

## TESORO MINERALS CORP.

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### INFORMATION CIRCULAR

(As at April 20, 2022 (the “Record Date”) and in Canadian dollars, except where indicated)

#### PERSONS MAKING THIS SOLICITATION OF PROXIES

This Management Information Circular (“Circular”) is provided in connection with the solicitation by the management of Tesoro Minerals Corp. (the “Corporation”) of proxies (“Proxies”) from registered shareholders and voting instruction forms (“VIFs”) from the beneficial shareholders (collectively, “Shareholders”) of common shares of the Corporation (“Common Shares”) in respect of the annual general and special meeting of Shareholders (the “Meeting”) to be held at the time and place and for the purposes set out in the notice of meeting (the “Notice of Meeting”).

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Company is actively monitoring the latest COVID-19 developments and directions from public health and government authorities, and is mindful of the health and well-being of all our stakeholders, including our employees, shareholders, industry partners and the communities in which we operate, as well as that of the general public. As of the date hereof, the Company intends on holding an in-person shareholder meeting. However, as COVID-19 is a rapidly evolving situation, the Company will continue to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially changing the location of the Meeting or adjourning or postponing the Meeting. The Company will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Company’s website at [www.tesoromineralscorp.com](http://www.tesoromineralscorp.com) or the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

Although it is expected that the solicitation of Proxies and VIFs will be conducted primarily by mail, Proxies and VIFs may also be solicited personally or by telephone, facsimile or other proxy solicitation services. The costs of the solicitation of Proxies and VIFs will be borne by the Corporation.

The Corporation has given notice of the Meeting in accordance with the procedures of National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”). In accordance with NI 54-101, the Corporation has sent the Proxy solicitation materials directly to its registered Shareholders.

Pursuant to NI 54-101, arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries and other intermediaries (collectively, the “Intermediaries”) to forward the Corporation’s Proxy solicitation materials to each of the unregistered beneficial owners of the Common Shares, held on their behalf by Intermediaries that have consented to allow their addresses to be provided to the Corporation (“NOBOs”). The Corporation may reimburse Intermediaries for reasonable fees and disbursements incurred to deliver the Corporation’s Proxy solicitation materials.

The Corporation does not intend to pay Intermediaries to forward the Corporation’s Proxy solicitation materials to those beneficial Shareholders that have refused to allow their address to be provided to the Corporation (“OBOs”). Accordingly, OBOs will not receive the Corporation’s Proxy solicitation materials unless their respective Intermediaries assume the cost of forwarding such documents to them.

None of the directors of the Corporation have informed the Corporation’s management in writing that they intend to oppose the approval of any of the matters set out in the Notice of Meeting.

## REGISTERED SHAREHOLDERS

Only persons registered as Shareholders in the Corporation's Central Security Register maintained by its registrar and transfer agent, or duly appointed proxyholders of registered Shareholders ("**Proxyholders**") will be recognized, may make motions or may vote at the Meeting.

## BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance as many shareholders do not hold Common Shares in their own name.**

Shareholders holding their Common Shares through Intermediaries, or otherwise not holding their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only Proxies deposited by Shareholders appearing on the records maintained by the Corporation's transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, those Common Shares, in all likelihood, will not be registered in the Shareholder's name and that Shareholder will be a Beneficial Shareholder. Common Shares held by Intermediaries and their agents and nominees on behalf of their clients can only be voted at the direction of their Beneficial Shareholders. Without specific instructions, Intermediaries and their agents and nominees are prohibited from voting shares for their clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

*If you are a Beneficial Shareholder.*

You should carefully follow the instructions of your Intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of VIFs that will be supplied by your Intermediary will be similar to the Proxy provided to registered Shareholders by the Corporation, and will be restricted as to the number of Common Shares beneficially owned by you but which will otherwise not be completed. Should you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you should strike out the person named in the VIF and insert your name or such other person's name in the blank space provided.

Most Intermediaries now delegate responsibility for obtaining instructions from NOBOs and OBOs to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the United States. Broadridge mails a voting instruction form (a "**VIF**") in lieu of the Proxy provided by the Corporation. The VIF will name the same persons as the Corporation's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation) other than the persons designated in the VIF to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, carefully follow the instructions to this effect provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. If you receive a VIF from Broadridge, you cannot use it to vote Common Shares directly at the Meeting without taking additional steps - the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting, in order to have your Common Shares voted or to have an alternate representative duly appointed to attend and vote your Common Shares at the Meeting.

## UNITED STATES SHAREHOLDERS

This solicitation of Proxies and VIFs involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the province of British Columbia, Canada and Canadian securities laws. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of Canadian securities laws. Shareholders should be aware that disclosure requirements under Canadian securities laws differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporations Act* (British Columbia), all of its directors and its executive officers are residents of either Canada or South Africa and a substantial portion of its

assets and the assets of such persons may be located outside the United States. Shareholders may not be able to sue a foreign Corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign Corporation and its officers and directors to subject themselves to a judgment by a United States court.

### **APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES AND VIFS**

Only persons registered as Shareholders in the Corporation's central security register maintained by its registrar and transfer agent or duly appointed proxyholders of registered Shareholders will be recognized or may make motions or vote at the Meeting.

The persons named (the "**Management Designees**") in the Proxy or VIF have been selected by the board of directors of the Corporation (the "**Board**") and the Management Designees have agreed to represent, as Proxyholders, Shareholders appointing them.

**A Shareholder has the right to designate a person (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the Management Designees as their Proxyholder to represent them at the Meeting. Such right may be exercised either by inserting the name or names of such persons in the blank space provided in the proxy form or VIF, or, if the Shareholder is a registered Shareholder by completing another suitable proxy form.** Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as Proxyholder and provide instructions on how their Common Shares are to be voted. The nominee should bring personal identification with them to the Meeting.

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll is held, by marking an "X" in the appropriate space of the Proxy. **If both spaces are left blank, the Proxy will be voted as recommended by management.**

**The Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting.** As at the date of this Circular, the Corporation's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies hereby solicited will be voted as recommended by management.

To be valid, the Proxy or VIF must be dated and executed by the Shareholder or by an attorney authorized in writing to execute the Proxy or VIF on the Shareholder's behalf. Where the Proxy or VIF is executed by such an attorney, proof of authorization must be attached. The completed Proxy or VIF must then be returned in accordance with its instructions. Proxies (but not VIFs, unless the VIF has Computershare's name and address on the top right corner of the first page) and proof of authorization can also be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. (Attn: Proxy Department), by fax within North America at 1-866-249-7775, outside North America at (+1) 416-263-9524, by mail to 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Canada or by hand delivery to 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Proxies and VIFs received after that time may be accepted or rejected by the Chairman of the Meeting at the Chairman's discretion, and the Chairman is under no obligation to accept or reject late submissions.

A Proxy will be revoked by a Shareholder personally attending at the Meeting and voting their Common Shares. A Shareholder may also revoke their Proxy in respect of any matter upon which a vote has not already been held by depositing an instrument in writing (which includes a Proxy bearing a later date) executed by the Shareholder or by their authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, at the office of the transfer agent at one of Computershare's addresses set out above, the office of the Corporation (Attn: Anna Dalairé) at Suite 108, 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5 or the registered office of the Corporation at Dentons Canada LLP, 250 Howe Street, 20<sup>th</sup> Floor, Vancouver, British Columbia, V6C 3R8, Canada (or by fax to (+1) 604-683-5214 at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or by depositing the instrument in writing with the Chairman of such Meeting, prior to the commencement of the Meeting or of any adjournment thereof. VIFs may only be revoked in accordance with their specific instructions.

## VOTING OF PROXIES AND VIFS

Voting at the Meeting will be by a show of hands, each registered Shareholder or their respective Proxyholder having one vote, unless a poll is required or requested, whereupon each registered Shareholder or their respective Proxyholder is entitled to one vote for each Common Share held or represented.

Each Shareholder may instruct their Proxyholder how to vote their Common Shares by completing the blanks on the Proxy or VIF. All Common Shares represented at the Meeting by properly executed Proxies and VIFs will be voted or withheld from voting when a poll is requested or required and, where a choice with respect to any matter to be acted upon has been specified in the Proxy or VIF, such Common Shares will be voted in accordance with such specification. **In the absence of any such specification on the Proxy or VIF as to voting, the Management Designees, if named as Proxyholder or nominee, will vote as recommended by management.**

The Proxy or VIF confers discretionary authority upon the Management Designees, or other person named as Proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting.

To approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “**ordinary resolution**”) unless the motion requires a “special resolution” in which case a majority of 66• % of the votes cast will be required.

## QUORUM

The Corporation's Articles provide that a quorum for the transaction of business at any meeting of Shareholders is one person who is, or who represents by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Common Shares, which are the only shares entitled to be voted at the Meeting. As at the Record Date, the Corporation had 87,017,549 Common Shares issued and outstanding. Shareholders are entitled to one vote for each Common Share held. As at the Record Date, there are no Common Shares held in escrow.

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, or exercises control or direction, directly or indirectly, over Common Shares carrying 10% or more of the voting rights attached to all outstanding Shares of the Company which have the right to vote in all circumstances, other than David B. Elliott who beneficially owns and controls 9,267,660 Common Shares of the Company, representing approximately 10.65% of the issued and outstanding Common Shares as at the Record Date.

## STATEMENT OF EXECUTIVE COMPENSATION

In this section “Named Executive Officer” (“**NEO**”) means the Chief Executive Officer (the “**CEO**”), the Chief Financial Officer (the “**CFO**”) and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total salary and bonus exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Corporation at the end of the most recently completed fiscal year end.

The Corporation had two NEOs during the financial year ended October 31, 2021, namely, Cyrus Driver, the Corporation's current CFO and Scott McLean, the Corporation's President & CEO.

### Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow the Corporation to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy.

Compensation for this fiscal year and prior fiscal years has historically been based upon a negotiated salary, with option-based awards and bonuses potentially being issued and paid as an incentive for performance.

As the Corporation does not have a compensation committee, the Board has the responsibility to administer compensation policies related to executive management.

The Board has not considered the implications of the risks associated with the Corporation's compensation program. The Corporation intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with the Corporation's compensation program and how it might mitigate those risks.

The Corporation has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Corporation, none of the executive officers or directors have purchased such financial instruments.

### **Compensation Review Process**

The Board is responsible for the compensation policies and guidelines for the Corporation and for implementing and overseeing compensation policies.

The Board reviews, on an annual basis, the cash compensation, performance and overall compensation package of each executive officer, including the NEOs. The Board makes decisions with respect to basic salary and participation in share compensation arrangements for each such executive officer. In considering executive officers other than the CEO, the Board takes into account the recommendations of the CEO.

The Corporation does not have a compensation program with set benchmarks, however, the Corporation does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all executive officers.

### **Elements of Executive Compensation Program**

The Corporation's compensation program consists of the following elements:

- (a) Base salary or consulting fees;
- (b) Bonus payments; and
- (c) Equity participation through the Corporation's stock option plan.

### **Base Salary or Consulting Fees**

Base salary ranges for executive officers were initially determined upon a review of companies within the mining industry, which were of the same size as the Corporation, at the same stage of development as the Corporation and considered comparable to the Corporation.

In determining the base salary of an executive officer, the Board considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) the salaries paid by other companies in the mining industry which were similar in size as the Corporation;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Corporation; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

### **Bonus Payments**

Each of the executive officers, as well as all employees, is eligible for an annual bonus payment, payable in cash or through stock-based compensation. The amount paid is based on the Board's assessment of the Corporation's

performance for the year. Other factors that the Board considers in determining bonus payments include individual performance, financial criteria (such as cash flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Corporation did not award any bonuses during the last financial year.

### Equity Participation

Equity participation is accomplished through the Corporation's stock option plan.

### Option-based Awards

The Board is responsible for administering compensation policies related to the Corporation's executive management, including with respect to option-based awards.

The Corporation currently has a rolling stock option plan which was last approved by Shareholders on August 14, 2020 (the "Option Plan") pursuant to which the Board can grant stock options to directors, officers, employees, management and others who provide services to the Corporation (each, an "Optionee"). The Option Plan provides compensation to participants and an additional incentive to work toward long-term Corporation performance.

The Option Plan was implemented to grant stock options in consideration of an Optionee's level of responsibility as well as an Optionee's impact and/or contribution to the longer-term operating performance of the Corporation. In determining the number of share options to be granted, the Corporation's Board takes into account the number of stock options, if any, previously granted, and the exercise price of any outstanding stock options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of the Corporation's Shareholders.

### Summary Compensation Table For Financial Year Ending October 31, 2021

The compensation paid to the Named Executive Officers (NEO) during the Corporation's three completed financial years ended October 31, 2021, 2020 and 2019 are as set out below and expressed in Canadian dollars unless otherwise noted:

Name and Principal Position	Year Ended October 31	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$) <sup>(1)</sup>	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)			
Peter Tegart <sup>(2)</sup> Former President and CEO	2021	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0	0
Scott McLean President and CEO	2021	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0	0
Cyrus Driver CFO	2021	0	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0	0

Note:

(1) Consulting fees.

(2) On April 15, 2021, Peter Tegart resigned as the Corporation's President & CEO. On April 16, 2021, Scott McLean was appointed as the Corporation's Interim President & CEO.

### Employment and Consulting Agreements

The Corporation has not entered into any employment or consulting agreements with its NEOs.

### Incentive Plan Awards

#### Outstanding Share-based and Option-based Awards

As at October 31, 2021, the Corporation did not have any outstanding share-based awards or option-based awards under Corporation's stock option plan for the NEOs.

### Value of Share-Based or Option-Based Awards Vested or Earned During the Year

During the year ended October 31, 2021, no share-based awards or option-based awards were vested with respect to the NEOs.

### **Pension Plan Benefits**

The Corporation does not have a pension plan, defined benefits plan, defined contribution plan or deferred compensation plan.

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

There are no compensatory plans, contracts or arrangements in place where a NEO is entitled to receive any payment from the Corporation in the event of (a) the resignation, retirement or any other termination of the officer's employment with the Company or its subsidiaries; (b) a change of control of the Company or any of its subsidiaries; or (c) a change in the officer's responsibilities following a change in control.

### **Director Compensation**

Except as disclosed in this Information Circular, there are no arrangements under which directors were compensated by the Corporation during the most recently completed financial year for their services in their capacity as consultants.

The compensation provided to directors, excluding a director who is included in disclosure for a NEO, for the Corporation's most recently completed financial year of October 31, 2021 is:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$) <sup>(1)</sup>
Antony Harwood	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Scott McLean	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Valeria Pascale <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

<sup>(1)</sup> Amount is based on the grant date fair value of the award for the covered financial year using the Black-Scholes pricing model.

<sup>(2)</sup> On May 31<sup>st</sup>, 2021, Valeria Pascale was appointed a director of the Corporation.

### **Incentive Plan Awards for Directors:**

#### Outstanding Share-Based and Option-Based Awards to Directors

As at October 31, 2021, the Corporation did not have any outstanding share-based awards or option-based awards under Corporation's stock option plan for directors of the Corporation.

#### Value of Share-Based or Option-Based Awards Vested or Earned During the Year by Directors

During the year ended October 31, 2021, no share-based awards or option-based awards were vested with respect to directors of the Corporation.

### **Management Contracts**

There are no management functions of the Corporation which are to any substantial degree performed by a person or Corporation other than the directors or senior officers of the Corporation.

### **Description of Option Plan**

The Corporation has in place a 10% rolling stock option plan dated April 14, 2016. Pursuant to the Option Plan, the aggregate number of common shares reserved for issuance and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Corporation from time to time may not exceed in aggregate 10% of its common shares issued and outstanding at the time of grant.

The Option Plan authorizes the Board to grant stock options on the following terms:

- (a) the purpose of the plan is to provide the corporation with a share- related mechanism to attract, retain and motivate directors, officers, employees and consultants of the Corporation or any of its subsidiaries (collectively, the “**Participants**”), to reward such persons by the grant of options under the plan for their contributions toward the long term goals of the Corporation and to enable and encourage such persons to acquire shares as long term investments;
- (b) the total number of options awarded to any one option holder in any twelve month period shall not exceed 5% of the issued and outstanding shares of the Corporation as of the date of award (unless the Corporation has obtained disinterested shareholder approval);
- (c) the total number of options awarded to any one consultant in any twelve month period shall not exceed 2% of the issued and outstanding shares of the Corporation as of the date of award without consent being obtained from the Exchange;
- (d) the total number of options awarded to all eligible Participants who perform investor relations activities for the Corporation shall not exceed 2% of the issued and outstanding shares of the Corporation, in any twelve month period, calculated as of the date of award, without consent being obtained from the Exchange;
- (e) options granted to all eligible Participants performing investor relations activities must vest in stages over 12 months with no more than one- quarter of the options vesting in any three month period;
- (f) the Corporation may grant options having a term of up to 10 years;
- (g) in the event that the option holder who is a director ceases to be a director, other than by reason of death, the expiry date of the option shall be 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the option holder at any time prior to expiry of the option) following the termination of the relationship between the option holder and the Corporation;
- (h) in the event that the option holder who is a director who is engaged in investor relations activities, the expiry date shall be the 30<sup>th</sup> day following the date the option holder ceases to be employed to provide investor relations activities;
- (i) in the event that the option holder who is an officer, employee or consultant, ceases to be an officer, employee or consultant, other than by reason of death or termination for cause, the expiry date of the option shall be 30 days following the termination of the relationship between the option holder and the Corporation;
- (j) the Corporation may waive the requirement for options granted to persons holding the position of executive, officer, employee or consultant for which the option was originally granted but comes to hold a different position as an executive, officer, employee or consultant prior to the expiry of the option;
- (k) the Option Plan and outstanding options may be amended by the Board subject to any requisite regulatory approvals, provided that:
  - (i) any such amendment shall not alter the terms or conditions of any existing option or impair any right of any option holder, unless the Board has received consent from such option holder; and
  - (ii) if the exercise price of an option is reduced and the option holder is an insider of the Corporation, the insider must not exercise the option at the reduced exercise price until the reduction in exercise price has been approved by the disinterested Shareholders of the Corporation;
- (l) options granted under the Option Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;
- (m) if an option holder dies, any vested option held by him at the date of death will become exercisable by the option holder’s personal representative until the earlier of one year after the date of death of such option holder and the date of expiration of the term otherwise applicable to such option;
- (n) in the case of an option holder being dismissed from employment or service for cause, such option holder’s options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;



- (o) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the market value of the shares as of the grant date, subject to any adjustments as may be required to secure all necessary regulatory approvals;
- (p) no option issued pursuant to the Option Plan may vest before the date that is one year following the date it is granted or issued, provided that the Board may accelerate vesting for an option holder who dies or who ceases to be an eligible option holder under the Option Plan in connection with a change of control, take-over bid, reverse take-over transaction or other similar transaction other than an option holder who performs investor relation activities for the Corporation (in which case such acceleration would require the prior written approval of the Exchange);
- (q) with consent of affected option holders, the Board may amend the terms of the outstanding option as to reduce the number of optioned shares, increase the exercise price, or cancel an option without Exchange approval and any other amendment will be subject to receiving prior Exchange acceptance and shareholder approval where applicable;
- (r) disinterested shareholder approval will be required for: (i) any reduction in the exercise price of or extensions to options granted to insiders, if the option holder is an insider of the Corporation at the time of the proposed amendment; and (ii) the situations where the Option Plan, together with all other outstanding options could result at any time in:
  - (i) the number of shares reserved for issuance under options granted to insiders exceeding 10% of the Corporation's issued shares;
  - (ii) the grant to insiders of the Corporation, within a 12 month period, of a number of options exceeding 10% of the Corporation's issued shares; or
  - (iii) the issuance to any one option holder, within a 12- month period, of a number of shares exceeding 5% of the Corporation's issued shares.
- (s) vesting of options shall be at the discretion of the Board; and
- (t) the Board reserves the right in its absolute discretion to terminate or suspend the Option Plan with respect to all Option Plan shares in respect of options which have not yet been granted under the Option Plan.

No options have been granted under the Option Plan which are subject to Shareholder approval.

The Option Plan does not permit stock options to be transformed into stock appreciation rights.

#### **Repricing of Stock Options**

The Corporation did not make any downward pricing of stock options during the year.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out, as at the end of the Corporation's last completed financial year, information regarding outstanding options, warrants and rights (other than those granted pro rata to all Shareholders) granted by the Corporation under its equity compensation plans.

Plan Category	Number of shares issuable upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for issuance under equity compensation plans <sup>(2)</sup>
Equity compensation plans <b>approved</b> by Shareholders	Nil	N/A	8,701,754 <sup>(1)</sup>
Equity compensation plans <b>not approved</b> by Shareholders	N/A	N/A	N/A
Total	Nil	N/A	8,701,754

Notes:

(1) Assuming outstanding options, warrants, bonus shares, and rights are fully vested.

(2) Excluding the number of Common Shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

## CORPORATE GOVERNANCE

National Policy 58-101 Disclosure of Corporate Governance Practices of the Canadian securities administrators requires the Corporation to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

### Board of Directors

The Board has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems.

The Board sets long term goals and objectives for the Corporation and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Corporation to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Corporation and its business. The Board is responsible for protecting Shareholders' interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Corporation's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Corporation is authorized to act without Board approval, on all ordinary course matters relating to the Corporation's business.

The Board also monitors the Corporation's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for the appointment of the CEO, President and other senior management and monitoring of their performance.

The Board has not adopted a written mandate or code setting out the foregoing obligations, since it believes it is adequately governed by the requirements of applicable corporate and securities common and statute law which provide that the Board has responsibility for the stewardship of the Corporation. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems.

As of the date of this Circular, the Board considers that the following directors are “independent” in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director’s ability to act with the best interests of the Corporation, other than interests and relationships arising from shareholding: Antony Harwood and Valeria Pascale. The Board considers that Scott McLean, the Interim President & CEO of the Corporation, and Cyrus Driver, the CFO of the Corporation are not considered independent because they are members of management.

The Board of the Corporation facilitates its exercise of supervision over Corporation’s management through frequent meetings of the Board.

The Board does not hold regularly scheduled meetings without the non-independent directors and members of management. Since the beginning of the Corporation’s last financial year, the independent directors did not hold any ad hoc meetings without the non-independent directors and management.

When a matter being considered involves a director, that director does not vote on the matter. As well, the directors regularly and independently confer amongst themselves and thereby keep apprised of all operational and strategic aspects of the Corporation’s business.

The President and CEO is responsible for presiding over all meetings of the directors and Shareholders and acts as Chairman of the Board. He is not an independent director. However, the independent directors have significant experience as directors and officers of publicly traded companies or as members of the financial investment community. Therefore, they do not require the guidance of an independent Chairman of the Board in exercising their duties as directors.

### Descriptions of Roles

The Board has not established written descriptions of the positions of CEO or chair of any of the committees of the Board (except as may be set out in a charter applicable to a committee) as it feels they are unnecessary and would not improve the function and performance of the Board, CEO or committee. The role of chair is delineated by the nature of the overall responsibilities of the Board or the committee.

The Board has not set limits on the objectives to be met by the CEO, but believes that such limits and objectives should depend upon the circumstances of each situation and that to formalize these matters would be restrictive and unproductive.

### Directorships

As of the date of this Circular, the current directors of the Corporation are presently a director of one or more other reporting issuers, as follows:

Name of Director	Other Issuer	Trading market
Cyrus Driver	Power Metals Corp.	TSXV
	Superior Mining International Corporation	TSXV
	Serrano Resources Ltd.	TSXV
	Norra Metals Corp.	TSXV
	Cobra Venture Corporation	TSXV
	Wangton Capital Corp.	TSXV
	Starr Peak Mining Ltd.	TSXV
	Noram Lithium Corp.	TSXV
	Kingman Minerals Ltd.	TSXV
Scott McLean	Transition Metals Corp.	TSXV
	SPC Nickel Corp.	TSXV

Name of Director	Other Issuer	Trading market
Antony Harwood	Montero Mining and Exploration Ltd.	TSXV
	East Africa Metals Inc.	TSXV
	Hudson Resources Inc.	TSXV

### **Orientation and Continuing Education**

In order to orient new directors, the Board briefs all new directors with the policies of the Board, and other relevant corporate and business information.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. Further, the Corporation's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Corporation's financial statements and any related findings as to the integrity of the financial reporting process.

Under applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interest of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Corporation or an affiliate of the Corporation, (ii) is for indemnity or insurance for the benefit of the director in connection with the Corporation, or (iii) is with an affiliate of the Corporation. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Corporation at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Corporation for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Corporation and the contract or transaction be approved by the Shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **Nomination of Directors**

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the Shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, show support for the Corporation's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board as a whole conducts reviews with regard to the directors' and the NEOs compensation once a year. To make its recommendation, the Board takes into account the types of compensation and the amounts paid to directors and the NEOs of comparable publicly traded Canadian companies. Members of the Board do not currently receive any remuneration for acting in such capacity.

### **Other Board Committees**

The Board has no other committees other than the Audit Committee.

## Assessments

The Board has not established a process to regularly assess the Board and its committee with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, its committee or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## AUDIT COMMITTEE

National Instrument 52-110 Audit Committees (“**NI 52-110**”) requires the Corporation’s Audit Committee to meet certain requirements. It also requires the Corporation to disclose certain information in this Circular regarding the Audit Committee. That information is disclosed below.

### Overview

The Audit Committee of the Board is principally responsible for:

- (a) recommending to the Board the external auditor to be nominated for election by the Corporation’s shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- (b) overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Corporation’s financial reporting;
- (c) pre-approving all non-audit services to be provided to the Corporation’s, by the auditor;
- (d) reviewing the Corporation’s annual and interim financial statements, MD&A and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Corporation;
- (e) reviewing the Corporation’s financial reporting procedures and internal controls to ensure adequate procedures are in place for the Corporation’s public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

The Corporation’s auditor reports directly to the Audit Committee.

### The Audit Committee’s Charter

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, which will be provided to the shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Committee also is mandated to review and approve all material related party transactions. A copy of the Audit Committee Charter is attached as Schedule “A” to this Circular.

### Composition of the Audit Committee

The Audit Committee consists of three directors. Unless it is a “Venture Issuer” (as such term is defined in NI 52-102 Continuous Disclosure Obligations) as of the end of its last financial year, NI 52-110 requires each of the members of the Committee to be independent and financially literate. Since the Corporation is a Venture Issuer it is exempt from this requirement. In addition, the Corporation’s governing corporate legislation requires the Corporation to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Corporation. The Audit Committee complies with this requirement.

The following table sets out the names of the members of the Audit Committee and whether they are independent and financially literate.

<b>Name of Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
Cyrus Driver (Committee Chairman) <sup>(3)</sup>	No	Yes
Valeria Pascale	Yes	Yes
Antony Harwood	Yes	Yes

Notes:

- (1) To be considered to be independent, a member of the Committee must not have any direct or indirect 'material relationship' with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Committee must have 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 complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
- (3) Cyrus Driver is the Corporation's Chief Financial Officer.

### **Relevant Education and Experience**

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting,

are as follows:

#### *Cyrus Driver (Committee Chairman)*

Mr. Driver is a Chartered Accountant with more than 30 years' experience in the financial reporting and auditing of publicly traded companies. Mr. Driver is a retired partner of Davidson & Corporation LLP, Chartered Accountants. Mr. Driver has also acted as a director and held senior management positions with various publicly listed companies. He understands financial statements and is financially literate as that term is defined in NI 52-110.

#### *Scott McLean*

Mr. McLean is the President and Chief Executive Officer and a Director of Transition Metals Corp. (TSXV: XTM). He also serves as the Executive Chairman and a Director of SPC Nickel Corp. and is a Director of private companies Canadian Gold Miner and Carolina Gold Resources Inc. He understands financial statements and is financially literate as that term is defined in NI 52-110.

#### *Antony Harwood*

Dr. Harwood is the President, Chief Executive Officer and director of Montero Mining and Exploration Ltd. (TSXV: MON). He also serves as a director of East Africa Metals Inc. (TSXV: EAM) and as a non-executive director of Hudson Resources Inc. (TSXV: HUD). He understands financial statements and is financially literate as that term is defined in NI 52-110.

### *Valeria Pascale*

Valerie Pascale has been working in Corporate Social Responsibility, Community Engagement, and Diversity and Inclusion in the Exploration, Mining and Mineral Development sectors for over 12 years. Mrs. Pascale was the Manager of Corporate Social Responsibility at Goldcorp (now Newmont) for over 10 years. She has also worked closely with the PDAC, both on the CSR Committee and as the Chair of the Diversity and Inclusion working group.

### **Complaints**

If a particular individual, being a Shareholder or an insider of the Corporation (an “**applicable individual**”), has any concerns about accounting, audit, internal controls or financial reporting matters which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing and forward it to the Chairman of the Audit Committee in a sealed envelope labelled “To be opened by the Audit Committee only”. Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any such envelopes received by the Corporation will be forwarded promptly and unopened to the Chair of the Audit Committee. Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

The Audit Committee did not receive any complaints during the last completed financial year.

### **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### **Reliance on Exemptions in NI 52-110 regarding *De Minimis* Non-audit Services or on a Regulatory Order Generally**

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Corporation's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Corporation, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or
- (b) an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Charter of the Audit Committee, a copy of which is attached as Schedule “A”.

### **External Auditor Service Fees (By Category)**

The audit committee has reviewed the nature and amount of the non-audit services provided by the Corporation's current auditor Crowe MacKay LLP, Chartered Professional Accountants, to ensure auditor independence during the financial year ended October 31, 2021. Fees incurred for audit and non-audit services in the last two fiscal years are outlined in the following table.

	Fees Paid to Auditor in Fiscal Year Ended October 31, 2021	Fees Paid to Auditor in Fiscal Year Ended October 31, 2020
Audit Fees <sup>(1)</sup>	\$15,037	\$15,947
Audit-related <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	Nil
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$15,037</b>	<b>\$15,947</b>

## Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements and also fees incurred in relation to the performance of quarterly reviews. 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 includes 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.

**Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations**

Since the Corporation is a Venture Issuer, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in "Composition of the Audit Committee" above) and Part 5 *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Corporation's Annual Information Form, if any, and this Circular).

No individual who is, or who at any time during the last completed financial year was, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Corporation or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

**INTEREST OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON**

Other than disclosed in this Circular, the Corporation is not aware of any material interest of any executive officer, director or nominee for director, or anyone who has held office as such since the beginning of the Corporation's last completed financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors except for the current and future directors and executive officers of the Corporation, inasmuch as, in the following year, they may be granted options to purchase Common Shares pursuant to the Option Plan, ratification of which will be sought at the Meeting.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein and the Corporation's MD&A for the last financial year (see "Additional Information" below), no informed person (as defined below), proposed nominee for election as a director, or any associate or affiliate of any informed person or proposed nominee, has had a material interest, direct or indirect, in any transaction with the Corporation or in any proposed transaction since the beginning of the last completed financial year that has or would materially affected the Corporation

For the above purposes, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the



Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the Board the only matters to be brought before the Meetings are those matters set forth in the accompanying Notice of Meeting.

### **1. Report of the Directors**

The Board will provide a report on the events of its last financial year at the meeting. No approval or other action needs to be taken at the Meeting in respect of this report.

### **2. Financial Statements, Audit Report and Management's Discussion and Analysis**

The Board has approved the financial statements of the Corporation, the auditor's report thereon, and the MD&A for the year ended October 31, 2021, all of which will be tabled at the Meeting. No approval or other action needs to be taken at the Meeting in respect of these documents.

### **3. Set Number of Directors to be Elected**

The Corporation currently has four directors. Accordingly, it will be proposed at the Meeting that four directors be elected to hold office until the next annual general meeting of Shareholders or until their successors are elected or appointed. Unless otherwise directed, it is the intention of Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution setting the number of directors to be elected at four.

### **4. Election of Directors**

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's province or state and country of residence, principal occupation at the present and during the preceding five years (unless shown in a previous management information circular), the period during which the nominee has served as a director, and the number of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Record Date.

**The Board recommends that Shareholders vote in favour of the following proposed nominees. Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote for the election of the persons named in the following table to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors. Each director elected will hold office until the next annual general meeting of Shareholders or until their successor is duly elected, unless their office is earlier vacated in accordance with the constating documents of the Corporation or the provisions of the corporate law to which the Corporation is subject.

Name of Nominee; Current Position with the Corporation and Province and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Corporation	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
<b>CYRUS DRIVER</b> <sup>(2)</sup> Director and CFO, British Columbia, Canada	Mr. Driver is a Chartered Accountant (May 1977) and a retired partner with Davidson & Corporation LLP, Chartered Accountants (January 2002 to present). He has more than 30 years' experience in the financial reporting and auditing of publicly traded companies. Mr. Driver has also acted as a director and held senior management positions with various publicly listed companies and is currently a director and/or officer of, among other companies, Power Metals Corp. (formerly Aldrin Resources Corp.), all listed for trading on the TSX Venture Exchange.	Since January 3, 2013	875,000 <sup>(3)</sup>
<b>SCOTT MCLEAN</b> <sup>(2) (5)</sup> Director, Interim President & CEO Ontario, Canada	Consulting Geologist with McLean Exploration Management Inc. since June 2011; President and Chief Executive Officer and a Director of Transition Metals Corp. since November 2009; Executive Chairman and a Director of SPC Nickel Corp. since 2013; and a Director of Carolina Gold Resources Inc. since 2011, a Director of Canadian Gold Miner since October 2015.	Since January 3, 2013	466,781 <sup>(4)</sup>
<b>ANTONY HARWOOD</b> <sup>(2)</sup> Director Kensington, South Africa	Mining Executive/Geologist; President and Chief Executive Officer of Montero Mining and Exploration Ltd. since January 26, 2011; Director of East Africa Metals Inc. since April 2013; and Non-Executive Director of Hudson Resources Inc. since November 2, 2020.	Since January 3, 2013	Nil
<b>VALERIA PASCALE</b> Director British Columbia, Canada	Mrs. Pascale has over 12 years of experience working in corporate social responsibility, community engagement and diversity and inclusion roles in the exploration, mining and mineral development sectors. Mrs. Pascale also served as Corporate Social Responsibility Manager at Newmont Corporation (formerly Newmont Goldcorp Corporation) for more than 10 years. She has also worked closely with the Prospectors & Developers Association of Canada (PDAC), both on the Corporate Social Responsibility Committee and as the Chair of the Diversity and Inclusion working group.	Since May 31 <sup>st</sup> , 2021	Nil

## Notes:

- <sup>(1)</sup> The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees. Common Shares Beneficially owned, are voting securities beneficially owned, directly or indirectly, or over which the director nominee exercises control or direction.

- (2) Member of Audit Committee.
- (3) 500,000 common shares held through Mr. Driver's wholly-owned corporation, Cyrus Driver Inc.
- (4) 366,781 common shares held through Mr. McLean's wholly-owned corporation, McLean Exploration Management Inc
- (5) Mr. McLean was appointed interim CEO and President as of April 16, 2021

#### Cease Trade Orders and Bankruptcy

No proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any Corporation (including the Corporation in respect of which the information circular is being prepared) that:

- (a) was subject to a cease trade or similar order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any Corporation (including the Corporation in respect of which the information circular is being prepared) that, while that person was acting in that capacity, or 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 has, within the past ten years, 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.

#### Penalties and Sanctions

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **5. Appointment of an Auditor**

Management of the Corporation will nominate Crowe Mackay LLP, Chartered Professional Accountants, of Vancouver, British Columbia, at the Meeting for appointment as auditor of the Corporation to hold office until the close of the next annual general meeting of the Shareholders. Crowe Mackay LLP was first appointed as auditor of the Corporation on February 10, 2017.

**The Board recommends that Shareholders vote in favour of the proposed auditor Crowe MacKay LLP, Chartered Professional Accountants. Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the appointment of Crowe MacKay LLP, Chartered Professional Accountants, as the Corporation's auditor.**

### **6. Ratification and Approval of Stock Option Plan**

The Corporation has in place a 10% rolling stock option plan dated April 14, 2016. The policies of the TSX Venture Exchange (the "**TSX-V**") require stock option plans which reserve for issuance up to 10% of a listed company's shares be approved annually by its Shareholders. Effective November 24, 2021, the Exchange amended Policy 4.4 - *Security Based Compensation* ("**Policy 4.4**"), which governs the issuance of incentive securities issuable under security-based compensation plans of TSX-V listed issuers. In order to comply with requirements of the amended Policy 4.4, the Option Plan has been amended to reflect that no stock options may vest before the date that is one year following the date it is granted or issued, subject to acceleration in limited circumstances and certain other administrative changes in order to comply with requirements of Policy 4.4. In particular, approval is being sought at the Meeting by way of an ordinary resolution. The material terms and conditions of the Option Plan are further described under "Statement of Executive Compensation – Description of Stock Option Plan".

Therefore, at the Meeting, Shareholders will be asked to pass a resolution in the following form:

“UPON MOTION IT WAS RESOLVED that the Corporation approve and ratify, subject to regulatory approval, the Stock Option Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant,”

Following approval of the Option Plan by the Shareholders, any options granted pursuant to the Option Plan will not require further Shareholder or TSX-V approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Corporation.

The full text of the Option Plan is attached hereto as Schedule “B”.

**The Board recommends that Shareholders vote in favour of the proposed resolution. Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution approving the Option Plan.**

### OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the Shareholders at the Meeting, it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

### ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information for the Corporation's most recently completed financial year is provided in its comparative financial statements and MD&A which are filed on SEDAR. Shareholders may contact the Corporation at Suite 108, 744 West Hastings Street, Vancouver, British Columbia V6C 1A5, Canada by mail, by telephone +1(604) 210-2305; collect if necessary) or by email at [info@tesorominerals.com](mailto:info@tesorominerals.com) to request copies of the Corporation's financial statements and MD&A.

**DATED** this 20<sup>th</sup> day of April, 2022

**BY ORDER OF THE BOARD**

*“Scott McLean”*

**Scott McLean**  
**Interim President & Chief Executive Officer**

**SCHEDULE "A"****TESORO MINERALS CORP.***Audit Committee Charter*Mandate

The primary function of the audit committee (the "**Committee**") is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements; (ii) review and appraise the performance of the Company's external auditors; and (iii) provide an open avenue of communication among the Company's auditors, financial and senior management and the board of directors.

Composition

The Committee shall be comprised of three directors as determined by the board of directors, the majority of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is 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 complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full board of directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfil its responsibilities and duties, the Committee shall:

*Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

*External Auditors*

- (a) Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.

- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

Review any related party transactions.

**SCHEDULE "B"**

**Tesoro Minerals Corp.**

**STOCK OPTION PLAN**



**ARTICLE I**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

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

**“Administrator”** means such Director or other Officer or Employee of the Company as may be designated as Administrator by the Board from time to time;

**“Award Date”** means the date on which the Board grants and announces a particular Option;

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

**“Company”** means Tesoro Minerals Corp. and any predecessor company or subsidiary thereof, (within the meaning of the Securities Act), as the context may apply;

**“Consultant”** means, in relation to the Company, an individual (other than an Employee, Officer or a Director of the Company) or a company wholly owned by the individual that:

- (a) is engaged to provide consulting services to the Company, other than services provided in relation to a distribution;
- (b) provides the services under a written contract with the Company;
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Company; and
- (d) has a relationship with the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

**“Director”** means any individual who is a director (as defined under Securities Laws) of the Company or of any of its subsidiaries;

**“Discounted Market Price”** has the meaning ascribed thereto in Policy 1.1 of the Exchange’s Corporate Finance Policies;

**“Employee”** means:

- (a) an individual who is considered an employee under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made by the Company);
- (b) an individual who works full-time for the Company providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made by the Company; or

- (c) an individual who works for the Company on a continuing and regular basis for a minimum amount of time per week (as determined by the Board from time to time) providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made by the Company;

**“Exchange”** means the TSX Venture Exchange;

**“Exercise Notice”** means the notice respecting the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder;

**“Exercise Period”** means the period during which a particular Option may be exercised, being the period from and including the Award Date through to and including the Expiry Date;

**“Exercise Price”** means the price at which an Option may be exercised as determined in accordance with section 3.6;

**“Expiry Date”** means the date determined in accordance with section 3.3 and after which a particular Option cannot be exercised;

**“Insider”** means a Director or Officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company;

**“Investor Relations Activities”** has the meaning ascribed thereto in Policy 1.1 of the Exchange’s Corporate Finance Policies;

**“Management Company Employee”** means an individual employed by a company providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in Investor Relations Activities;

**“Officer”** means any individual who is an officer (as defined under Securities Laws) of the Company or of any of its subsidiaries;

**“Option”** means an option to acquire Shares, awarded to a Director, Officer, Employee or Consultant pursuant to the Plan;

**“Option Certificate”** means the certificate, substantially in the form set out as Schedule A hereto, evidencing an Option;

**“Option Holder”** means a current or former Director, Officer, Employee or Consultant who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;

**“Participant”** means a Director, Officer, Employee, Management Company Employee or Consultant that is the recipient of an Option granted or issued by the Company;

**“Personal Representative”** means (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;

**“Plan”** means this stock option plan;

**“Securities Act”** means the *Securities Act* (British Columbia);

**“Securities Laws”** means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Company; and

**“Share”** or **“Shares”** means, as the case may be, one or more common shares without par value in the capital of the Company.

## 1.2 Choice of Law

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

## 1.3 Headings

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

# **ARTICLE II**

## **PURPOSE AND PARTICIPATION**

### 2.1 Purpose

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

### 2.2 Participation

The Board shall, from time to time, in its sole discretion determine those Directors, Officers, Employees and Consultants, if any, to whom Options are to be awarded. If the Board elects to award an Option to a Director or an Officer, the Board shall, in its sole discretion but subject to section 3.2, determine the number of Shares to be acquired on the exercise of such Option. If the Board elects to award an Option to an Employee or Consultant, the number of Shares to be acquired on the exercise of such Option shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

- (a) the person's remuneration as at the Award Date in relation to the total remuneration payable by the Company to all of its Employees and Consultants as at the Award Date;
- (b) the length of time that the person has provided services to the Company; and

- (c) the nature and quality of work performed by the person.

The Company represents that it will only grant Options to a bona fide Employee, Consultant or Management Company Employee, as the case may be, pursuant to Exchange Policy 4.4.

### **2.3 Notification of Award**

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

### **2.4 Copy of Plan**

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

### **2.5 Limitation**

This Plan does not give any Option Holder who is a Director the right to serve or continue to serve as a Director, nor does it give any Option Holder who is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company.

## **ARTICLE III TERMS AND CONDITIONS OF OPTIONS**

### **3.1 Board to Allot Shares**

The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof.

### **3.2 Number of Shares**

The maximum number of Shares issuable under the Plan shall not exceed 10% of the number of Shares of the Company issued and outstanding as of each Award Date, inclusive of all Shares presently reserved for issuance pursuant to previously granted stock options, unless shareholder approval is obtained in advance in accordance with section 6.5 hereof.

Options that have been cancelled or that have expired without being exercised in full shall continue to be issuable under the Plan.

### **3.3 Term of Option**

Subject to section 3.4, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than:

- (a) the fifth anniversary of the Award Date of the Option; or
- (b) if the Shares are no longer listed on the Exchange, the tenth anniversary of the Award Date of the Option.

### 3.4 Limitations

The total number of Options awarded to any one Option Holder in any twelve month period shall not exceed 5% of the issued and outstanding Shares of the Company at the Award Date (unless the Company has obtained disinterested shareholder approval pursuant to Policy 4.4 of the Exchange Corporate Finance Policies).

The total number of Options awarded to any one Consultant in any twelve month period shall not exceed 2% of the issued and outstanding Shares of the Company at the Award Date without consent being obtained from the Exchange.

The total number of Options awarded to all eligible Participants who perform Investor Relations Activities for the Company shall not exceed 2% of the issued and outstanding Shares of the Company, in any twelve month period, calculated at the Award Date, without consent being obtained from the Exchange.

Options granted to all eligible Participants performing Investor Relations Activities must vest in stages over 12 months with no more than one-quarter of the Options vesting in any three month period.

No Options granted under the Plan may vest before the date that is one year following the date it is granted. However, notwithstanding the foregoing, the Board may accelerate the aforementioned vesting requirement for an Option Holder who dies or ceases to be an eligible Option Holder under the Plan in connection with a change of control, take-over bid, reverse take-over transaction or other similar transaction, other than an Option Holder who performs Investor Relations Activities for the Company (in which case such acceleration would require the prior written approval of the Exchange).

### 3.5 Termination of Option

An Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time fix limits, vesting requirements or restrictions in respect of which an Option Holder may exercise part of any Option held by him. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. (Vancouver time) on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Board on the Award Date, and the date established, if applicable, in subsections (a) to (c) below.

(a) Death

In the event that the Option Holder should die while he or she is still (i) a Director or Employee, (other than an Employee performing investor relations activities) the Expiry Date shall be 12 months from the date of death of the Option Holder; or (ii) an Officer, Consultant, or an Employee performing investor relations activities, the Expiry Date shall be one month from the date of death of the Option Holder.

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as Director and such Option Holder ceases to be a Director of the Company other than by reason of death, the Expiry Date of the Option shall be the 90th day following the date the Option Holder ceases to be a Director of the Company unless the Option Holder continues to be engaged by the Company as an Officer, Employee or Consultant, in which case the Expiry Date shall

remain unchanged; however, if the Option Holder ceases to be a Director of the Company as a result of:

- (i) ceasing to meet the qualifications set forth in s.124 of the *Business Corporations Act* (British Columbia); or
- (ii) a special resolution having been passed by the members of the Company pursuant to subsection 128(3) of the *Business Corporations Act* (British Columbia),

then the Expiry Date shall be the date the Option Holder ceases to be a Director of the Company.

(c) *Ceasing to be Employed*

In the event that the Option Holder holds his or her Option as an Officer, Employee or Consultant of the Company (other than an Officer, Employee or Consultant performing investor relations activities) and such Option Holder ceases to be an Officer, Employee or Consultant of the Company other than by reason of death, the Expiry Date of the Option shall be the 30th day following the date the Option Holder ceases to be an Employee or Consultant of the Company unless the Option Holder ceases to be such as a result of:

- (i) termination for cause; or
- (ii) by order of the British Columbia Securities Commission, the Exchange, or any regulatory body having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

(d) *Ceasing to Perform Investor Relations Activities*

Notwithstanding paragraph (c) immediately above, in the event that the Option Holder holds his or her Option as an Officer, Employee or Consultant of the Company who provides investor relations activities on behalf of the Company, and such Option Holder ceases to be an Officer, Employee or Consultant of the Company other than by reason of death, the Expiry Date shall be the date the Option Holder ceases to be an Officer, Employee or Consultant of the Company.

### **3.6 Exercise Price**

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

### **3.7 Assignment of Options**

Options may not be assigned or transferred, and all Option Certificates will be so legended, provided however that the Personal Representatives of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

### **3.8 Adjustments**

If prior to the complete exercise of any Option, any of the following events should occur:

- (a) any reduction in the number of shares of the Company due to consolidation thereof;
- (b) any increase in the number of shares of the Company outstanding due to subdivision thereof; and
- (c) any reclassification of the shares of the Company,

an appropriate adjustment shall be made in the number or kind of shares issuable with respect to the unexercised portion of the Option, in accordance with such reduction, increase or reclassification of shares, subsequent to any such change in the number or kind of outstanding shares becoming effective, provided that any adjustment made in relation to a reclassification of the shares of the Company shall be subject to prior acceptance of the Exchange.

No fractional Shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Event an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Additionally, no lots of Shares in an amount less than 500 Shares shall be issued upon the exercise of the Options unless such amount of Shares represents the balance left to be exercised under the Options.

### **3.9 Exercise Restrictions**

The Board may, at the time an Option is awarded or upon renegotiation of the same, attach restrictions relating to the exercise of the Option, including vesting provisions. Any such restrictions shall be recorded on the applicable Option Certificate.

## **ARTICLE IV EXERCISE OF OPTION**

### **4.1 Exercise of Option**

An Option may be exercised only by the Option Holder or his Personal Representative. An Option Holder or his Personal Representative may exercise an Option in whole or in part, subject to any applicable exercise restrictions, at any time or from time to time during the Exercise Period up to 5:00 p.m. (Vancouver time) on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

### **4.2 Issue of Share Certificates**

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

#### **4.3 Condition of Issue**

The issue of Shares by the Company pursuant to the exercise of an Option is subject to this Plan and compliance with the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Shares and to the listing requirements of any stock exchange or exchanges on which the Shares may be listed. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Company any information, report and/or undertakings required to comply with and to fully cooperate with the Company in complying with such laws, rules and regulations.

#### **4.4 Monitoring of Trades**

An Option Holder who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Company within five business days of each trade.

#### **4.5 Tax Withholding Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in this Article 4 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

### **ARTICLE V ADMINISTRATION**

#### **5.1 Administration**

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

#### **5.2 Interpretation**

The interpretation by the Board or its authorized committee of any of the provisions of this Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination in connection with this Plan made or



taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **ARTICLE VI**

### **APPROVALS, AMENDMENTS AND TERMINATION**

#### **6.1 Approvals Required for Plan**

Prior to its implementation by the Company, this Plan is subject to the receipt of approval by the shareholders of the Company at a general meeting and approval of the Exchange.

#### **6.2 Prospective Amendment**

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

#### **6.3 Retroactive Amendment**

Subject to prior Exchange acceptance and shareholder approval where applicable, the Board may from time to time retroactively amend this Plan and may also, with the consent of the affected Option Holders, retroactively amend the terms and conditions of any Options which have been previously awarded.

#### **6.4 Exchange Approval**

With the consent of affected Option Holders, the Board may amend the terms of any outstanding Option so as to reduce the number of optioned Shares, increase the Exercise Price, or cancel an Option without Exchange approval. Any other amendment will be subject to receiving prior Exchange acceptance and shareholder approval where applicable.

This Plan must be approved by the Company's shareholders annually, at a duly called meeting of the shareholders. Disinterested shareholder approval (as defined in Exchange policy) will be required for: (i) any reduction in the exercise price of, or extensions of the term to, Options granted to Insiders, if the Option Holder is an Insider of the Company at the time of the proposed amendment; and (ii) the situations where the Plan, together with all other outstanding options could result at any time in:

- (a) the number of shares reserved for issuance under Options granted to Insiders exceeding 10% of the Company's issued Shares;
- (b) the grant to Insiders, within a 12-month period, of a number of Options exceeding 10% of the Company's issued Shares; or
- (c) the issuance to any one Option Holder, within a 12- month period, of a number of Shares exceeding 5% of the Company's Shares.

## **6.5 Termination**

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

## **6.6 Agreement**

The Company and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of this Plan.

**SCHEDULE A**

**Tesoro Minerals Corp.**

**STOCK OPTION PLAN**

**OPTION CERTIFICATE**

This certificate is issued pursuant to the provisions of the Tesoro Minerals Corp. (the "**Company**") Stock Option Plan (the "**Plan**") and evidences that \_\_\_\_\_ (*Name of Optionee*) is the holder of an option (the "**Option**") to purchase up to \_\_\_\_\_ (*Number of Shares*) common shares (the "**Shares**") in the capital stock of the Company at a purchase price of \$\_\_\_\_\_ per Share.

Subject to the provisions of the Plan:

- (a) the Award Date of this Option is \_\_\_\_\_ (*insert date of grant*); and
- (b) the Expiry Date of this Option is \_\_\_\_\_ (*insert date of expiry*).

Additional Vesting or Other Restrictions:

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Vancouver time) on the Expiry Date, by delivering to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**Tesoro Minerals Corp.**  
by its authorized signatory:

\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE B**

**Exercise Notice**

To: The Administrator, Stock Option Plan  
Tesoro Minerals Corp. (the "**Company**")

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

- (a) all of the Shares; or
- (b) of the Shares, which are the subject of the Option Certificate attached hereto.

Calculation of total Exercise Price:

(i) number of Shares to be acquired on exercise: \_\_\_\_\_ Shares  
(ii) multiplied by the Exercise Price per Share: \$ \_\_\_\_\_  
TOTAL EXERCISE PRICE, enclosed herewith: \$ \_\_\_\_\_

The undersigned tenders herewith a certified cheque or bank draft in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Option Holder (please print)

\_\_\_\_\_  
SIN