



**CONTINENTAL GOLD INC.
INCENTIVE STOCK OPTION PLAN**

**ARTICLE 1
GENERAL**

1.1 Purpose

The purpose of this Plan is to advance the interests of CONTINENTAL GOLD INC. (the “**Company**”) by (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of Continental Gold; (iv) encouraging Eligible Persons to remain with the Company or its Affiliates; and (v) attracting new employees, officers, directors and Consultants to the Company or its Affiliates.

1.2 Administration

- (a) The Board or the Committee, as applicable, will administer this Plan. Where applicable all references hereinafter to the term “**Board**” will be deemed to be references to the Committee. Notwithstanding the foregoing, if at any time the Committee has not been appointed by the Board, this Plan will be administered by the Board and in such event references herein to the Committee shall be construed to be a reference to the Board.
- (b) Subject to the limitations of this Plan, the Board has the authority: (i) to grant Options to purchase Shares to Eligible Persons; (ii) to determine the terms of the Options, including the limitations, restrictions and conditions, if any, upon such grants; (iii) to interpret this Plan and to adopt, amend and rescind this Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority and/or stock exchange; and (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board's interpretations and determinations will be conclusive and binding upon all parties.

1.3 Interpretation

For the purposes of this Plan, the following terms will have the following meanings unless otherwise defined elsewhere in this Plan:

“**Act**” means the *Securities Act* (Ontario):

“**Affiliate**” means any corporation that is an Affiliated Entity of the Company;

“**Affiliated Entity**” means with respect to the Company, a person or company that controls or is controlled by the Company or that is controlled by the same person or company that controls the Company. A company shall be deemed to be controlled by another person or company or by two or more companies if,

- (a) voting securities of the first-mentioned company carrying more than 50 per cent of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the other person or company or by or for the benefit of the other companies; and
- (b) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of the first-mentioned company.

“**Associate**” has the meaning ascribed thereto in the Act;

“**Blackout Period**” means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of confidential information pertaining to the Company;

“**Board**” means the Board of Directors of the Company;

“**Business Day**” means a day on which trading occurs on the TSX;

“**Change of Control**” means the occurrence of any one or more of the following events:

- (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
- (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company and/or any of its Subsidiaries which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Company in the course of a reorganization of the assets of the Company and its subsidiaries;

- (c) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (d) any person, entity or group of persons or entities acting jointly or in concert (an “**Acquiror**”) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the Act) to cast or to direct the casting of 20% or more of the votes attached to all of the Company’s outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors);
- (e) as a result of or in connection with: (A) a contested election of directors, or; (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board (or replacements designated by such nominees) shall not constitute a majority of the Board; or
- (f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

“**Committee**” means the Company’s Compensation Committee, duly appointed by the Board from time to time, or any committee of the Board to which the duties of the Board hereunder are delegated;

“**Company**” means Continental Gold Inc.;

“**Consultants**” means individuals, including advisors, other than employees and officers and directors of the Company or an Affiliated Entity that are engaged to provide consulting, technical, management or other services to the Company or any Affiliated Entity for an initial, renewable or extended period of twelve months or more under a written contract between the Company or the Affiliated Entity and the individual or a company of which the individual consultant is an employee or shareholder or a partnership of which the individual consultant is an employee or partner;

“**Eligible Person**” means, subject to all applicable law and rules of any applicable stock exchange, any employee, officer, director, or Consultant of (i) the Company or (ii) any Affiliated Entity (and includes any such person who is on a leave of absence authorized by the Board or the board of directors of any Affiliated Entity);

“**Holding Company**” means a holding company wholly-owned and controlled by an Eligible Person;

“**Insider**” means an insider as defined in the Act;

“**non-employee director**” means a director of the Company who is not also an officer of the Company;

“**Option**” means a right granted to an Eligible Person to purchase Shares pursuant to the terms of this Plan;

“**Participant**” means an Eligible Person to whom or to whose RRSP or to whose Holding Company an Option has been granted;

“**Plan**” means the Company’s Incentive Stock Option Plan, as same may be amended from time to time;

“**Retirement**” in respect of a Participant means the Participant ceasing to be an employee, officer, director or Consultant of the Company or an Affiliated Entity after attaining a stipulated age in accordance with the Company’s normal retirement policy or earlier with the Company’s consent;

“**Retirement Date**” means the date that a Participant ceases to be an employee, officer, director or Consultant of the Company or an Affiliated Entity due to the Retirement of the Participant;

“**RRSP**” means a registered retirement savings plan;

“**Shares**” means the common shares in the capital of the Company;

“**Subsidiary**” means a corporation which is a subsidiary of the Company as defined under the Act;

“**Termination**” means : (i) in the case of an employee, the termination of the employment of the employee with or without cause by the Company or an Affiliated Entity or cessation of employment of the employee with the Company or an Affiliated Entity as a result of resignation or otherwise other than the Retirement of the employee; (ii) in the case of an officer or director, the resignation of, removal of, or failure to re-elect or re-appoint the individual as an officer or director of the Company or an Affiliated Entity (other than through the Retirement of an officer); and (iii) in the case of a Consultant, the termination of the services of a Consultant by the Company or an Affiliated Entity (other than through the Retirement of a Consultant);

“**Termination Date**” means: (i) the date on which a Participant ceases to be an Eligible Person due to the Termination of the Participant; and (ii) if the Participant is an employee or Consultant, the actual date of Termination specified in the written notice of resignation or termination (regardless of the period of notice provided, if any, and regardless of whether adequate notice of termination is given in accordance with statute, contract or the common law);

“**Transfer**” includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one person to another, or to the same person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing;

“**TSX**” means the Toronto Stock Exchange; and

“**Voting Securities**” means Shares and/or any other securities (other than debt securities) that carry a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine.

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Ontario.

1.4 Shares Reserved under the Share Option Plan

- (a) The aggregate maximum number of Shares available for issuance under this Plan and all of the Company's other security based compensation arrangements at any given time is 10% of the Company's issued and outstanding Shares as at the date of grant of an Option under the Plan, subject to adjustment or increase of such number pursuant to Section 3.2. Any Shares subject to an Option which has been granted under the Plan and which have been exercised, cancelled, repurchased, expired or terminated in accordance with the terms of the Plan will again be available under the Plan.
- (b) The aggregate number of Shares that may be issued to Insiders within any 12-month period, or issuable to Insiders at any given time under all security based compensation arrangements, shall not exceed 10% of the total number of Shares then issued and outstanding. The aggregate number of Shares reserved for issuance pursuant to Options granted to any one person or entity within any twelve-month period under all security based compensation arrangements shall not exceed 5% of the total number of Shares then outstanding.
- (c) The aggregate number of securities granted under all security based compensation arrangements of the Company to any one non-employee director within any one-year period shall not exceed a maximum value of: (i) in the case of Options granted under this Plan, C\$100,000 worth of Options; and (ii) in the case of securities granted under all security based compensation arrangements of the Company, C\$150,000 worth of securities. The value of Options or other securities granted under all security based compensation arrangements of the Company shall be determined using a generally accepted valuation model.
- (d) For the purposes of subsection (c) of this Section 1.4, the aggregate number of securities granted under all security based compensation arrangements of the Company shall be calculated without reference to the initial securities granted under the security based compensation arrangements to a person who was not previously an Insider of the Company, upon such person becoming or agreeing to become a director of the Company whereby the aggregate number of securities granted under all security based compensation arrangements of the Company in this initial grant to any one non-employee director shall not exceed a maximum value of C\$150,000 worth of securities.
- (e) For purposes of this Section 1.4, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option.

ARTICLE 2 OPTION GRANTS AND TERMS OF OPTIONS

2.1 Grants

Subject to this Plan, the Board will have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in this Plan, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Shares acquired upon exercise of an Option may be forfeited. An Eligible Person, an Eligible Person's RRSP and an Eligible Person's Holding Company may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.

2.2 Exercise of Options

- (a) Options granted must be exercised no later than 10 years after the date of grant or such lesser period as the applicable grant or Regulations may require.
- (b) Where the expiry date for an Option occurs during, or within two (2) days of a Blackout Period, the expiry date for such Option shall be deemed to be extended to the date that is 10 Business Days following the end of such Blackout Period.
- (c) The Board may determine when any Option will become exercisable and may determine that the Option will be exercisable in instalments or pursuant to a vesting schedule.

- (d) No fractional Shares may be issued and the Board may determine the manner in which fractional Share value will be treated.
- (e) The date on which an Option will be deemed to have been granted under this Plan will be the date on which the Committee authorizes the grant of such Option or such other future date as may be specified by the Committee at the time of such authorization.

2.3 Option Price and Date

The Board will establish the exercise price of an Option at the time each Option is granted provided that such price shall not be less than the closing price of the Shares on the TSX, or another stock exchange where the majority of the trading volume and value of the Shares occurs, on the trading day immediately preceding the day the Option is granted.

2.4 Grant to Participant's RRSP or Holding Company

Upon written notice from an Eligible Person, any Option that might otherwise be granted to that Eligible Person will be granted, in whole or in part, to an RRSP or a Holding Company established by and for the sole benefit of the Eligible Person.

2.5 Termination, Retirement or Death

- (a) *Termination for Cause.* In the event of the Termination with cause of a Participant, each Option held by the Participant, the Participant's RRSP or the Participant's Holding Company will cease to be exercisable on the earlier of the expiry of its term and the Termination Date, or such longer or shorter period as determined by the Board.
- (b) *Termination without Cause or Retirement.* In the event of the Termination without cause or Retirement of a Participant, each Option held by the Participant, the Participant's RRSP or the Participant's Holding Company will cease to be exercisable on the earlier of the expiry of its term and 90 days after the Termination Date or Retirement Date, as the case may be, or such longer or shorter period as determined by the Board. For greater certainty, such determination of a longer or shorter period may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of: (i) the expiry date of such Option; and (ii) 36 months following the Termination Date or Retirement Date, as the case may be, of the Participants. The Board may delegate authority to the Chief Executive Officer of the Company to make any determination with respect to the expiry or termination date of Options held by any departing Participant, other than a departing non-management director or the Chief Executive Officer. If any portion of an Option has not vested on the Termination Date or Retirement Date, as the case may be, the Participant, the Participant's RRSP or the Participant's Holding Company may not, after the Termination Date or Retirement Date, as the case may be, exercise such portion of the Option which has not vested, provided that the Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer to make any determination with respect to vesting of Options or any portion thereof held by any departing Participant, other than a departing non-management director or the Chief Executive Officer.
- (c) *Death of Participant.* If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant, the Participant's RRSP and the Participant's Holding Company within a period after the date of the Participant's death as determined by the Board, and for greater certainty such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant, but only to the extent the Options were by their terms exercisable on the date of death. The Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer to make any determination with respect to the expiry or termination date of Options or vesting of Options or any portion thereof held by any deceased Participant, other than a departing non-management director or the Chief Executive Officer. If the legal representative of a Participant who has died exercises the Option of the Participant or the Participant's RRSP or the Participant's Holding Company in accordance with the terms of this Plan, the Company will have no obligation to issue the Shares until evidence satisfactory to the Company has been provided by the legal representative that the legal representative is entitled to act on behalf of the Participant, the Participant's RRSP or the Participant's Holding Company to purchase the Shares under this Plan.

2.6 Option Agreements

Each Option must be confirmed, and will be governed, by an agreement in a form (which may, but need not be, in the form of Schedule "A" hereto) determined by the Board and signed on behalf of the Company and the Participant or an RRSP of which the Participant is an annuitant or the Participant's Holding Company.

2.7 Payment of Option Price

The exercise price of each Share purchased under an Option must be paid in full by wire transfer, bank draft or certified cheque at the time of exercise, and upon receipt of payment in full, but subject to the terms of this Plan, the number of Shares in respect of

which the Option is exercised will be duly issued as fully paid and non-assessable. Share certificates representing the number of Shares in respect of which the Option has been exercised will be issued only upon payment in full of the relevant exercise price to the Company.

2.8 Acceleration of Vesting

In the event of a Change of Control, all Options outstanding shall be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 2.2 hereof, if applicable. Notwithstanding the vesting schedule for an Option that is specified in an agreement granting an Option or in this Plan, the Committee shall have the right with respect to any one or more Participants in this Plan to accelerate the time at which an option may be exercised.

2.9 Change of Control

In the event of a transaction or proposed transaction that results or will result in a Change of Control:

- (a) subject to Section 2.8, the Committee may, in a fair and equitable manner, determine the manner in which all unexercised Options granted under this Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such Options;
- (b) the Committee or any company which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Options are exercisable, on a basis proportionate to the number of Shares under Option and at a proportionate Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favourable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall, if he accepts such offer, be deemed to have released his Option over the Shares and such Option shall be deemed to have lapsed and be cancelled; or
- (c) the Committee may exchange for or into any other security or any other property or cash, any Option that has not been exercised, upon giving to the Participant to whom such Option has been granted at least 30 days written notice of its intention to exchange such Option, and during such notice period, the Option, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such notice period, the unexercised portion of the Option shall lapse and be cancelled.

Subsections (a), (b) and (c) of this Section 2.9 are intended to be permissive and may be utilized independently of, successively with, or in combination with each other and Section 2.8, and nothing therein contained shall be construed as limiting or affecting the ability of the Committee to deal with Options in any other manner. All determinations by the Committee under this Section 2.9 will be final, binding and conclusive for all purposes.

2.10 Amendment of Option Terms

Subject to the prior approval of any applicable regulatory authorities and/or stock exchange (as required) and the consent of the Participant affected thereby, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable, provided however, that the consent of the Participant shall not be required where the rights of the Participant are not adversely affected.

ARTICLE 3 MISCELLANEOUS

3.1 Prohibition on Transfer of Options

Options are personal to each Participant. Without the permission of the Company and subject to subsection (a)(xii) of Section 3.5, no Participant or RRSP or Holding Company of a Participant may deal with any Options or any interest in them or Transfer any Options now or hereafter held by the Participant or RRSP or Holding Company of a Participant. If a Participant's Holding Company ceases to be wholly-owned and controlled by the Participant, such Participant will be deemed to have Transferred any Options held by such Holding Company. A purported Transfer of any Options without the permission of the Company, and any shareholder or regulatory approvals required pursuant to subsection (a)(xii) of Section 3.5, will not be valid and the Company will not issue any Share upon the attempted exercise of improperly transferred Options.

3.2 Capital Adjustments

If there is any change in the outstanding Shares by reason of a share dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental or similar corporate change, the Board will make, subject to any prior approval required of relevant stock exchanges or other applicable regulatory authorities, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Company to issue or sell fractional shares. In the event of the reorganization of the Company or the amalgamation or consolidation of the Company with another corporation, the Board may make such provision for the protection of the rights of Eligible Persons, Participants, their RRSPs and their Holding Companies as the

Board in its discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

The grant of an Option shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, amalgamate, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

3.3 Non-Exclusivity

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Participant, subject to any required regulatory or shareholder approval.

3.4 Renegotiation of Options

Subject to the prior consent of the TSX, an Option, to the extent that it has not been exercised, may be renegotiated in accordance with the rules and policies of the TSX.

3.5 Amendment and Termination

Subject to the requisite shareholder and regulatory approvals set forth under subparagraphs 3.5(a) and (b) below, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such amendment or revision may, without the consent of the Participant, in any manner adversely affect his rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, including disinterested shareholder approval where so required, make the following amendments to the Plan:
 - (i) any amendment to the number of securities issuable under the Plan, including an increase to the fixed maximum percentage of securities issuable under the Plan. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
 - (ii) any change to the definition of the Eligible Persons which would have the potential of broadening or increasing insider participation;
 - (iii) any increase to the limits imposed on non-employee directors in subsections (c) or (d) of Section 1.4;
 - (iv) the addition of any form of financial assistance;
 - (v) any amendment to a financial assistance provision which is more favourable to Participants;
 - (vi) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
 - (vii) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company (other than a cashless exercise as discussed in Section 3.5(b)(vi) of this Plan;
 - (viii) a discontinuance of the Plan;
 - (ix) with respect to Insiders, any of the following: (i) a reduction in the exercise price of options or other entitlements held by Insiders; (ii) extension to the term of options held by Insiders; and (iii) changes to the Insider participation limits;
 - (x) a reduction in the exercise price of an Option held by non-Insiders, or a cancellation of Options held by non-Insiders and reissuance of Options or other entitlements to non-Insiders;
 - (xi) an extension of the term of an Option held by non-Insiders beyond its original expiry;
 - (xii) permit Options to be transferred or assigned, other than for normal estate settlement purposes or where there is no change in beneficial ownership of such Options;
 - (xiii) any amendment to this Section 3.5 so as to increase the ability of the Board to amend the Plan without shareholder approval;
 - (xiv) any grant of additional powers to the board of directors to amend the Plan or entitlements not specifically referred to herein; and
 - (xv) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to Eligible Persons, especially insiders of the Company, at the expense of the Company and its existing shareholders.

- (b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subparagraph 3.5(a) above including, without limitation:
 - (i) amendments of a “housekeeping” or clerical nature;
 - (ii) a change to the vesting provisions of a security or the Plan;
 - (iii) amendments to reflect any requirements of any regulatory authorities to which the Company is subject, including the TSX;
 - (iv) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date;
 - (v) amendments pursuant to Sections 2.8 and 2.9;
 - (vi) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve; and
 - (vii) amendments to reflect changes to applicable laws or regulations.
- (c) Notwithstanding the provisions of subparagraph 3.5(b), the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to section subparagraph 3.5(b), to the extent such approval is required by any applicable laws or regulations.

3.6 No Rights as Shareholder

Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Company with respect to any Shares reserved for the purpose of any Option.

3.7 Employment

In the case of employees, nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any of its subsidiaries, or interfere in any way with the right of the Company or any of its subsidiaries to terminate the Participant’s employment at any time. Participation in this Plan by a Participant is voluntary.

3.8 Securities Regulation and Tax Withholding

- (a) Where necessary to effect exemption from registration of the Shares under securities laws applicable to the securities of the Company, a Participant shall be required, upon the acquisition of any Shares pursuant to the Plan, to acquire the Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Board an undertaking to that effect in a form acceptable to the Board. The Board may take such other action or require such other action or agreement by such Participant as may from time to time be necessary to comply with applicable securities laws. This provision and/or the granting of any Option shall in no way obligate the Company to undertake the registration of any Options or the Shares under any securities laws applicable to the securities of the Company.
- (b) For certainty and notwithstanding any other provision of the Plan, the Company may take such steps as it considers necessary or appropriate for the deduction or withholding of any income taxes or other amounts which the Company is required by any law or regulation or any governmental authority whatsoever to deduct or withhold in connection with the Plan, including without limiting the generality of the foregoing:
 - (i) withholding of all or any portion of any amount otherwise owing to a Participant;
 - (ii) the suspension of the issue of Shares to be issued under the Plan until such time as the Participant has paid to the Company an amount equal to any amount which the Company is required to deduct or withhold by law with respect to such taxes or other amounts; and/or
 - (iii) withholding and causing to be sold, by it as a trustee on behalf of the Participant, such number of Shares as it determines to be necessary to satisfy the withholding obligation.

By participating in the Plan, the Participant consents to such sale and authorizes the Company to effect the sale of such Shares on behalf of the Participant and to remit the appropriate amount to the applicable government authorities. The Company shall not be responsible for obtaining any particular price for the Shares nor shall the Company be required to issue any Shares under the Plan unless the Participant has made suitable arrangements with the Company to fund any withholding obligation.

- (c) Issuance, transfer or delivery of certificates for Shares purchased pursuant to this Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of securities and income tax laws have been met.

3.9 **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 this Plan.

3.10 **Compliance with Legislation**

The Board may postpone or adjust any exercise of any Option or the issue of any Shares pursuant to this Plan as the Board in its discretion may deem necessary in order to permit the Company to effect or maintain registration of this Plan or the Shares issuable pursuant thereto under the securities laws of any applicable jurisdiction, or to determine that the Shares and this Plan are exempt from such registration. The Company is not obligated by any provision of this Plan or any grant hereunder to sell or issue Shares in violation of any applicable law. In addition, if the Shares are listed on a stock exchange, the Company will have no obligation to issue any Shares pursuant to this Plan unless the Shares have been duly listed, upon official notice of issuance, on a stock exchange on which the Shares are listed for trading.

3.11 **Effective Date**

This Plan is effective as of May 29, 2015.

SCHEDULE "A"**CONTINENTAL GOLD INC. INCENTIVE STOCK OPTION PLAN - FORM OF AGREEMENT****OPTION AGREEMENT**

This Option Agreement is entered into between CONTINENTAL GOLD INC. (the "Company") and the Participant named below pursuant to the CONTINENTAL GOLD INC. Incentive Stock Option Plan (the "Plan"). This Agreement witnesses that in consideration of the covenants and agreements herein contained and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as set forth and confirms that:

on

_____ (the "Grant Date");

_____ (the "Participant");

was granted _____ options (the "Options") to purchase _____

Common Shares (the "Optioned Shares") of the Company, exercisable [NTD: May insert vesting period such as: to •% on the Grant Date and •% on each of the •, • and • anniversary dates of the Date of Grant] on a cumulative basis;

at a price (the "Exercise Price") of \$_____ per Optioned Share; and

for a term expiring at 5:00 p.m., Toronto time, on _____ (the "Expiry Date");

all on the terms set out in, and in accordance with, the Plan. By signing this Option Agreement, the Participant acknowledges that he or she has read and understands the Plan and accepts the Options in accordance with the terms and conditions of the Plan. All capitalized terms not defined herein have the meaning assigned to them in the Plan.

The undersigned Participant hereby authorizes the Company to withhold any remuneration payable to the undersigned for the purposes of paying any taxes owing as a result of the undersigned's participation in the Plan and hereby further authorizes the Company to remit such amounts owing to the relevant taxation authorities on the undersigned's behalf.

IN WITNESS WHEREOF the Corporation and the Participant have executed this Option Agreement as of _____, 20_____.

CONTINENTAL GOLD INC.

By: _____
Name:

Name of Participant

Signature of Participant

CONTINENTAL GOLD INC.
INCENTIVE STOCK OPTION PLAN - FORM OF NOTICE OF EXERCISE
NOTICE OF EXERCISE

TO: CONTINENTAL GOLD INC.
Suite 2920 – 155 Wellington Street West
Toronto, Ontario Canada M5V 3H1

Attention: Chief Financial Officer

Reference is made to the Option Agreement made as of _____, 20____, between CONTINENTAL GOLD INC. (the "Company") and the Participant named below. The Participant hereby exercises the Option to purchase Shares of the Company as follows:

Number of Optioned Shares for which Options are being exercised:	•
Exercise Price per Optioned Share:	\$•
Total Exercise Price (in the form of a certified cheque , bank draft or wire transfer tendered with this Notice of exercise):	\$•
Name of Participant as it is to appear on share certificate	•
Address of Participant as it is to appear on the register of Shares of the Corporation [and to which a certificate representing the Shares being purchased is to be delivered]:	•

Dated

Name of Participant

Signature of Participant