregate number of Shares reserved for issuance under the Plan which may be made subject to Options at any time and from time to time (including those issuable upon the exercise of Pre-Existing Options) together with those Shares reserved for issuance at such time under any other established or proposed share compensation arrangement of the Company shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis, as constituted on the Grant Date of such Option.

Any Shares subject to an Option which has been granted under the Plan and which has been subsequently cancelled or terminated in accordance with the terms of the Plan, without having been exercised, will again be available for issuance pursuant to the exercise of Options granted under the Plan.

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, in any 12 month period:

- (a) to any one person, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit;
- (c) to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis.

In addition, the maximum aggregate number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements to Insiders (as a group) must not exceed 10% of the total number of issued and outstanding Shares at any point in time, unless the Company has obtained Disinterested Shareholder Approval to exceed such limit.

### 3.4 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee.

In respect of Options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary.

The execution of an Option Agreement by the Company shall constitute conclusive evidence that the Option issued thereunder has been awarded in compliance with this Plan.

#### **4. EXERCISE OF OPTION**

##### **4.1 When Options May be Exercised**

Subject to paragraphs 4.3, 4.4, 4.5 and 6.2, including, without limitation: (i) any restriction (including vesting requirements) on the number or percentage of Option Shares which may be purchased by the Optionee during any particular time period; (ii) any restriction on the exercise of Options pursuant to the requirements of a Black-Out Period or any regulatory authority having jurisdiction; and (iii) termination of the Option in accordance with the terms of the Plan, the unexercised portion of an Option may be exercised by the Optionee in whole or in part at any time after the Grant Date up to the Expiry Time and shall not be exercisable thereafter.

##### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company written notice specifying the number of Option Shares in respect of which the Option is being exercised together with payment in full of the Option Price for each such Option Share by way of certified cheque, bank draft, money order or cash. Upon receipt of such notice and payment by the Company, there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Option Shares in respect of which the Option has been exercised, the Company shall as soon as practicable issue and deliver a certificate representing the Shares so purchased.



### 4.3 Vesting of Option Shares

The Board, subject to the policies of the Exchanges, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in paragraph 3.3 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period. Notwithstanding the foregoing, in the event that a Pre-Existing Plan imposed vesting requirements on a Pre-Existing Option, such vesting requirements must be satisfied before any such Pre-Existing Options shall become Vested.

### 4.4 Ceasing to be an Eligible Person and Death

#### (a) Death or Disability

If an Optionee (or: (a) in the case of an Optionee that is not an individual, the person that controls such Optionee; or (b) in the case of an Optionee that is a Consultant Company, all of the individuals who provide services to the Company or its subsidiaries on behalf of such Consultant Company) shall die, any Option held by such Optionee at the date of death shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period ending on the earlier of: (a) one year after the date of death of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of death of such Optionee.

If the Optionee ceases to be an Eligible Person, due to his or her Disability or, in the case of an Optionee that is a company, the Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, any Option held by such Optionee at the date of Disability shall be exercisable in whole or in part for a period ending on the earlier of: (a) one year after the date of Disability of the Optionee; and (b) the Expiry Time in respect of the Option, and then only to the extent that such Optionee was entitled to exercise the Option at the date of Disability of such Optionee.

#### (b) Termination For Cause

If the Optionee ceases to be an Eligible Person as a result of "termination for cause" of such Optionee by the Company or its subsidiary (or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee's employer), as that term is interpreted by the courts of the jurisdiction in which the Optionee is employed or engaged, any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

#### (c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her voluntary resignation, or to his or her termination by the Company or its subsidiary other than for cause (or, in the case of an Optionee who is a Management Company Employee or a Consultant, the termination of the company providing management or consultant services to the Company or its subsidiary), any outstanding Option then held by such Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of: (i) the Expiry Time; and (ii) the date that is 90 days (or 30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee ceases to be an Eligible Person.

(d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), the New Options shall expire on the earlier of: (i) the Expiry Time of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to sub-paragraphs 4.4(a), (b) or (c) hereof; and (iv) the date that is two (2) years after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

(e) Interpretation

For purposes of this paragraph 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

#### 4.5 Extension of Expiry Date During Black-Out Period

If the Expiry Date in respect of any Option occurs during or within five (5) trading days following a Black-Out Period imposed by the Company, the Expiry Date of the Option shall be automatically extended to the date that is ten (10) trading days following the end of such Black-Out Period (the "**Extension Period**"); provided that if an additional Black-Out Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Black-Out Period to enable the exercise of such Options within ten (10) trading days following the end of the last imposed Black-Out Period.

#### 4.6 Effect of a Take-Over Bid

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, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchanges) all Option Shares subject to such Option 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; 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, subject to the limitations in Section 6.2(d) applicable to U.S. Participants, the Option Shares received upon such exercise, or in the case of sub-paragraph (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 paragraph 4.3

shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.6, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

#### **4.7 Acceleration of Expiry Date**

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 Board 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, provided that any accelerated vesting of Options granted to Consultants performing Investor Relations Activities shall be subject to the prior written approval of the Exchanges. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this paragraph, except that not less than 5 business days' and not more than 35 days' notice is required.

#### **4.8 Compulsory Acquisition or Going Private Transaction**

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

#### **4.9 Effect of a Change of Control**

If a Change of Control 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, subject to the approval of the Exchanges, if necessary.

If an Optionee elects to exercise his or her Options following a Change of Control, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Option Shares which he or she was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such Optionee would have been entitled to receive as a result of such Change of Control, on the effective date thereof, had he or she been the registered holder of the number of Option Shares to which he or she was entitled to purchase upon exercise of such Options.

#### **4.10 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company (including, in the case of a Management Company Employee or Consultant, termination of the company providing such management or consulting services to the Company or its subsidiary), the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.11 Shares Not Acquired**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

## 5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

### 5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in clause (a)(ii).

### 5.2 Special Distribution

Subject to the prior approval of the Exchanges, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

Notwithstanding the foregoing, (i) should the Company not have sufficient Shares available to satisfy such an increase in the number of Unissued Option Shares; or (ii) should the increase of the number of Unissued Option Shares result in the Company breaching a limit on grants or issuances set out in paragraph 3.3, then in lieu of increasing the number of Unissued Option Shares, the Company may pay the holders of each Option such amount in cash, if any, as is determined by the Board in its sole and unfettered discretion to be

appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

### **5.3 Corporate Organization**

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in paragraphs 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

### **5.4 Determination of Option Price and Number of Unissued Option Shares**

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

### **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges and any other governmental authority having jurisdiction.

## **6. OPTIONS GRANTED TO U.S. PARTICIPANTS**

### **6.1 Maximum Number of Shares for Incentive Stock Options**

Notwithstanding any other provision of this Plan to the contrary (including, but not limited to, Section 3.3), the number of Shares available for granting Incentive Stock Options under the Plan may not exceed 10% of the total number of Shares outstanding on a non-diluted basis as of the later of: (i) date this Plan is initially adopted by the Board of Directors or (ii) the date the Plan is approved (or re-approved) by the shareholders of the Company, subject to adjustment in accordance with Article 5.

### **6.2 Special Requirements for Incentive Stock Options and Nonqualified Stock Options**

The stock option agreement relating to any Option granted to a U.S. Participant shall specify whether such Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made, the Option will be (a) an Incentive Stock Option if all of the requirements under the Code are satisfied or (b) in all other cases, a Nonqualified Stock Option. In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to any Option granted to a U.S. Participant:

- (a) The exercise price payable per Share upon exercise of an Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option;
- (b) The Company may use its reasonable efforts to ensure that any adjustment with respect to the exercise price for and number of Shares subject to an Option (including, but not limited to, the adjustments contemplated under Section 5) granted to a U.S. Participant pursuant to this Plan will be made so as to comply with, and not create any adverse consequences under, sections 424 and 409A of the Code;
- (c) With respect to any extension of an Expiry Date in accordance with paragraph 4.5 of the Plan, the term "Black-Out Period" shall mean a period of time during which, pursuant to the policies of the Company that are reasonably designed to ensure compliance with applicable securities laws or rules of the Exchanges, trading in Shares or Options is prohibited or restricted; and
- (d) With respect to the right of rescission provided in Section 4.6, such right shall be limited so as to comply with, and not to create any adverse consequences under, section 409A or any other provision of the Code.

### **6.3 Special Requirements for Incentive Stock Options**

In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to an Incentive Stock Option:

- (a) An Incentive Stock Option may be granted only to employees (including a director or officer who is also an employee) of the Company (or of any parent or subsidiary of the Company). For purposes of this Article 6, the term "employee" shall mean a person who is an employee for purposes of the Code and the terms "parent" and "subsidiary" shall have the meanings set forth in sections 424(e) and 424(f) of the Code;
- (b) The Company will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the date of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under this Plan and all other plans of the Company and of any parent or subsidiary of the Company) exceeds US\$100,000 or any limitation subsequently set forth in section 422(d) of the Code;

- (c) The exercise price payable per Share upon exercise of an Incentive Stock Option will not be less than 100% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, the exercise price payable per Share upon exercise of such Incentive Stock Option will be not less than 110% of the Fair Market Value of a Share on the date of grant of such Incentive Stock Option;
- (d) An Incentive Stock Option will terminate and no longer be exercisable no later than ten years after the date of grant of such Incentive Stock Option; provided, however, that in the case of a grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, such Incentive Stock Option will terminate and no longer be exercisable no later than five years after the date of grant of such Incentive Stock Option;
- (e) If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Corporation) for any reason, whether voluntary or involuntary, other than death, permanent disability or cause, such Incentive Stock Option shall be exercisable by the U.S. Participant (to the extent such Incentive Stock Option was Vested on the date of cessation of employment) at any time prior to the earlier of (i) the date that is three months after the date of cessation of employment or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Corporation (or by any parent or subsidiary of the Corporation) because of the death or permanent disability of such U.S. Participant, such U.S. Participant, such U.S. Participant's personal representatives or administrators, or any person or persons to whom such Incentive Stock Option is transferred by will or the applicable laws of descent and distribution, may exercise such Incentive Stock Option (to the extent such Incentive Stock Option was Vested on the date of death or permanent disability, as the case may be) at any time prior to the earlier of (i) the date that is one year after the date of death or permanent disability, as the case may be, or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Company) for cause, the right to exercise such Incentive Stock Option will terminate on the date of cessation of employment, unless otherwise determined by the directors. For purposes of this Article 6, the term "permanent disability" has the meaning assigned to that term in section 422(e)(3) of the Code;
- (f) An Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant;
- (g) An Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned or pledged by such U.S. Participant, except by will or by the laws of descent and distribution; and
- (h) No Incentive Stock Option will be granted more than ten years after the earlier of the date this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Company.

## **7. MISCELLANEOUS**

### **7.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

## **7.2 Necessary Approvals**

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested Shareholder Approval (as required by the Exchanges) will be obtained for any reduction in the exercise price or the extension of the term of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

## **7.3 Administration of the Plan**

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in paragraph 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

## **7.4 Withholding Taxes**

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Company determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Company. In such circumstances, the Company may require that an Optionee pay to the Company, in addition to and in the same manner as the exercise price for the Shares, such amount as the Company is obliged to remit to the relevant taxing authority in respect of the exercise of the Option or, alternatively, the Company shall have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares acquired upon exercise of any Option, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to an Optionee by the Company, whether or not such amounts are payable under the Plan.

## **7.5 Amendments to the Plan**

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

## **7.6 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

## **7.7 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.



### **7.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or 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.

### **7.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

### **7.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

### **7.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

### **7.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

### **7.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

### **7.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

## SCHEDULE "A"

### NORTHISLE COPPER AND GOLD INC.

#### STOCK OPTION PLAN - OPTION AGREEMENT

[The following legend is required in respect of Options with an Option Price based on the Discounted Market Price: *Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until , 20 [four months and one day after the date of grant].*]

This Option Agreement is entered into between NorthIsle Copper and Gold Inc. (the "Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on , 20 (the "Grant Date");
2. (the "Optionee");
3. was granted the option (the "Option") to purchase Common Shares (the "Option Shares") of the Company;
4. for the price (the "Option Price") of \$ per share; **[For U.S. Participants, Option Price may not be less than Fair Market Value as of the Grant Date]**
5. which shall be exercisable immediately commencing on the Grant Date [OR set forth applicable vesting schedule];
6. terminating on the , 20 (the "Expiry Date");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

The Optionee acknowledges that any Option Shares received by him upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the "**Securities Acts**"). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him or to assist him in complying with any exemption from such registration if he should at a later date wish to dispose of the Option Shares. **[Following to be included in Option Agreements with "U.S. Persons"** - The Optionee acknowledges that the Option Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

*"The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company."*

To the extent that the Option is potentially subject to taxation under either Canada or the U.S. or both jurisdictions, the Optionee acknowledges that the Optionee has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of the Option (including federal, state and provincial, as applicable). Furthermore, non-U.S. Optionees who are granted Options that are not subject to the restrictions applicable to U.S. Participants but who subsequently become subject to U.S. source income are strongly encouraged to seek advice of independent tax counsel to determine the applicability of U.S. tax law to such Options.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

#### **Acknowledgement – Personal Information**

The Optionee hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and

- (b) the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the day of , 20.

**NORTHSLE COPPER AND GOLD INC.**

\_\_\_\_\_  
Signature

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_