



## STOCK OPTION PLAN

The purpose of this Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company by offering them an opportunity to participate in the Company's future performance through the award of stock options.

### INTERPRETATION

**Definitions and Interpretation.** As used in this Plan, the following words and terms will have the following meanings:

“**Board**” means the board of directors of the Company;

“**Committee**” means the committee appointed by the Board to administer this Plan, or if no committee is appointed, the Board;

“**Company**” means Mayo Lake Minerals Inc., or any successor corporation;

“**Disability**” means the mental or physical state of an individual such that:

the Board, other than such individual, determines that such individual has been unable, due to illness, disease, mental or physical disability or similar cause, to fulfil his or her obligations as an employee, independent contractor, consultant or director of the Company either for any consecutive 6-month period or for any period of 8 months (whether or not consecutive) in any consecutive 12-month period; or

a court of competent jurisdiction has declared such individual to be mentally incompetent or incapable of managing his or her affairs;

“**Eligible Person**” means any person who, in the Company's opinion, is a *bona fide*:

full-time employee or independent contractor of the Company or any of its subsidiaries or a part-time employee or independent contractor of the Company or any of its subsidiaries working not less than 20 hours per week; or

consultant (including employees of a consultant) to the Company or any of its subsidiaries in respect of whom the Company is permitted to grant Options under applicable law and the rules and policies of any securities regulatory authority, stock exchange or quotation system with jurisdiction over the Company or the issuance of the Options; or

an executive officer or director of the Company or any of its subsidiaries;

“**Exercise Price**” means the price at which a holder of an Option may purchase the Shares issuable upon exercise of the Option;

**“Expiry Date”** means the expiry date of an Option as determined by the Committee in accordance with the terms and conditions of this Plan, provided that in no event shall the date be more than ten years after the date of grant of the Option;

**“Market Price”** means, as of any date, the value of the Shares, determined as follows:

if the Shares are listed on the TSX Venture Exchange, the Market Price shall be the last closing price of the Shares on the TSX Venture Exchange for the last market trading day prior to the date of the grant of the Option less any discount permitted by the TSX Venture Exchange provided that the minimum exercise price shall not be less than \$0.10 per share;

if the Shares are listed on an exchange other than the Toronto Stock Exchange or the TSX Venture Exchange, the Market Price shall be the closing price of the Shares (or the closing bid, if no sales were reported) as quoted on such exchange for the last market trading day prior to the date of the grant of the Option; and

if the Shares are not listed on an exchange, the Market Price shall be determined in good faith by the Board.

**“Option”** means an award of an option to purchase Shares hereunder;

**“Participant”** means every Eligible Person who is approved for participation in the Plan;

**“Plan”** means this Stock Option Plan, as may be amended from time to time;

**“Shares”** means the Common shares in the capital of the Company and include any shares of the Company into which such Common shares may be converted, reclassified, subdivided, consolidated, exchanged or otherwise changed;

**“Termination”** or **“Terminated”** means, for purposes of this Plan with respect to a Participant that the Participant has for any reason ceased to provide continuous services as an employee, independent contractor, consultant, officer or director to the Company. Notwithstanding the foregoing, an employee will not be deemed to have ceased to provide services in the case of:

sick leave; or

any other leave of absence approved by the Committee, provided that such leave is for a period of not more than 90 days unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to formal policy adopted from time to time by the Company and issued and promulgated to employees in writing.

The Committee will have sole discretion to determine whether a Participant has ceased to provide continuous services and the effective date on which the Participant ceased to provide services (the **“Termination Date”**).

## THE PLAN/GRANT OF OPTIONS

**Number of Shares Available.** Subject to section 2.2 and Article 5,

- the total number of Shares reserved and available for issuance pursuant to this Plan shall not: (i) exceed 10% of the issued and outstanding Shares of the Company on the date of option grant, and (ii) exceed 20% of the issued and outstanding Shares of the Company on the date of relevant shareholder approval when such Shares are combined with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company;
- the number of Shares reserved for issuance pursuant to this Plan (together with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company) to any one person within a one-year period shall not exceed 5% of the Shares outstanding on a non-diluted basis from time to time;
- the number of Shares which may be reserved for issuance pursuant to this Plan (together with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company) to all insiders shall not exceed 10% of the Shares outstanding on a non-diluted basis from time to time;
- the number of Shares which may be issued pursuant to this Plan (together with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company) to all insiders within a one-year period shall not exceed 10% of the Shares outstanding on a non-diluted basis from time to time;
- the number of Shares which may be issued pursuant to this Plan (together with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company) to any one insider and such insider's affiliates or associates within a one-year period shall not exceed 5% of the Shares outstanding on a non-diluted basis from time to time;
- (f) the number of Shares which may be issued pursuant to this Plan (together with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company) to any one consultant in any 12 month period shall not exceed 2% of the Shares outstanding on a non-diluted basis from time to time; and
- (g) the number of Shares which may be issued pursuant to this Plan (together with those Shares which may be issued pursuant to any other employee-related plan of the Company or options for services granted by the Company) to all employees conducting investor relations activities in any 12 month period shall not exceed the aggregate of 2% of the Shares outstanding on a non-diluted basis from time to time.

Subject to section 2.2 and Article 5, any unissued Shares which cease to be issuable under an Option for any reason (other than exercise of such Option), including without limitation expiry of the Option or surrender of the Option pursuant to an option exchange program, will again be available for issuance under this Plan. At all times the Company will reserve and keep available a sufficient number of Shares as will be required to satisfy the requirements of all outstanding Options granted under this Plan.

**Adjustment of Shares.** In the event that the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, consolidation, combination, reclassification or similar change in the capital structure of the Company without consideration, then:

the number of Shares reserved for issuance under the Plan; and  
the number of Shares subject to outstanding Options; and  
the Exercise Prices of outstanding Options;

will be proportionately adjusted, subject to any required action by the Board or the shareholders of the Company and compliance with applicable securities laws; provided, however, that fractions of a Share will not be issuable under any Options.

**Options.** The Committee may grant Options to Eligible Persons and will determine the number of Shares subject to the Option, the Exercise Price of the Option, the period during which the Option may be exercised, the terms of vesting of the Options and all other terms and conditions of the Option, subject to:

**Form of Option Grant.** Each Option granted under this Plan will be evidenced by a stock option agreement or stock option certificate (in either case, the “**Stock Option Certificate**”) which will be in such form and contain such provisions (which need not be the same for each Participant) as the Committee may from time to time approve and which will comply with and be subject to the terms and conditions of this Plan;

**Date of Grant.** The date of grant of an Option will be the date on which the Committee makes the determination to grant such Option, unless otherwise specified by the Committee. The Stock Option Certificate and a copy of this Plan will be delivered to the Participant within a reasonable time after the granting of the Option;

**Exercise Period.** Options may be exercisable until the Expiry Date determined by the Committee and specified in the Stock Option Certificate. The Committee also may provide for Options to vest at one time or from time to time, periodically or otherwise, in such number of Shares or percentage of Shares as the Committee determines, provided that no Options issued to consultants performing investor relations activities shall vest not earlier than the following: in stages over 12 months with no more than ¼ of the Options vesting in any three-month period. If the application of vesting causes the Option to become exercisable with respect to a fractional Share, such Share shall be rounded down to the nearest whole Share;

**Exercise Price.** The Exercise Price of an Option will be determined by the Committee when the Option is granted and shall not be less than the Market Price of the Shares;

**Method of Exercise.** Options are exercisable in whole or in part by delivering to the Corporation at its registered office, at least 4 days prior to the proposed exercise date, the subscription (the “**Exercise Agreement**”) in a form approved by the Committee (which need not be the same for each Participant), stating the Participant’s election to exercise the Option, the number of Shares being purchased, the restrictions imposed on the Shares purchased under such Exercise Agreement, if any, and such representations and agreements regarding Participant’s investment intent and access to information and other matters, if any, as may be required or desirable by the Company to comply with applicable securities laws, together with payment in full of the Exercise Price and any applicable taxes (including withholding taxes) for the number of Shares being purchased. If someone other than the Participant exercises the Option, then such person must submit documentation reasonably acceptable to the Company that such person has the right to exercise the Option. The Option may not be exercised unless such exercise is in compliance with all applicable securities laws and the rules and policies of any exchange or quotation system upon which the Shares are listed or quoted, as they are in effect on the date of exercise;

**Termination.** Subject to earlier termination pursuant to Article 5 and notwithstanding the exercise periods set forth in the Stock Option Certificate, exercise of an Option will always be subject to the following:

if the Participant is Terminated for any reason other than the Participant's death or Disability, then the Participant may exercise such Participant's Options, (but only to the extent that such Options would have been vested and exercisable upon the Termination Date), no later than sixty days after the Termination Date or such earlier period prescribed by law (but in any event, no later than the Expiry Date); and

if the Participant is Terminated because of the Participant's death or Disability, then such Participant's Options may be exercised, (but only to the extent that such Options would have been vested and exercisable by Participant on the Termination Date) by Participant (or Participant's legal representative or authorized assignee), no later than 12 months after the Termination Date or such earlier period as may be prescribed by law (but in any event no later than the Expiry Date);

**Limitations on Exercise.** The Committee may specify a reasonable minimum number of Shares that may be purchased on exercise of an Option;

**Modification, Extension or Renewal.** The Committee may modify, extend or renew outstanding Options, may modify vesting periods so that any such stock options, whether vested or unvested, may have an amended vesting schedule or may immediately vest and become exercisable, and may authorize the grant of new Options in exchange therefor, provided that any such action may not, without the written consent of a Participant, impair any of such Participant's rights under any Option previously granted and that disinterested shareholder approval shall be obtained for any reduction in the Exercise Price if the Participant is an insider of the Company at the time of the proposed amendment; and

**Issuance of Shares.** Provided that the Exercise Agreement and payment are in form and substance satisfactory to the Company, the Company shall issue the Shares registered in the name of the Participant or Participant's legal representative and shall deliver certificates representing the Shares with the appropriate legends affixed thereto.

## ADMINISTRATION

**Committee Authority.** This Plan will be administered by the Committee. Subject to the general purposes, terms and conditions of this Plan, and to the direction of the Board, the Committee will have full power to implement and carry out this Plan including, without limitation, the authority to:

construe and interpret this Plan, any Stock Option Certificate and any other agreement or document executed pursuant to this Plan;

prescribe, amend and rescind rules and regulations relating to this Plan;

select Eligible Persons to receive Options;

determine the form and terms of Options and Stock Option Certificates, provided that they are not inconsistent with the terms of the Plan;

determine the Exercise Price of an Option;

determine the number of Shares to be covered by each Option;

determine whether Options will be granted alone, in combination with, in tandem with, in replacement of, or as alternatives to, any other incentive or compensation plan of the Company;

grant waivers of Option conditions or amend or modify each Option, provided that they are not inconsistent with the terms of this Plan;

determine the vesting, exercisability and Expiry Dates of Options;

correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Option, any Stock Option Certificate or any Exercise Agreement;

determine whether an Option has been earned; and

make all other determinations necessary or advisable for the administration of this Plan.

**Committee Discretion.** Any determination made by the Committee with respect to any Option will be made in its sole discretion at the time of grant of the Option or, unless in contravention of any express term of this Plan or Option, at any later time, and such determination will be final and binding on the Company and on all persons having an interest in any Option.

### **RIGHTS OF OWNERSHIP**

**No Rights of a Shareholder.** No Participant will have any of the rights of a shareholder with respect to any Shares until the Shares are issued as evidenced by the appropriate entry on the securities register of the Company.

**Transferability.** Options granted under this Plan, and any interest therein, will not be transferable or assignable by Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the operation of law. During the lifetime of the Participant, an Option will be exercisable only by the Participant and any elections with respect to an Option may be made only by the Participant. The terms of the Option shall be binding upon the executors, administrators and heirs of the Participant with the exception that the period within which the Participant's heirs or administrators can exercise any portion of the outstanding Option will be 5:00 o'clock in the afternoon (Toronto Time) on the earlier of (i) the date on which the option by its terms expires or (ii) that date which is one year from the Participant's death.

### **CORPORATE TRANSACTIONS**

**Assumption or Replacement of Options by Successor.** In the event of:

a merger whether by way of amalgamation or arrangement in which the Company is not the surviving corporation (other than a merger with a wholly-owned subsidiary, or other transaction in which there is no substantial change in the shareholders of the Company or their relative shareholdings and the Options granted under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all Participants);

a merger whether by way of amalgamation or arrangement in which the Company is the surviving corporation but after which shareholders of the Company immediately prior to such merger (other than any shareholder which merges, or which owns or controls another corporation which merges, with the Company in such merger) cease to own their shares or other equity interests in the Company; or

the sale of substantially all of the assets of the Company,

any or all outstanding Options may be assumed, converted or replaced by the successor corporation (if any), which assumption, conversion or replacement will be binding on all Participants or, in the alternative, the successor corporation may substitute equivalent Options or provide substantially similar consideration to Participants as was provided to shareholders (after taking into account the existing provisions of the Options).

**Dissolution or Liquidation.** In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, the option will terminate immediately prior to the consummation of such proposed action. The Committee may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Committee and give each

Participant the right to exercise his or her Option as to all or any part of the Shares thereof, including Shares as to which the Option would not otherwise be exercisable.

**Assumption of Options by the Company.** The Company, from time to time, also may substitute or assume outstanding options granted by another company, whether in connection with an acquisition of such other company or otherwise, by either:

- granting an Option under this Plan in substitution of such other company's option; or
- assuming such option as if it had been granted under this Plan if the terms of such assumed option could be applied to an Option granted under this Plan.

Such substitution or assumption will be permissible if the holder of the substituted or assumed option would have been eligible to be granted an Option under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an option granted by another company, the terms and conditions of such option will remain unchanged (except that the exercise price and the number and nature of shares issuable upon exercise of any such option will be adjusted appropriately). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

## **GENERAL**

**No Obligation to Employ.** Nothing in this Plan or any Option granted under this Plan will confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or limit in any way the right of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

**Governing Law.** This Plan and all agreements hereunder shall be governed by and construed in accordance with the laws having application in the Province of Ontario.

**Termination and Amendment of Plan.** The Board may at any time terminate or amend this Plan in any respect; provided however, that the Board will not, without the approval of the shareholders of the Company and any stock exchange or quotation system upon which the Shares are listed or quoted, amend this Plan or any Option in any manner that requires shareholder approval under applicable law or the rules or policies of any stock exchange or quotation system upon which the Shares are listed or quoted. Notwithstanding the foregoing, no such termination or amendment may, without the consent of the Participant, in any manner adversely affect his rights under any Option previously granted under the Plan.

**Notices.** Any notice required to be given or delivered to the Company under the terms of this Agreement shall be in writing and addressed to the Corporate Secretary of the Company at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to participant at the address indicated in the Stock Option Certificate or to such other address as such party may designate in writing from time to time to the Company. All notices shall be deemed to have been given or delivered upon: personal delivery; three business days after deposit in the mail by certified or registered mail (return receipt requested); one business day after deposit with any return receipt express courier (prepaid); or one business day after transmission by confirmed facsimile or telecopier.

**Successors and Assigns.** The Company may assign any of its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company.

**Necessary Approvals.** The obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange or quotation system having jurisdiction over the securities of the Company. If Shares cannot be issued to a Participant upon the exercise of an option for any reason whatsoever, the obligation of the Company to issue such Shares shall terminate and any funds paid the Company in connection with the exercise of such option will be returned to the relevant Participant as soon as practicable.

*Approved by Resolution of the Board dated October 20, 2017*