

**CANDENTE GOLD CORP.
STOCK OPTION PLAN**

DATED July 21, 2011

1. PURPOSE

1.1 The purpose of this Stock Option Plan (the “**Plan**”) is to encourage common stock ownership in **Candente Gold Corp.** (the “**Company**”) by directors, officers and employees of the Company or any subsidiary of the Company, by consultants of the Company or any affiliate of the Company, or by an employee of a company which provides management services to the Company at the time an option is granted hereunder (hereinafter referred to as “**Optionees**”) who are primarily responsible for the management and profitable growth of its business and to advance the interests of the Company by providing additional incentive for superior performance by such persons and to enable the Company to attract and retain valued directors, officers, employees and consultants by granting options (the “**Options**” or “**Option**”) to purchase unissued common shares (the “**Common Shares**”) of the Company on the terms and conditions set forth in this Plan and any stock option agreements (the “**Stock Option Agreements**”) entered into between the Company and the Optionees in accordance with the Plan.

2. ADMINISTRATION

2.1 The Plan shall be administered by a committee (the “**Committee**”) appointed by the board of directors (the “**Board of Directors**”), or if no Committee is appointed, by the Board of Directors. For the purposes of the Plan, unless otherwise specified, “**Committee**” shall be defined to include the Board of Directors in circumstances where no Committee is appointed. No member of the Committee shall by virtue of such appointment be disentitled or ineligible to receive Options. Subject to the limitations of the Plan, the Committee shall have full power to grant Options, to determine the terms, limitations, restrictions and conditions respecting such Options and to settle, execute and deliver Stock Option Agreements and bind the Company accordingly, to interpret the Plan and to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper and to reserve, allot, fix the price of and issue Common Shares pursuant to the grant and exercise of Options, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan, taking into consideration the recommendations of the Board of Directors and management, and the decision of the Committee shall be binding and conclusive. The decision of the Committee shall be binding, subject to any express direction by resolution of the Board of Directors of the Company from time to time and further provided that a decision of the majority of persons comprising the Board of Directors in respect of any matter hereunder shall be binding and conclusive for all purposes and upon all persons.

3. NUMBER OF SHARES SUBJECT TO OPTIONS

3.1 Subject to adjustment by resolution of the shareholders of the Company or by operation of section 6 or section 7 hereunder:

- (a) the aggregate number of Common Shares issuable pursuant to the Plan (together with those Common Shares which may be issuable pursuant to any other security based compensation arrangement of the Company) shall not exceed 10% of the Company’s issued and outstanding Common Shares from time to time. The number of Common Shares issued hereunder may be increased or changed by the Committee, subject to the approval of the Toronto Stock Exchange

(“**TSX**”) or any other stock exchange having jurisdiction over the Company at the time (the “**Exchange**”) and the Company’s shareholders;

- (b) the aggregate number of Common Shares issuable to insiders of the Company, at any time, under the Plan and all other security based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares from time to time;
- (c) Subject to section 3(a) hereunder, the number of Common Shares issued to any one person shall not exceed five percent of the issued and outstanding Common Shares;
- (d) the aggregate number of Common Shares issued to all insiders of the Company, within any one-year period, under the Plan and all other security based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares from time to time;

3.2 In the event that Options granted under the Plan are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options. In the event that Options granted under the Plan are exercised in whole or in part, the Common Shares issued upon such exercise will be automatically reloaded into the Plan reserve and new Options may be granted covering the Common Shares purchased under such exercised Options.

4. PARTICIPATION

4.1 Subject to necessary regulatory and Exchange approvals, Options shall be granted under the Plan only to Optionees as shall be designated from time to time by the Committee, which shall also determine the number of Common Shares subject to such Option. For the purposes of the Plan, “**consultant**” means a person or company, other than a director, officer or employee of the Company, that is engaged to provide services to the Company or an affiliate, other than services in relation to a distribution, under a written contract for an initial, renewable or extended period of 12 months or more and otherwise meets the definition of “consultant” contained in National Instrument 45-106 or any successor instrument and the definition of “service provider” in the policies of the Exchange, and includes, for an individual consultant, a company of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner.

4.2 If the Optionee is an employee, consultant or employee of a company which provides management services to the Company, the Company must represent to the Exchange that the Optionee is a bona fide employee, consultant or employee of a company which provides management services to the Company.

4.3 In addition to the Optionees described above, Options may be granted under the Plan to a personal holding company wholly owned by a person eligible to be granted options under the Plan provided the Optionee executes an undertaking in a form as may be required by the Exchange or the Company.

5. TERMS AND CONDITIONS OF OPTIONS

5.1 The terms and conditions of each Option granted under the Plan shall be set forth in written Stock Option Agreements between the Company and the Optionee. Such terms and conditions shall include the following as well as such other provisions, not inconsistent with the Plan, as may be deemed advisable by

the Committee or as may be required pursuant to the rules or policies of any regulatory authority having jurisdiction over the Company:

- (a) **Option Exercise Price:** The option exercise price (the “**Option Exercise Price**”) of any Option granted under the Plan shall be equal to or greater than the Market Price. For the purposes of the Plan, “**Market Price**” is defined as the volume weighted average trading price of the Common Shares on the TSX, or any successor thereto, for the 5 trading days prior to the date of grant (or, if the Common Shares are not then listed and posted for trading on the TSX, or any successor thereto, such price as required by such stock exchange in Canada on which such shares are listed and posted for trading as may be selected for such purpose by the Committee). In the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada or where the volume weighted average trading price does not, in the opinion of the Committee, reflect the current market price of the securities, the Market Price shall be determined by the Committee in its sole discretion;
- (b) **Term of Options:** Options may be granted under this Plan exercisable over a period to be determined by the Committee having regard to such factors as the nature of the relationship of each Optionee to the Company, the length of service and the duties of the Optionee, such term to be set out in the Stock Option Agreements. Each Option shall be subject to earlier termination as provided in subparagraph (f) below.
- (c) Notwithstanding the term set out in subparagraph (b) above or the date of expiration of an Option determined in accordance with this Plan (the “**Fixed Term**”), the date of expiration of an Option will be adjusted, without being subject to Board of Directors or Committee approval, to take into account any blackout period imposed on the Optionee by the Company as follows:
 - (i) if the Fixed Term expiration date falls within a blackout period imposed on the Optionee by the Company, then the Fixed Term expiration date is extended to the close of business on the tenth (10th) business day after the end of such blackout period (the “**Blackout Expiration Term**”); or
 - (ii) if the Fixed Term expiration date falls within two (2) business days after the end of a blackout period imposed on the Optionee by the Company, then the Fixed Term expiration date will be that date which is the Blackout Expiration Term reduced by the number of business days between the Fixed Term expiration date and the end of such blackout period (i.e. Options whose Fixed Term expires two (2) business days after the end of the blackout period will only have an additional eight (8) business days to exercise).
- (d) **Payment:** The full purchase price of Common Shares purchased under the Option shall be paid in cash, certified cheque or bank draft, upon the exercise thereof. A holder of an Option shall have none of the rights of a shareholder until the Common Shares are issued to him or her. All Common Shares issued pursuant to the exercise of Options granted under the Plan, will be so issued as fully paid and non-assessable Common Shares. No Optionee or his or her legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Common Shares subject to an Option under this Plan, unless and until certificates for such Common Shares are issued to him or her under the terms of the Plan.
- (e) **Exercise of Options:** The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, addressed to the Secretary of the

Company, specifying the number of Common Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is exercised. An Option may be exercised in full or in part at any time during the term of the Option. This Plan shall not confer upon the Optionee any right with respect to continuance as a director, officer, employee or consultant of the Company or of any subsidiary or affiliate of the Company.

- (f) **Termination of Options:** Any Option granted pursuant hereto, to the extent not validly exercised, and save as expressly otherwise provided herein, will terminate on an earlier date to be determined by the Committee having regard to such factors as the nature of the relationship of each Optionee to the Company, the length of service and the duties of the Optionee.
- (g) **Non-transferability of Options:** No Option shall be assignable or transferable by the Optionee other than by will or the laws of descent and distribution and shall be exercisable during his lifetime only by him.
- (h) **Applicable Laws or Regulations:** The Company's obligation to sell and deliver Common Shares under each Option is subject to such compliance by the Company and any Optionee as the Company deems necessary or advisable with all laws, rules and regulations of Canada and the United States of America and any Provinces and/or States thereof applying to the authorization, issuance, listing or sale of securities and, if the Common Shares of the Company are listed on an Exchange, is also subject to the Exchange accepting for listing the Common Shares which may be issued in exercise thereof.
- (i) **Amendment of Options Held by Insiders:** The approval of the disinterested shareholders of the Company shall be required for the following:
 - (i) the reduction in the Option Exercise Price or the extension of the term of an Option if the Optionee is an insider of the Company at the time of the proposed amendment; and
 - (ii) any amendment to remove or exceed the insider participation limit set out in section 3 of the Plan.

6. ADJUSTMENT IN EVENT OF CHANGE IN STOCK

6.1 Each Option shall contain uniform provisions in such form as may be approved by the Committee to appropriately adjust the number and kind of securities covered by the Option and the exercise price of the securities subject to the Option in the event of a declaration of stock dividends, or stock subdivisions or consolidations or reconstruction or reorganization or recapitalization of the Company or other relevant changes in the Company's capitalization (the "**Change in Capitalization**") (other than issuance of additional shares) to prevent substantial dilution or enlargement of the rights granted to the Optionee by such Option. The number of securities available for Options under the Plan shall be adjusted to reflect the Change of Capitalization, the number of securities receivable on the exercise of an Option granted under the Plan shall be adjusted to include or reflect the Number of and kind of securities which the Optionee would have received upon such Changes in Capitalization as if the Optionee had exercised his Option immediately prior to the record date or effective date applicable to such Change in Capitalization, and the Option Exercise Price shall be adjusted appropriately by the Committee and such adjustment shall be effective and binding for all purposes of the Plan, provided, however, that no adjustment will obligate the Company to issue or sell fractional securities.

7. AMALGAMATION, CONSOLIDATION OR MERGER

7.1 If the Company amalgamates, consolidates with or merges with or into another corporation, which it reserves the right to do, any Common Shares receivable on the exercise of an Option granted under the Plan shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, consolidation or merger if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, consolidation or merger, and the Option Exercise Price shall be adjusted appropriately by the Committee and such adjustment shall be binding for all purposes of the Plan.

8. EFFECT OF TAKEOVER BID

8.1 If a person (an “**Offeror**”) makes a bona fide offer (the “**Offer**”) for Common Shares to a Optionee or to shareholders of the Company generally or to a class of shareholders that includes a Optionee, which Offer, if accepted in whole or in part, would result in the Offeror exercising control over the Company, then immediately on the Company receiving notice of the Offer:

- (a) all unvested Options will become vested and exercisable by the Optionee, despite any vesting schedule applicable to any unexercised Options; and
- (b) the Company will give each Optionee currently holding an Option written notice of:
 - (i) the Offer, with full particulars thereof; and
 - (ii) the number of Options eligible for exercise by the Optionee.

Following receipt of the Company’s notice, an Optionee may exercise his or her Option in whole or in part so as to permit each Optionee to tender the Common Shares received on exercise (the “**Option Shares**”) pursuant to the Offer.

8.2 If an Optionee exercises his or her Option as a result of an Offer and if:

- (a) the Offer is not completed within the time specified in the Offer; or
- (b) the Optionee does not tender the Option Shares pursuant to the Offer; or
- (c) the Offeror does not take up and pay for all of the Option Shares tendered by the Optionee pursuant to the Offer,

then the Optionee will return to the Company the Option Shares or, in the case of clause (c) above, the Option Shares that are not taken up and paid for, and the Company will reinstate the Option Shares as authorized but unissued Common Shares and the terms of the Option, including any vesting schedule, as set forth in the Plan and the Stock Option Agreement will again apply to the Option. If an Optionee returns any Option Shares to the Company under this section 8, the Company will refund the Option Exercise Price to the Optionee for those Option Shares. The Optionee will not be entitled to sell the Option Shares except pursuant to the Offer.

8.3 “Control” means: (i) the right to exercise 20% or more of the voting rights attached to all of the Company’s outstanding voting securities; or (ii) the right to elect or appoint, directly or indirectly, a majority of the Company’s directors.

9. SECURITIES REGULATION AND APPROVALS

9.1 The Company’s obligation to authorize, issue, and deliver Common Shares upon exercise of any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws and the receipt of all regulatory approvals that the Company or its counsel determines to be necessary or advisable in connection with the authorization, issuance, or delivery;
- (b) the listing of those Common Shares on the Exchange; and
- (c) the receipt from an Optionee of any representations, warranties, agreements, and undertakings as to future dealings in Common Shares purchased under any Option that the Company or its counsel determines to be necessary or advisable to safeguard against the violation of the securities laws of any jurisdiction.

9.2 The Company will take all reasonable steps to obtain any authorizations, approvals, and registrations that may be necessary for the issuance of Common Shares under any Option in compliance with applicable securities laws and for the listing of those Common Shares on the Exchange on which the Common Shares are then listed.

9.3 The inability of the Company to obtain any authorizations, approvals, or registrations necessary for the lawful issuance of any Common Shares upon exercise of any Option deemed reasonable by the Committee will relieve the Company, the Committee, and the Board of Directors of any liability in respect of the non-issuance of the Common Shares for which the required authorizations, approvals, or registrations were not obtained. If any Common Shares cannot be issued to any Optionee for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any Option Exercise Price paid to the Company will be returned to the Optionee.

10. STOCK EXCHANGE RULES

10.1 The rules of any Exchange upon which the Common Shares are listed shall be applicable relative to Options granted to Optionees and are deemed to be incorporated herein. In the event of any inconsistency or contradiction between the terms of the Plan and any such Exchange rules, the rules of the Exchange shall govern with respect to such inconsistency or contradiction.

11. TAX WITHHOLDING

11.1 The Company shall have the right to deduct and withhold from any amount payable or consideration deliverable to an Optionee, either under the Plan or otherwise, such amount or consideration as may be necessary to enable the Company to comply with the applicable requirements of any federal, provincial, state or local law, or any administrative policy of any applicable tax authority, relating to the deduction, withholding or remittance of tax or any other required deductions or remittances with respect to awards hereunder (“**Withholding Obligations**”). The Company shall also have the right in its discretion to satisfy any liability for any Withholding Obligations by withholding and selling, or

causing a broker to sell, on behalf of any Optionee such number of shares issued to the Optionee pursuant to an exercise of Options hereunder as is sufficient to fund the Withholding Obligations (after deducting commissions payable to the broker and other costs and expenses), or retaining any amount or consideration which would otherwise be paid, delivered or provided to the Optionee hereunder. The Company may require an Optionee, as a condition to granting an Option or the exercise of an Option, to make such arrangements as the Company may in its discretion require so that the Company can satisfy applicable Withholding Obligations, including, without limitation (i) requiring the Optionee to remit the amount of any such Withholding Obligations to the Company in advance; (ii) requiring the Optionee to indemnify and reimburse the Company for any such Withholding Obligations; (iii) withholding and selling shares acquired by the Optionee under the Plan, or causing a broker to sell such shares on behalf of the Optionee, withholding from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations, and remitting such amount directly to the Company; or (iv) any combination thereof.

11.2 Any shares of an Optionee that are sold by the Company, or by a broker engaged by the Company (the “**Broker**”), to fund Withholding Obligations will be sold as soon as practicable in transactions effected on the exchange on which the common shares of the Company are then listed for trading, if any. In effecting the sale of any such shares, the Company or the Broker will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the Company nor the Broker will be liable for any loss arising out of any sale of such shares including any loss relating to the manner or timing of such sales, the prices at which the shares are sold or otherwise. In addition, neither the Company nor the Broker will be liable for any loss arising from a delay in transferring any shares to an Optionee. The sale price of shares sold on behalf of Optionees will fluctuate with the market price of the Company’s shares and no assurance can be given that any particular price will be received upon any such sale.

12. AMENDMENT AND DISCONTINUANCE OF PLAN

12.1 The Board of Directors may from time to time:

- (a) amend or revise the terms of the Plan, subject to Exchange and shareholder approval, if required; or;
- (b) discontinue the Plan at any time,

provided however that save and except by operation of section 10, no such amendment, revision or discontinuance may, without the consent of the Optionee, adversely affect the Optionee’s rights under any Option theretofore granted under the Plan.

12.2 The following types of amendments or revisions to the Plan shall not require approval of the Company’s shareholders:

- (a) amendments of a “housekeeping” nature;
- (b) a change to the vesting provisions of the Plan or any Option;
- (c) a change to the termination provisions of the Plan or any Option which does not entail an extension beyond the original expiry date.

12.3 The following types of amendments or revisions to the Plan, and any other amendments or revisions determined by the Exchange, shall require approval of the Company's shareholders:

- (a) any amendment to the number of Common Shares issuable under the Plan, including an increase to a fixed maximum number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require an additional shareholder approval;
- (b) any change to the eligible Optionees that would have the potential of broadening or increasing insider participation;
- (c) the addition of any form of financial assistance to Optionees or any amendment to a financial assistance provision that is more favourable to Optionees;
- (d) the grant of any new Option to an Optionee who is an insider of the Company where the new Option is granted within three months of the date of cancellation of a previous Option with different terms held by the same insider and the terms of such new Option would result in either a reduction in the Exercise Price or an extension of the term as compared to the previously cancelled Option;
- (e) the addition of a deferred or restricted share unit or any other provision that results in Optionees receiving Common Shares while no cash consideration is received by the Company;
- (f) any reduction in the Option Exercise Price or cancellation and reissue of Options;
- (g) any amendment that extends the term of Options beyond the original expiry;
- (h) any amendment which would permit Options to be transferable or assignable other than for normal estate settlement purposes; and
- (i) any amendment to an amending provision in the Plan.

12.4 The Company shall file with the Exchange for pre-clearance the materials to be provided to shareholders in advance of mailing them.

13. EFFECTIVE DATE AND DURATION OF PLAN

13.1 Subject to regulatory compliance, the Plan shall remain in full force and effect from the date provided in the resolution of shareholders approving the Plan and from year to year thereafter until amended or terminated and for so long thereafter as Options remain outstanding in favour of any Optionee.

14. VESTING

14.1 Any Options granted under the Plan shall vest in the Optionee, and may be exercisable by the Optionee in accordance with a vesting schedule to be determined by the Committee having regard to such

factors as the nature of the relationship of each Optionee to the Company, the length of service and the duties of the Optionee.

15. CASHLESS EXERCISE OF OPTIONS

15.1 The Committee may, in its discretion, provide an Optionee with the right and option to exercise an Option (or of any portion thereof remaining unexercised) by electing to receive Common Shares equal in value to the difference between the Option Exercise Price and the Market Price the date of exercise computed using the following formula, with either a partial or a full deduction of the number of underlying Common Shares from the Plan reserve:

$$X = \frac{Y(A-B)}{A}$$

Where

- X = the number of Common Shares to be issued to the Optionee.
- Y = the number of Common Shares purchasable under the Option (at the date of such calculation).
- A = Market Price of one Common Share of the Company (at the date of such calculation).
- B = Option Exercise Price (as adjusted to the date of such calculation).