

**PORTOFINO RESOURCES INC.**

**NOTICE AND MANAGEMENT PROXY CIRCULAR  
FOR THE  
ANNUAL AND SPECIAL GENERAL MEETING  
OF SHAREHOLDERS**

**TO BE HELD AT**

**2:00 Pm (Pacific time)  
Monday, June 7, 2021**

**#520 – 470 Granville Street  
Vancouver, BC  
V6C 1V5  
Canada**

**PORTOFINO RESOURCES INC.**

#520 – 470 Granville Street  
Vancouver, BC V6C 1V5  
Toll-Free: 1-855-683-1991 Tel: 604-683-1991 Fax: 604-683-8544

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MONDAY, JUNE 7, 2021**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of the Shareholders of Portofino Resources Inc. (the “**Company**”) will be held at #520 – 470 Granville Street, Vancouver, BC, V6C 1V5 on **Monday, June 7, 2021** at **2:00 pm** (Pacific time) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company for the financial year ended May 31, 2020, together with the auditor’s report thereon.
2. To appoint the auditors of the Company for the ensuing year; to authorize the Directors to fix the remuneration to be paid to the auditor; and to authorize the Directors, in their discretion, to change auditors during the year, subject to compliance with the requirements of the applicable securities law.
3. To fix the number of Directors for the ensuing year at three (3).
4. To elect Directors to hold office for the ensuing year.
5. To consider and, if deemed appropriate, with or without variation, an ordinary resolution reconfirming the Company’s 2016 Stock Option Plan (the “**Stock Option Plan**”), as more particularly described in the Information Circular.
6. To consider and, if deemed appropriate, with or without variation, an ordinary resolution by disinterested shareholders (shareholders without interest in this resolution) approving the equity incentive plan as more fully described in the Information Circular (the “**Equity Incentive Plan**”).
7. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The accompanying management information circulate (the “**Information Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

The Board of Directors has fixed the close of business on the 13th day of April, 2021, as the record date for determination of shareholders entitled to notice of this Meeting or any adjournment(s) thereof and the right to vote thereat.

In order to mitigate potential risks of COVID-19 to the health and safety of our Shareholders, employees, and other stakeholders, we encourage you to vote by proxy in advance of the Meeting, rather than attending in person. The Company has established a conference call number 1-866-305-1460 and Passcode is 7680289 for those shareholders who wish to follow the proceedings.

**Votes MUST be cast in-person or by proxy**

**NO votes will be accepted by telephone, please follow the instructions in the Proxy that accompanies the meeting materials**

If you are a registered shareholder of the Company and are unable to attend the Meeting in person, please complete, date and execute the accompanying form of proxy and deposit it with TSX Trust Company, 301 - 100 Adelaide Street West, Toronto ON M5H 4H1 by mail, fax or by hand (fax: 416-595-9593), or as otherwise instructed in the form of proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting. The Chair of the Meeting has the discretion to accept proxies received less than 48 hours prior to the Meeting.

If you are a non-registered shareholder of the Company and received these materials either directly from the Company or through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan, or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “Intermediary”), please complete and return the materials in accordance with the instructions provided to you by the Company or your Intermediary.

DATED at Vancouver, British Columbia, this 23rd day of April, 2021.

**PORTOFINO RESOURCES INC.**

*“David Tafel”*

DAVID TAFEL, President

# **PORTOFINO RESOURCES INC.**

#520 – 470 Granville Street, Vancouver, B.C., V6C 1V5  
Toll-Free: 1-855-683-1991 Tel: 604-683-1991 Fax: 604-683-8544

## **INFORMATION CIRCULAR**

dated April 23, 2021

### **MANAGEMENT SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of Portofino Resources Inc. (the “**Company**”) for use at the annual and special general meeting of the shareholders of the Company to be held at #520 – 470 Granville Street, Vancouver, B.C., V6C 1V5 at 2:00 pm (Pacific time) on Monday, the 7<sup>th</sup> day of June, 2021 (the “**Meeting**”), and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual and Special General Meeting (the “**Notice of Meeting**”). Unless specified otherwise, the information contained in this Information Circular is current as at April 23, 2021.

#### **Delivery of Proxy Materials**

The Company has elected to use the notice and access method of delivering meeting materials to both registered and beneficial shareholders. Registered shareholders will still be mailed a form of proxy, and beneficial shareholders will still be mailed a voting instruction form, allowing them to vote at the Meeting. Shareholders will also receive in the mail a notice with information about the Meeting and instructions on how they can access electronic copies of the meeting materials rather than receiving printed copies. The meeting materials will be available on SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company’s website ([www.portofinoresources.com/corporate/aggm](http://www.portofinoresources.com/corporate/aggm)).

Shareholders may access electronic copies of the meeting materials online at the Company’s website or SEDAR on or after May 6, 2021, which is the date that the Company intends to commence mailing notice packages to the shareholders of record.

The Company does not intend to use “stratification” (i.e. sending a paper information circular and/or annual financial statements and MD&A to certain shareholders); however the Company will comply with standing instructions or other requests for paper information circular and/or annual financial statements and MD&A received from beneficial holders.

The Company intends to mail directly to its non-objecting beneficial owners (“NOBOs”) in compliance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”). The Company does not intend to pay for Intermediaries (as defined in the section ‘*Notice to Beneficial Holders*’ below) to forward meeting materials to the objecting beneficial owners (“OBOs”) pursuant to NI 54-101. Therefore, OBOs will not receive materials unless their Intermediary assumes the cost of delivery.

#### **How to Obtain Paper Copies of the Proxy Materials**

Shareholders may request that the Company mail to them a paper copy of this Information Circular and/or the Company’s Fiscal 2020 Annual Financial Statements and MD&A, at no cost to them, at any time up to one year from the date the documents were filed on SEDAR.

Requests to receive a paper copy of this Information Circular and/or the Company's Fiscal 2020 Annual Financial Statements and MD&A may be made by telephone by calling 1-855-683-1991. Requests to receive a paper copy of this Information Circular must be received by the Company by the close of business on May 14, 2021 in order to ensure that shareholders receive the mailed documents with sufficient time to allow them to complete and return their proxy or voting instruction form before the Proxy cut-off date and time.

**Please note that if you request a paper copy of this Information Circular and/or the Company's Fiscal 2020 Annual Financial Statements and MD&A, you will not receive a new proxy or voting instruction form so you should retain the form mailed to you in order to vote.**

## PROXIES

### Appointment of Proxies

The persons named in the form of proxy or voting instruction form (both referred to herein as the "Proxy") are nominees of the Company's management. **A shareholder wishing to appoint a person (who need not be a shareholder) to attend and act for him on his behalf at the Meeting, other than the persons designated as proxy holders in the enclosed Proxy, may do so by striking out the printed names and inserting the name of such other person in the blank space provided in the Proxy or by completing another proper form of proxy.** The completed Proxy or other proper form of proxy must be delivered or faxed to TSX Trust Company, or as otherwise instructed in the Proxy, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting. The Chairman of the Meeting has the discretion to accept proxies on the day of the Meeting.

### Revocation of Proxies

A shareholder who has given a Proxy may revoke it at any time before it is exercised by an instrument in writing (a) executed by the shareholder or by his attorney authorized in writing, or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation; and (b) delivered or faxed to TSX Trust Company at 301 - 100 Adelaide Street West, Toronto ON M5H 4H1 (fax: 416-595-9593), or to the registered office of the Company at 439 Helmcken Street, Vancouver, BC V6B 2E6 (fax: 604-684-3350), at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, before any vote in respect of which the Proxy is to be used shall have been taken, or in any other manner provided by law. Attendance at the Meeting and participation in a poll by a shareholder will automatically revoke the Proxy.

### Voting of Proxies and Exercise of Discretion by Proxyholders

The shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **IF A CHOICE IS NOT SO SPECIFIED, IT IS INTENDED THAT THE PERSON DESIGNATED BY MANAGEMENT IN THE ACCOMPANYING PROXY WILL VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED ON THE PROXY.**

The Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to any matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations, or other matters to come before this Meeting.

### **Solicitation of Proxies**

Solicitations of proxies will be made by mail and may be supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokerage houses holding shares on behalf of clients) for the cost incurred in obtaining their authorization to execute forms of proxy. The cost of solicitation will be borne by the Company.

### **Notice to Beneficial Owners**

Most beneficial owners of the Company's shares are NOT listed on the Company's register of shareholders. Beneficial owners will not be listed if they hold their shares through an intermediary, such as a brokerage firm, bank, trust company, RRSP, RRIF, TFSA, or other firm, financial institution or company. In this discussion, such owners are referred to as "you" or as a "Beneficial Owner", and the firm, financial institution or company through which you hold your shares are referred to as "Intermediaries". This discussion does not apply to owners of shares of the Company who hold their shares directly instead of through an Intermediary and who are therefore listed directly on the Company's register of shareholders.

The Company can only recognize votes and take instructions from shareholders who are listed on its register of shareholders.

The Company intends to mail directly to non-objecting beneficial owners ("NOBOs"). Therefore, if you are a NOBO, in order to vote at the Meeting, you will either need to instruct the Company on how to vote your shares, or instruct the Company to authorize you or someone you appoint to attend and vote at the Meeting. To do so, you will need to complete the Proxy sent to you by the Company, sign it and return it as instructed in the Proxy. If you want to attend and vote at the Meeting yourself, then you will need to strike out the names of the Management nominees just before the blank space on the Proxy and insert your own name in the blank space. You can also appoint someone else to attend the Meeting and vote on your behalf by inserting that person's name in the blank space instead of your own on the Proxy.

Intermediaries may assume the cost of delivery and mail to objecting beneficial owners ("OBOs"). The Company will provide Meeting materials to the Intermediaries as requested. Therefore, if you are an OBO, in order to vote at the Meeting, you will either need to instruct your Intermediary on how to vote your shares, or instruct the Intermediary to authorize you or someone you appoint to attend and vote at the Meeting. To do so, you will need to complete the Proxy sent to you by or on behalf of your Intermediary, sign it and return it to your Intermediary or to another party directed by your Intermediary. If you want to attend and vote at the Meeting yourself, then you will need to strike out the names of the Management nominees just before the blank space on the Proxy, and insert your own name in the blank space, or as otherwise instructed by your Intermediary. You can also appoint someone else to attend the Meeting and vote on your behalf by inserting that person's name in the blank space instead of your own on the Proxy, or as otherwise instructed by your Intermediary.

Again, if you wish to give voting instructions to persons listed on the Proxy to vote on your behalf at the Meeting or if you wish to attend the Meeting and vote in person or have someone else attend and vote on your behalf, you must complete the Proxy and return it in accordance with the instructions and time limits provided. This will enable persons listed on the Proxy either to vote your shares as you have directed, or to give formal notice to the Company that you or someone you have appointed has the authority to attend and vote at the Meeting.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the Directors or Executive Officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue unlimited common shares without par value, of which the Company has outstanding 79,466,243 common shares as at April 23, 2021, each common share carrying the right to one vote. The Directors have fixed April 13, 2021 as the record date for determination of shareholders entitled to notice of this Meeting or any adjournment(s) thereof. Shareholders of record at the close of business on April 13, 2021 are entitled to vote at the Meeting or adjournments thereof.

To the knowledge of the Directors and Executive Officers of the Company, there are no shareholders who beneficially own, directly or indirectly, or exercise control or direction over, voting shares of the Company carrying more than 10% of the voting rights attached to all of the issued and outstanding voting shares of the Company.

### **APPOINTMENT OF AUDITORS**

Shareholders will be asked to vote for the re-appointment of the Company's auditors, Manning Elliott LLP, Chartered Accountants, at a remuneration to be fixed by the Directors. Manning Elliott LLP, Chartered Accountants, was appointed as Auditor of the Company effective March 12, 2014. On the representations of the said accountants, neither that firm nor any of its partners has any direct financial interest or any material indirect financial interest in the Company or any of its subsidiaries or has had any connection during the past three years with the Company or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee. Shareholders will be asked to approve the following resolution:

*“RESOLVED, AS AN ORDINARY RESOLUTION, that Manning Elliott LLP, Chartered Accountants, be appointed as auditor of the Company, at a remuneration to be fixed by the Board of Directors, provided that the Board of Directors in their discretion may seek proposals from other qualified accounting firms for the position of auditor of the Company for the ensuing year, and, should one or more favourable proposals be received, the Directors may replace Manning Elliott LLP, Chartered Accountants, as the Company's auditor at any time during the ensuing year with a qualified accounting firm at a remuneration to be fixed by the Board of Directors, subject to compliance by the Company with the requirements of applicable securities laws.”*

### **ELECTION OF DIRECTORS**

Management proposes to nominate the persons named in the following table for election as Directors of the Company. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed, unless his office is earlier vacated.

At the Meeting, the Shareholders will be asked to vote on a resolution fixing the number of directors of the Company at three (3) and elect as directors the following Management nominees:

David Tafel

Stephen Wilkinson

Brian Crawford

The following table sets out the names of the nominees for election as directors, the province or state in which each is ordinarily resident, a brief biography of each, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of voting shares of the Company beneficially owned by each of them, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

<b>Name, Residence, Position with the Company and Year First Became a Director</b> <sup>(1)</sup>	<b>Principal Occupation or Employment</b> <sup>(1)</sup>	<b>Voting Shares Owned or Controlled, Directly and Indirectly</b> <sup>(1)</sup>
<b>David Tafel</b> <sup>(2) (3)</sup> British Columbia, Canada Director, CEO <i>Director since August 24, 2016</i>	Director of the Company since August 24, 2016. Mr. Tafel also serves as President & CEO of Centurion Minerals Ltd. and as a director for Gold Mountain Mining Corp and Westmount Minerals Corp. He has served as director and officer of a number of public companies involved in the mining industry.	1,854,562 Common Shares
<b>Stephen Wilkinson</b> <sup>(2) (4)</sup> British Columbia, Canada Director <i>Director since Aug. 24, 2016</i>	Mr. Wilkinson was the Vancouver-based mining analyst for RBC Dominion Securities Inc. in the mid to late 1990's. From 1999 to 2002, he was President, CEO and a director of Northern Orion Explorations Ltd and newly appointed CEO of Gold'n Futures Mineral Corp. He has founded and funded a number of private and public exploration companies. Mr. Wilkinson has a Bachelor of Science from the University of Western Ontario (Geology, 1976), a Master of Science from Carleton University in Ottawa (Geology, 1983) and an MBA degree from Clarkson University in New York (1995).	143,750 Common Shares
<b>Brian Crawford</b> <sup>(2) (4)</sup> Ontario, Canada Director <i>Director since July 14, 2020</i>	Mr. Crawford holds a B. Com. from the University of Toronto and has extensive experience as a senior financial executive with public and private companies and as a partner in a national firm of chartered professional accountants. Brian currently serves as a Director, Corporate Secretary, and/or Chief Financial Officer of several TSX-V and CSE listed companies including Colibri Resource Corporation, GTA Financial Inc., CBLT Inc., Tempus Capital Inc., and Westmount Minerals Corp.	50,000 Common Shares

(1) The information as to province or state of residence, principal occupation and common shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually, or the Company has relied on public information provided on SEDI. Figure does not include options or warrants to purchase unissued shares of the Company.

(2) Audit Committee member.

(3) A director that is not independent pursuant to definitions set out in *National Policy 58-101 Disclosure of Corporate Governance Practices* and *National Instrument 52-110 Audit Committees*.

(4) A director that is independent pursuant to definitions set out in *National Policy 58-101 Disclosure of Corporate Governance Practices* and *National Instrument 52-110 Audit Committees*.

**Unless instructions are given to abstain from voting with respect to the election of directors, the persons named in the enclosed Proxy intend to vote FOR the election of the nominees named in the table above. Management of the Company has no reason to believe that any of such persons will be unable to serve as a director, but if that should occur for any reason prior to the election, the persons named in the enclosed Proxy reserve the right to vote for another nominee of their choice.**

As at the date of this Information Circular, other than as follows, no proposed director was, or has been within 10 years before the date of this Circular,

- a director or executive officer of a company that, while that person was acting in that capacity
  - (i) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable Securities Laws, for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) 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; or
- has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Tafel is a director of Centurion Minerals Ltd. listed on TSX-V under the symbol “CTN”, which was subjected to a Cease Trade Order (CTO) on December 5, 2017 with respect to the non-filing of: 1) annual audited financial statements for the year ended July 31, 2017; 2) annual management’s discussion and analysis (“MD&A”) for the year ended July 31, 2017. The audited statements and associated MD&A were filed on March 1, 2018 and the CTO was revoked and the Company resumed trading on May 4, 2018.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Director and Named Executive Officer Compensation**

The following table sets forth certain information regarding the compensation for the fiscal year ended May 31, 2020 of each of the directors and (i) the Chief Executive Officer of the Company in such year (ii) the Chief Financial Officer of the Company in such year and (iii) the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the fiscal year, whose total compensation was, individually, more than \$150,000 for fiscal 2020 (calculated in accordance with the prescribed form), or who would have been such an executive officer but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the fiscal year (the “Named Executive Officers” or “NEOs”).

During fiscal 2020, the Company had two Named Executive Officers, Mr. David Tafel the CEO and Secretary, Mr. Jeremy Wright (CPA,CMA) the CFO of the Company.

Table of compensation excluding compensation securities							
Name and position (1)	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>David Tafel</b> (2) <i>President, CEO and Director</i>	2020	105,000	n/a	n/a	n/a	n/a	105,000
	2019	150,000	_____	_____	_____	_____	150,000
<b>Jeremy Wright</b> <i>CFO, Secretary</i>	2020	75,000	n/a	n/a	n/a	n/a	75,000
	2019	60,000	_____	_____	_____	_____	60,000
<b>Kenneth A. Cawkell</b> <i>Director</i>	2020	n/a	n/a	n/a	n/a	n/a	n/a
	2019	n/a	_____	_____	_____	_____	n/a
<b>Stephen Wilkinson</b> <i>Director</i>	2020	n/a	n/a	n/a	n/a	n/a	n/a
	2019	12,750	_____	_____	_____	_____	12,750
<b>Brian Crawford</b> <i>Director</i>	2020	n/a	n/a	n/a	n/a	n/a	n/a
	2019	n/a	n/a	n/a	n/a	n/a	n/a

(1) Mr. Tafel was appointed to the Board on August 24, 2016, and as CEO on October 4, 2016; Mr. Wright was appointed as CFO on October 4, 2016 and as Secretary on March 31, 2020; Mr. Crawford was appointed as director on July 14, 2020.

(2) Mr. Tafel received fees in his capacity as President and CEO of the Company and \$Nil in his capacity as a director.

### Stock Options and Other Compensation Securities

The following table sets out incentive option-based awards granted or issued to each Director and Named Executive Officer during the financial year ended May 31, 2020. During the financial year ended May 31, 2020, the Company did not award any compensation securities other than options.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>David Tafel</b> <i>President, CEO and Director</i>	Stock Options	n/a	n/a	n/a	n/a	n/a	n/a
<b>Jeremy Wright</b> <i>CFO and Secretary</i>	Stock Options	n/a	n/a	n/a	n/a	n/a	n/a
<b>Kenneth A. Cawkell</b> <i>Director</i>	Stock Options	n/a	n/a	n/a	n/a	n/a	n/a
<b>Stephen Wilkinson</b> <i>Director</i>	Stock Options	n/a	n/a	n/a	n/a	n/a	n/a
<b>Brian Crawford</b> <i>Director</i>	Stock Options	n/a	n/a	n/a	n/a	n/a	n/a

No stock options were exercised by a Director or Named Executive Officer during the financial year ended May 31, 2020.

### Stock Option Plan and Equity Incentive Plan

The Company has in place a “rolling” Stock Option Plan which was approved by the Board on March 31, 2020 (the “**Stock Option Plan**”), pursuant to which the Directors of the Company are authorized to grant up to 10% of the issued and outstanding shares of the Company as it may be from time to time.

In addition, the Company has adopted an equity incentive plan which was approved by the Board on April 21, 2021 (the “**Equity Incentive Plan**”, together with the Stock Option Plan, the “**Plans**”). The adoption of the Equity Incentive Plan is subject to approval of a resolution by the disinterested shareholders, details of which are more particularly set forth in this Information Circular. See “*Equity Incentive Plan*”. Pursuant to the Equity Incentive Plan, the Directors of the Company are authorized to grant up to an aggregate of 3,500,000 share appreciation rights, deferred share units, restricted share units or performance shares units (collectively, the “**Awards**”).

The Plans are administered by the Board of Directors, or a committee thereof, who have the authority to grant options to directors, officers, employees, and consultants. At the time an option or Award is granted, the Board will determine the exercise price or grant price, which shall not be less than the closing price of the common shares traded on the TSX Venture Exchange (“**TSX-V**”) on the day immediately preceding the date of the grant, and any vesting criteria or other restrictions with respect to the exercise of the options or Awards. Subject to the restrictions contained in the Plans, the Directors or a committee thereof may also impose such other terms and conditions as it shall deem necessary or advisable at the time of the grant. Options and Awards are granted primarily to provide an incentive to achieve the Company’s goals by aligning the interests of such officers with those of shareholders, attracting and retaining personnel, and acting as a longer-term incentive to such personnel to encourage commitment to the Company and its objectives. All securities under option or Award are Common Shares.

## **Employment, Consulting and Management Agreements**

### *Service Contracts*

During Fiscal 2017, the Company entered into a service contract with its CFO. While the Company had no formal written agreement with its CEO during Fiscal 2017, subsequent to the fiscal year end, the Company entered into a service contact with the CEO. The service contracts with the CFO and CEO have no fixed term and are based on an ongoing monthly fee. The arrangement between the Company and its senior management includes non-disclosure covenants requiring the CEO and CFO to keep the Company's confidential information confidential and prohibiting its use other than on behalf and for the benefit of the Company, both during employment and for an indefinite period thereafter.

In the event of termination by the Company, the CFO is entitled to receive a payment equal to one times his monthly retainer for each year he has been employed by the Company, including a prorated amount for partial years (\$5,000 per year). The CEO is entitled to 120 days notice of termination, or payment in lieu thereof (\$49,315).

The Company's non-management Directors are entitled to receive compensation for acting as directors, or for providing extra services to the Company, in the form of stock options, bonuses or other compensation as the Board of Directors of the Company may determine from time to time. Subsequent to the fiscal year end, the Company has entered into Memorandums of Understanding ("MOUs") with Mr. Crawford and Mr. Wilkinson. Directors of the Company are also entitled to reimbursement for any expenses incurred by them on behalf of the Company.

Certain Directors of the Company are partners or principals of other businesses which have provided professional services to the Company during the last completed financial year, and for which the Company has made certain payments. Specifically, Kenneth A. Cawkell is a partner of the law firm Cawkell Brodie LLP, which has provided legal services to the Company. None of the payments made by, or accounts rendered to the Company by this firm relates to services provided to the Company by Mr. Cawkell in his capacity as Director of the Company. During the Company's fiscal year ending May 31, 2020, Cawkell Brodie LLP provided legal services in the amount of \$20,300.

The agreements with CEO and non-management Directors provide for severance payments in the event of a change of control. For the purposes of the service contracts and MOUs, a "Change of Control" shall be deemed to have occurred when:

- (a) a person, other than the current control person of the Company, if any, either alone or acting jointly or in concert with any person, beneficially owns, or exercises control or direction over, thirty percent (30%) or more of the outstanding voting securities of the Company; or
- (b) a majority of the directors elected at any annual or special general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board;

"person" includes an individual, corporation, partnership, party, trust, fund, association and any other organized group of persons and the personal or other legal representative of a person to whom the context can apply according to law.

In the event of a Change of Control, the Company shall continue to engage the individual in the same capacity and with the same authority, responsibilities and status as he had as of the date immediately prior to the Change of Control. Within 180 days of a Change of Control, the individual may terminate the agreement upon notice to the Company. The Company shall pay the individual, within 5 days of such termination notice, a severance payment as follows: i) Mr. Crawford and Mr. Wilkinson each receive an amount equal to \$100,000 plus any bonuses approved by the Board of Directors of the Company that remain unpaid; ii) Mr. Tafel receives an amount equal to two year's salary plus any bonuses approved by the Board of Directors of the Company that remain unpaid (\$300,000); and iii) Mr. Wright the CFO is entitled to receive an amount equal to a minimum of eighteen times his monthly retainer (\$90,000 minimum).

Pursuant to the terms of the Company's Stock Option Plan (see *Stock Option Plan* below), in the event of termination other than by death or disability, all options to purchase common shares then held by the director or officer will terminate on the 90<sup>th</sup> day following termination, except for termination other than for cause, resignation, Regulatory order, ceasing to meet the requirements to hold office set out in corporate legislation, or being removed as a director by special resolution of the shareholders; then in such event the options shall terminate immediately; provided however, the termination of options may be determined by the Board or a committee thereof and be expressly contained in the Option Certificate. In the event of the death or permanent disability of an option holder, options terminate on the earlier of 365 days after the date of death or the original expiry date of the option. See also *Equity Incentive Plan* below for details regarding termination of Awards.

Other than disclosed above, the Company has no plans or arrangements in respect of remuneration received or that may be received by the CEO, CFO, or any other director or officer of the Company in the Company's most recently completed fiscal year or current fiscal year in respect of compensating such officers in the event of termination of employment as a result of resignation, retirement, a change of control of the Company, or a change in an individual's responsibilities.

#### *Indemnity Agreements and Directors' and Officers' Liability Insurance*

The Company indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company, to the extent permitted by law, and has entered an Indemnity Agreement with each of its directors and the current CEO and CFO. The Company does not hold insurance coverage for directors' and officers' liability.

#### **Compensation Oversight**

The Board of Directors as a whole considers and determines all compensation matters for the CEO, CFO and Directors. From time to time, the Board evaluates the compensation of the executives and ensures that they are compensated fairly in a manner consistent with the compensation strategy of the Company, internal equity considerations, and the competitive environment.

The Company is not intending to make any significant changes to its compensation policies and practices in the current financial year.

Currently, the Company's executive compensation package consists of a salary and long-term incentive in the form of stock options and Awards. While the Company has no formal executive bonus plan the executives may receive bonuses from time to time. In determining compensation, the Board considers in addition to the financial resources of the Company, industry, local and national standards. Compensation is not tied to specific performance criteria or goals. While the Company is generally aware of industry compensation standards, the Company does not benchmark with a specific group of comparable companies.

### *Salaries*

Salaries for NEOs are set out in each executive's service contracts, as amended from time to time. Such salaries are reviewed on a regular basis by the Board. The initial annual salaries of the Company's current executive officers were negotiated at the time of their entering a formal agreement based on the Company's evaluation of the responsibilities inherent in the position held and the individual's experience and past performance, as well as by reference to the competitive marketplace for management expertise.

### *Stock Options and Awards*

Options and Awards are granted, from time to time, pursuant to the Company's Stock Option Plan and Equity Incentive Plan, as a means of aligning the interests of such officers with those of shareholders, attracting and retaining personnel, and acting as a longer-term incentive to such personnel to encourage commitment to the Company and its objectives.

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

### **EQUITY COMPENSATION PLAN INFORMATION (AS AT MAY 31, 2020)**

Following is a summary of shares subject to options outstanding under the Company's Stock Option Plan and shares remaining available for grant as at May 31, 2020. No Awards are outstanding under the Equity Incentive Plan.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (b)</b>	<b>Number of securities remaining available for future issuance (excluding securities reflected in column (a)<sup>(1)</sup> (c)</b>
<b>Fiscal 2020</b>			
Equity compensation plans approved by securityholders	2,233,750	\$0.20	2,542,847
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>2,233,750</b>	<b>\$0.20</b>	<b>2,542,847</b>

<sup>(1)</sup> The total number of securities which may be issued under the Company's Stock Option Plan, described below, is at any time, 10% of the Company's outstanding common shares at such time. At April 23, 2021 Company had 79,466,243 shares issued and outstanding and was entitled to issue 7,946,624 options.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Company's required annual disclosure of its corporate governance practices.

## Board of Directors

Of the current Board of Directors of the Company, Stephen Wilkinson and Brian Crawford are independent directors. David Tafel is not an independent director by virtue of his position as CEO and Secretary of the Company.

### Directorships

The following directors of the Company are also directors in the following reporting issuers:

David G. Tafel	Centurion Mineral Ltd. (TSX-V) Gold Mountain Mining Corp. (TSX-V)
Stephen J. Wilkinson	N/A
Brian Crawford	Colibri Resource Corporation (TSX-V) GTA Financial Inc. (TSX-V) CBLT Inc. (TSX-V) Tempus Capital Inc. (CSE)

## Orientation and Continuing Education

Management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers, committee members and the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX-V to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company's Board either by way of Director or Committee meetings or circulated in a memorandum.

## Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company'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 Company.

Pursuant to corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company 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 transaction or has a material interest in a party to the contract or transaction. The director must then abstain from 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 Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. 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 Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company 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 Company 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 Company's management is continually in contact with individuals involved in the mining industry and public sector resource issuers. From these sources the Company has made numerous contacts and in the event that the Company were in a position to nominate any new directors, such individuals would be brought to the attention of the Directors of the Company. The Company conducts due diligence, reference and background checks on any suitable candidate and if selected to be appointed as a Director. The Board as a whole is involved in the selection process and the Board is then involved to review any proposed compensation.

### **Compensation**

Compensation matters are considered by the full Board of Directors. See *Statement of Executive Compensation* above for information regarding the Company's compensation of its Directors and CEO.

### **Other Board Committees**

The Company currently has no committees other than the Audit Committee. The Audit Committee Charter and additional disclosure related to the Audit Committee is attached hereto in Appendix 1.

### **Assessments**

Being a venture issuer with limited administration resources, the Directors of the Company work closely with management, and each other, and as a consequence are in a position to assess the performance of the Board, its Committee and individual directors on an ongoing basis.

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

None of the Directors or Executive Officers of the Company or associates or affiliates of such persons is or has been indebted to the Company or its subsidiaries at any time since the beginning of the last completed financial year of the Company.

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise set out in this Information Circular and other than transactions carried out in the ordinary course of business of the Company, no insider or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons, has or had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction which in either such case has materially affected or will materially affect the Company.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**Approval of Stock Option Plan**

On February 19, 2016, the Directors of the Company approved the Stock Option Plan. Pursuant to the Stock Option Plan, Directors are authorized to grant up to 10% of the issued and outstanding shares of the Company as it may be from time to time. As at the date of this Information Circular, the Company is entitled to issue 7,946,624 options subject to the Stock Option Plan, there are a total of 4,233,750 options outstanding, and a further 3,712,874 available for issuance.

Subject to the Policies of the TSX-V, a “rolling” stock option plan must be approved and ratified annually by the Shareholders at the Meeting of the Shareholders of the Company. The Plan was last approved by Shareholders at the Company’s last AGM held on March 31, 2020.

A copy of the Stock Option Plan is available for review at the offices of the Company at Suite 520 - 470 Granville Street, Vancouver, British Columbia V6C 1V5.

At the Meeting, Shareholders will be asked to approve the following resolution:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the Stock Option Plan be and is hereby approved, ratified and confirmed;
2. the Board be and is hereby authorized to grant options under and subject to the terms and conditions of the Stock Option Plan, which may be exercised to purchase up to 10% of the issued and outstanding common shares of the Company;
3. the Board is hereby authorized to make any changes to the Equity Incentive Plan: (a) as may be required by the TSX-V; or (b) that are consistent with the requirements of the TSX-V as may be determined from time to time by the Board; and
4. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**Approval of the Equity Incentive Plan**

At the Meeting, shareholders of the Company will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution in the form set out below, approving the adoption of a new equity incentive plan (the "**Equity Incentive Plan**"). The Equity Incentive Plan will supplement and be in addition to the Stock Option Plan. A copy of the proposed Equity Incentive Plan is attached as Appendix 2 to this Information Circular. The Company will maintain the Equity Incentive Plan in accordance with *Policy 4.4 – Incentive Stock Options* of the Corporate Finance Manual of the TSX-V.

The Equity Incentive Plan will be fixed plan that provides for the grant of incentive stock awards, including stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards (collectively "**Awards**" or "**Equity Incentives**") based on common shares. Under the Equity Incentive Plan, these Awards are available to employees, consultants, and directors of the Company (collectively, "**Eligible Persons**"). A "Participant" is an Eligible Person to whom an Award has been granted under the Equity Incentive Plan.

The maximum number of Shares that may be reserved for issuance under Fixed Share Awards is 3,500,000. This is a fixed maximum which will not increase or decrease depending on the number of outstanding Shares.

Subject to the limits of the Equity Incentive Plan, the maximum number of Shares reserved for issue pursuant to Equity Incentives granted to Participants who are insiders of the Company in any 12-month period may not exceed, in the aggregate, 10% of the number of Shares then outstanding, unless disinterested shareholder approval is received in accordance with the policies of the TSX-V. The maximum number of Shares for which Awards may be issued to any one Participant at the time of the grant shall not exceed 1% of the outstanding Shares and in any 12-month period shall not exceed 2% of the outstanding Shares in the aggregate, calculated on the date an Award is granted to the Participant, unless the Company obtains disinterested shareholder approval as required by the policies of the TSX-V, in which case the maximum number to any one Participant shall not exceed 5% in the aggregate in any 12 month period.. Notwithstanding the foregoing, the maximum number of Shares reserved for issue to any one consultant upon the exercise of Awards in any 12-month period shall not exceed 2% of the number of Shares then outstanding. Persons engaged in Investor Relations activities may not receive any Equity Incentives under the Equity Incentive Plan.

The Awards will be subject to such restrictions as the Board may impose and which comply with the requirements of the TSX-V, which restrictions may lapse separately or in combination at such time or times, in such instalments or otherwise as the Board determines. The Board is authorized to grant Fixed Share Awards, in the form of Shares, to Eligible Persons, subject to the terms and conditions of the Equity Incentive Plan and any requirements of the TSX-V. Under the Equity Incentive Plan, a fixed number of Fixed Share Awards in the form of Shares will be reserved for issuance.

The Equity Incentive Plan will be administered by the Board, which has the authority to delegate administration of the plan to one or more of its committees. All employee Equity Incentives will be governed by an individual agreement and vest in accordance with the vesting schedule set forth in such agreement. The Board may choose to accelerate the vesting schedule upon a change of control. The exercise price for an Equity Incentive granted under the Equity Incentive Plan shall not be less than the Discounted Market Price (as defined in the policies of the TSX-V), or such other price as permitted pursuant to a waiver obtained from the TSX-V, of Shares on the effective date of grant. The term of each Equity Incentive shall be fixed by the Board, but no option shall be exercisable more than ten years after the date the Equity Incentive is granted.

All Equity Incentives are non-assignable and non-transferable. The Equity Incentive Plan provides that, during the lifetime of a participant, an Equity Incentive shall be exercisable only by a participant or a participant's guardian or legal representative. An Equity Incentive shall not be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment by creditors of a participant or a participant's beneficiary, except transfer by will or by the laws of descent and distribution.

Equity Incentive will be evidenced by certificates that set forth the terms, conditions and limitations for each Equity Incentive which may include, without limitation, the term of an Equity Incentive and the provisions applicable in the event employment or service terminates.

The Board may, at any time, amend, suspend or terminate the Equity Incentive Plan. To the extent required under the rules of any securities exchange or market system on which the Shares are listed, amendments to the Equity Incentive Plan shall be subject to approval by the Company's shareholders entitled to vote at a meeting of shareholders.

Pursuant to the policies of the TSX-V, the Equity Incentive Plan must be approved by a majority of the votes cast by shareholders, excluding votes attached to all those Directors, Employees and Consultants (as such terms are defined in *Policy 4.4 – "Incentive Stock Options"* of the Corporate Finance Manual of the TSX-V) to whom Fixed

Share Awards may be granted under the Equity Incentive Plan and their associates and affiliates, ("**Disinterested Shareholders**"). There are 2,788,750 Shares that will be excluded from the vote for approval of the Equity Incentive Plan.

The Equity Incentive Plan was approved by the Board on April 21, 2021.

***Resolutions Approving the Company's Equity Incentive Plan***

At the Meeting, Disinterested Shareholders will be asked to consider and, if deemed advisable, approve the following resolution:

**"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the Equity Incentive Plan, as defined in the Information Circular, is hereby approved;
2. the Company is hereby authorized to issue Awards under the Equity Incentive Plan to a maximum of 3,500,000 Shares reserved for issuance upon the exercise of Fixed Share Awards, subject in each case to compliance with the policies of the TSX-V;
3. the Board is hereby authorized to make any changes to the Equity Incentive Plan: (a) as may be required by the TSX-V; or (b) that are consistent with the requirements of the TSX-V as may be determined from time to time by the Board; and
4. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

In order for the resolution to be passed, approval by the majority of the Shares voted in respect thereof at the Meeting by Disinterested Shareholders is required. The Board unanimously recommends that shareholders vote FOR the Equity Incentive Plan resolution.

**Unless otherwise instructed, the management proxyholders appointed pursuant to the accompanying form of proxy will vote "FOR" the approval of the Equity Incentive Plan.**

**OTHER MATTERS**

The management of the Company is not aware of any matter to come before the Meeting other than as set forth in the Notice of Meeting and this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company to request copies of the Company's information circular, financial statements and MD&A, and any other public documents of the Company referred to herein, free of charge, by contacting David Tafel at #520 – 470 Granville Street, Vancouver, B.C., V6C 1V5 or by telephone at 1-855-683-1991.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

DATED this 23<sup>rd</sup> day of April, 2021.

ON BEHALF OF THE BOARD OF DIRECTORS  
PORTOFINO RESOURCES INC.

*"David G. Tafel"*

David G. Tafel  
CEO

**APPENDIX 1**  
**FORM 52-110F2 - DISCLOSURE BY VENTURE ISSUERS**

**1. The Audit Committee Charter**

The Company's Audit Committee Charter is set forth below in Appendix 1.1.

**2. Composition of the Audit Committee and Relevant Education and Experience**

The Audit Committee currently consists of: David Tafel, Stephen Wilkinson and Brian Crawford. Mr. Tafel is not "independent", Mr. Crawford and Mr. Wilkinson are "independent", and all members are "financially literate" as such terms are defined in National Instrument 52-110 - Audit Committees ("NI 52-110").

**3. Relevant Education and Experience**

The education and experience of each Audit Committee member are described below and in this Information Circular under the section entitled "Election of Directors".

*David Tafel*

Mr. Tafel holds a BA in Economics and completed multiple intermediate and advanced accounting courses as part of his university curriculum. He has over 30 years of corporate structuring, strategic planning, financing and management experience. He has served as a director and officer of a number of public companies involved in the mining industry, and roles have included audit committee member and chairman.

*Stephen Wilkinson*

Mr. Wilkinson was the Vancouver-based mining analyst for RBC Dominion Securities Inc. in the mid to late 1990's. From 1999 to 2002, he was President, CEO and a director of Northern Orion Explorations Ltd and newly appointed CEO of Gold'n Futures Mineral Corp. He has extensive international experience in the mining and finance industries having served as an officer and director of several private and public companies. Mr. Wilkinson has a Bachelor of Science from the University of Western Ontario (Geology, 1976), a Master of Science from Carleton University in Ottawa (Geology, 1983) and an MBA degree from Clarkson University in New York (1995).

*Brian Crawford*

Mr. Crawford holds a B. Com. from the University of Toronto and has extensive experience as a senior financial executive with public and private companies and as a partner in a national firm of chartered professional accountants. Brian currently serves as a Director, Corporate Secretary, and/or Chief Financial Officer of several TSX-V and CSE listed companies including Colibri Resource Corporation, GTA Financial Inc., CBLT Inc. and Tempus Capital Inc.

**4. Audit Committee Oversight**

See Appendix 1.1 Roles and Responsibilities. Since the commencement of the Company's most recently completed financial year, no recommendation of the audit committee to nominate or compensate an external auditor was not adopted by the Board of Directors.

**5. Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, it has not relied on the exemptions in section 2.4 (*De Minimum Non-audit Services*), subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*) of NI 52-110 or an exemption granted under Part 8 (*Exemptions*) of NI 52-110.

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

The Audit Committee approves any requests for audit and non-audit services and fees rendered to the Company and its subsidiaries by the external auditor.

**7. External Auditor Service Fees (By Category)**

The fees paid to the Company's external auditor in each of the last two fiscal years are as follows:

<i>Year Ended May 31</i>	<i>Audit Fees</i>	<i>Audit-Related Fees</i>	<i>Tax Fees<sup>(1)</sup></i>	<i>All Other Fees</i>
2020	\$20,500	Nil	Nil	Nil
2019	\$19,500	Nil	Nil	Nil

**8. Exemption**

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in section 6.1 of NI 52-110, which exempts it from the requirements of Part 3 (*Composition of Audit Committees*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## APPENDIX 1.1

### PORTOFINO RESOURCES INC. CHARTER OF THE AUDIT COMMITTEE

#### A. PURPOSE

The overall purpose of the Audit Committee (the "Committee") is to ensure that the Issuer's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

#### B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the "Board"), the majority of whom cannot be Officers, Employees or Control Persons of the Issuer.
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
5. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
6. Meetings of the Committee shall be conducted as follows:
  - a. the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - b. the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - c. management representatives may be invited to attend all meetings except private sessions with the external auditors.
7. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

#### C. ROLES AND RESPONSIBILITIES

1. The overall duties and responsibilities of the Committee shall be as follows:
  - a. to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and interim consolidated financial statements and related financial disclosure;
  - b. to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - c. to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and

- d. to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
    - a. to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
    - b. to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
    - c. review the audit plan of the external auditors prior to the commencement of the audit;
    - d. to review with the external auditors, upon completion of their audit:
      - i. contents of their report;
      - ii. scope and quality of the audit work performed;
      - iii. adequacy of the Company's financial and auditing personnel;
      - iv. co-operation received from the Company's personnel during the audit;
      - v. internal resources used;
      - vi. significant transactions outside of the normal business of the Company;
      - vii. significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
      - viii. the non-audit services provided by the external auditors;
    - e. to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
    - f. to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
  3. The duties and responsibilities of the Committee as they relate to the Company's internal auditors are to:
    - a. periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
    - b. review and approve the internal audit plan; and
    - c. review significant internal audit findings and recommendations, and management's response thereto
  4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
    - a. review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
    - b. review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
    - c. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
    - d. periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
  5. The Committee is also charged with the responsibility to:
    - a. Review and approve the Company's interim financial statements and related Management's Discussion &

Analysis (“MD&A”), including the impact of unusual items and changes in accounting principles and estimates;

- b. review and approve the financial sections of:
  - i. the annual report to shareholders;
  - ii. the annual information form;
  - iii. annual MD&A;
  - iv. prospectuses;
  - v. news releases discussing financial results of the Company; and
  - vi. other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;
- c. review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
- d. review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- e. review and report on the integrity of the Company's consolidated financial statements;
- f. review the minutes of any audit committee meeting of subsidiary companies;
- g. review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- h. review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- i. develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board following each annual general meeting of shareholders.

## APPENDIX 2

### PORTOFINO RESOURCES INC.

### EQUITY INCENTIVE COMPENSATION PLAN

#### ARTICLE 1

#### ESTABLISHMENT, PURPOSE AND DURATION

##### 1.1 Establishment of the Plan.

The following is the omnibus equity incentive compensation plan of Portofino Resources Inc. (the "**Company**") pursuant to which stock-based compensation Awards (as defined below) may be granted to eligible Participants (as defined below). The name of the plan is the Equity Incentive Compensation Plan (the "**Plan**").

The Plan permits the grant of Share Appreciation Rights, Restricted Share Units, Deferred Share Units and Performance Share Units (as such terms are defined below). The Plan was approved by the Board (as defined below) on **April 21, 2021** and will be effective as of the date the Plan is approved by shareholders of the Company (the "**Effective Date**") until the earlier of (i) the date it is terminated by the Board in accordance with the Plan, and (ii) 10 years after the Effective Date.

##### 1.2 Purpose of the Plan.

The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants with that of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Shares (as defined below) as long-term investments.

#### ARTICLE 2 DEFINITIONS

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the context clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

"**Affiliate**" means any corporation, partnership or other entity (i) in which the Company, directly or indirectly, has majority ownership interest or (ii) which the Company controls. For the purposes of this definition, the Company is deemed to "**control**" such corporation, partnership or other entity if the Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

"**Award**" means, individually or collectively, a grant under the Plan of SARs, Deferred Share Units, Restricted Share Units or Performance Share Units, in each case subject to the terms of the Plan.

**"Award Agreement"** means either (i) a written agreement entered into by the Company or an Affiliate of the Company and a Participant setting forth the terms and provisions applicable to Awards granted under the Plan; or (ii) a written statement issued by the Company or an Affiliate of the Company to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan. An Award Agreement need not be identical to other Award Agreements either in form or substance.

**"BCSA"** means the *Securities Act* (British Columbia), as it may be amended from time to time.

**"Blackout Period"** means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Company in respect of insider trading.

**"Board"** or **"Board of Directors"** means the Board of Directors of the Company as may be constituted from time to time.

**"Cause"** means (i) if the Participant has a written agreement pursuant to which he or she offers his or her services to the Company and the term "cause" is defined in such agreement, "cause" as defined in such agreement; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Company's reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee.

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

- i. a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company as a result of which the holders of Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
- ii. the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets of the Company and/or any of its subsidiaries to any other person or entity, other than a disposition to a wholly-owned subsidiary in the course of a reorganization of the assets of the Company and its subsidiaries;
- iii. a resolution is adopted to windup, dissolve or liquidate the Company;
- iv. an acquisition by any person, entity or group of persons or entities acting jointly or in concert of beneficial ownership of more than 50% of the Shares; or
- v. the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

**"Code"** means the U.S. Internal Revenue Code of 1986, as it may be amended from time to time.

**"Committee"** means the Board of Directors or if so delegated in whole or in part by the Board, the Compensation Committee of the Board of Directors, or any other duly authorized committee of the Board appointed by the Board to administer the Plan.

**"Company"** means Portofino Resources Inc.

**"Consultant"** has the meaning set out in Policy 4.4 of the TSXV or such replacement definition for so long as the

Shares are listed on the TSXV, and if the Shares are not so listed, shall have the meaning, if any, that applies to a listing of the Shares on such other exchange as the Shares are then listed on.

"**Deferred Share Unit**" and "**DSU**" means an Award denominated in units that provides the holder thereof with a right to receive Shares or cash or a combination thereof upon settlement of the Award, granted under and subject to the terms of the Plan.

"**Director**" means any individual who is a member of the Board of Directors of the Company.

"**Disability**" means the disability of the Participant which would entitle the Participant to receive disability benefits pursuant to the long-term disability plan of the Company (if one exists) then covering the Participant, provided that the Board may, in its sole discretion, determine that, notwithstanding the provisions of any such long-term disability plan, the Participant is permanently disabled for the purposes of the Plan.

"**Dividend Equivalent**" means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to such terms and conditions set forth in the Award Agreement as the Committee shall determine.

"**Employee**" means any employee or officer of the Company or an Affiliate of the Company. Directors who are not otherwise employed by the Company or an Affiliate of the Company shall not be considered Employees under the Plan.

"**FMV**" means, unless otherwise required by the rules of the TSXV, a price that is determined by the Committee, provided that such price cannot be less than the last closing price of the Shares on the TSXV less any discount permitted by the rules or policies of the TSXV.

"**Freestanding SAR**" means a SAR that is not a Tandem SAR, as described herein.

"**Good Reason**" a resignation or Retirement following a Change of Control shall be considered to be for good reason if any of the following occur without the consent of the Participant:

- i. A substantial and detrimental alteration of his or her position or title or in the nature or status of his or her responsibilities from those in effect immediately prior to the Change of Control,
- ii. A reduction of 10% or more of his or her base salary or target bonus and cancellation of applicable compensation plans and the failure to replace those plans with substantially comparable plans;
- iii. The failure to continue to provide employment benefits and perquisites comparable to those enjoyed immediately prior to the Change of Control; or
- iv. The Participant being relocated to an office or location that is 50 kilometres or more from the current location where he or she is employed.

"**Grant Price**" means the price against which the amount payable is determined upon exercise of a SAR.

"**Insider**" shall have the meaning ascribed thereto in Section 1(1) of the BCSA.

"**ITA**" means the *Income Tax Act* (Canada), as it may be amended from time to time.

"**Non-Employee Director**" means a Director who is not an Employee.

**"Notice Period"** means any period of contractual notice or reasonable notice that the Company or an Affiliate of the Company may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Company or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant's employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

**"Option"** means the conditional right to purchase Shares at a stated exercise price for a specified period of time subject to the terms of the Option Plan.

**"Option Plan"** means the stock option plan adopted by the Company and approved by its shareholders, as such plan may be amended from time-to-time.

**"Participant"** means an Employee, Non-Employee Director or Consultant who has been selected to receive an Award, or who has an outstanding Award granted under the Plan or the Predecessor Plan.

**"Performance Period"** means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.

**"Performance Share Unit"** and **"PSU"** means an Award granted under Article 10 and subject to the terms of the Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

**"Period of Restriction"** means the period when an Award of Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.

**"Person"** shall have the meaning ascribed to such term in Section 1(1) of the BCSA.

**"Restricted Share Unit"**, **"Restricted Stock Unit"** and **"RSU"** means an Award denominated in units subject to a Period of Restriction, with a right to receive Shares or cash or a combination thereof upon settlement of the Award, granted under Article 8 and subject to the terms of the Plan.

**"Retirement"** or **"Retire"** means a Participant's permanent withdrawal from employment or office with the Company or an Affiliate of the Company on terms and conditions accepted and determined by the Board.

**"Share Appreciation Right"** or **"SAR"** means the conditional right to receive the difference between the FMV of a Share on the date of exercise over the Grant Price, pursuant to the terms of Article 7 and subject to the terms of the Plan.

**"Shares"** means common shares of the Company.

**"Tandem SAR"** means a SAR that the Committee specifies is granted in connection with a related Option pursuant to Article 7 and subject to the terms of the Plan, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be cancelled) or a SAR that is granted in tandem with an Option but the exercise of such Option does not cancel the

SAR, but rather results in the exercise of the related SAR. Regardless of whether an Option is granted coincident with a SAR, a SAR is not a Tandem SAR unless so specified by the Committee at the time of grant.

**"Termination Date"** means the date on which a Participant ceases to be eligible to participate under the Plan as a result of a termination of employment, officer position, board service or consulting arrangement with the Company or any Affiliate of the Company for any reason, including death, Retirement, resignation or termination with or without Cause. For the purposes of the Plan, a Participant's employment, officer position, board service or consulting arrangement with the Company or an Affiliate of the Company shall be considered to have terminated effective on the last day of the Participant's actual and active employment, officer position or board or consulting service with the Company or the Affiliate whether such day is selected by agreement with the individual, unilaterally by the Company or the Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment shall be considered as extending the Participant's period of employment for the purposes of determining his or her entitlement under the Plan.

**"TSXV"** means the TSX Venture Exchange and at any time the Shares are not listed and posted for trading on the TSXV, shall be deemed to mean such other stock exchange or trading platform upon which the Shares trade and which has been designated by the Committee.

**"U.S. Participants"** means those Participants that are United States taxpayers.

**"Voting Securities"** shall mean any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

### **ARTICLE 3 ADMINISTRATION**

#### **3.1 General.**

The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Company, and all other interested parties. No member of the Committee will be liable for any action or determination taken or made in good faith with respect to the Plan or Awards granted hereunder. Each member of the Committee shall be entitled to indemnification by the Company with respect to any such determination or action in the manner provided for by the Company and its subsidiaries.

#### **3.2 Authority of the Committee.**

The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price and vesting terms, whether Awards payout in cash or Shares where applicable, determining any performance goals applicable to Awards and whether such performance goals have been achieved, and, subject to Article 14, adopting modifications and amendments to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and its Affiliates operate.

### 3.3 Delegation.

The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

## **ARTICLE 4**

### **SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS**

#### 4.1 Maximum Number of Shares Available for Awards.

The maximum number of Shares issuable pursuant to Awards issued under the Plan shall be equal to 3,500,000, inclusive of Common Shares issuable pursuant to SARs, RSUs, DSUs and PSUs issued under the Plan. To the extent that an Award lapses, is exercised or the rights of its Participant terminate or are paid out in cash, any Shares subject to such Award shall again be available for the grant of an Award.

#### 4.2 Award Grants to Individuals.

- (a) the maximum number of Shares for which Awards may be issued to any one Participant at the time of the grant shall not exceed 1% of the outstanding Shares and in any 12-month period shall not exceed 2% of the outstanding Shares in the aggregate, calculated on the date an Award is granted to the Participant, unless the Company obtains disinterested shareholder approval as required by the policies of the TSXV, in which case the maximum number to any one Participant shall not exceed 5% in the aggregate in any 12 month period.
- (b) unless the Company obtains disinterested shareholder approval as required by the policies of the TSXV, the maximum number of Shares for which Awards may be issued to any Consultant in a 12-month period or persons (in the aggregate) shall not exceed 2% of the outstanding Shares, calculated on the date an Award is granted to the Consultant or any such person, as applicable.

#### 4.3 Award Grants to Insiders.

Subject to Section 4.1, unless disinterested shareholder approval, as required by the policies of the TSXV, is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Award is granted to any Insider.

#### 4.4 Adjustments in Authorized Shares.

In the event of any corporate event or transaction (collectively, a "**Corporate Reorganization**") (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spinoff or other distribution of stock or property of

the Company, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Grant Price applicable to outstanding Awards, the limit on issuing Awards other than Share Appreciation Rights with a Grant Price equal to at least the FMV of a Share on the date of grant, and any other value determinations applicable to outstanding Awards or to the Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such corporate event or transaction. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

Subject to the provisions of Article 12 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance, assumption, substitution or conversion of Awards under the Plan in connection with any Corporate Reorganization, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

## **ARTICLE 5**

### **ELIGIBILITY AND PARTICIPATION**

#### **5.1 Eligibility.**

Awards under the Plan shall be granted only to *bona fide* Employees, Non-Employee Directors and Consultants.

#### **5.2 Actual Participation.**

Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Employees, Non-Employee Directors and Consultants, those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award.

## ARTICLE 6

[ Intentionally Deleted]

## ARTICLE 7 SHARE APPRECIATION RIGHTS

### 7.1 Grant of SARs.

Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time and upon such terms as shall be determined by the Committee in its discretion. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SARs.

The Grant Price for each grant of a Freestanding SAR shall be determined by the Committee and shall be specified in the Award Agreement. The Grant Price may be based on one hundred percent (100%) of the FMV of the Shares on the date of grant, or set at a premium to the FMV of the Shares on the date of grant, or be indexed to the FMV of the Shares on the date of grant, with the index determined by the Committee, in its discretion, provided that the Grant Price may never be less than the FMV of the Shares on the date of Grant. The Grant Price of Tandem SARs shall be equal to the option price of the related Option.

### 7.2 SAR Agreement.

Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and any such other provisions as the Committee shall determine.

### 7.3 Term of SAR.

The term of a SAR granted under the Plan shall be determined by the Committee, in its sole discretion, and subject to section 7.4, no SAR shall be exercisable later than the seventh (7th) anniversary date of its grant.

### 7.4 Blackout Periods.

If the date on which a SAR is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such SAR shall be extended to the last day of such 10 business day period.

### 7.5 Exercise of Freestanding SARs.

Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes.

### 7.6 Exercise of Tandem SARs.

With respect to Participants who are not subject to taxation under the ITA, Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the

equivalent portion of the related Option, if applicable. With respect to Participants subject to taxation under the ITA, prior to exercising a Tandem SAR the Participant must elect to receive the Tandem SAR in consideration for the disposition of that Participant's right to receive Shares under the Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

#### 7.7 Payment of SAR Amount.

Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the FMV of the underlying Shares on the date of exercise over the Grant Price. At the discretion of the Committee, the payment upon SAR exercise may be in cash, Shares of equivalent value (based on the FMV of the Shares on the date of exercise of the SAR, as defined in the Award Agreement or otherwise defined by the Committee thereafter), in some combination thereof, or in any other form approved by the Committee at its sole discretion. Payment shall be made no earlier than the date of exercise nor later than 2<sup>1</sup>/<sub>2</sub> months after the close of the year in which the SAR is exercised. The Committee's determination regarding the form of SAR payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the SAR.

#### 7.8 Termination of Employment.

Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that such provisions shall comply with the rules of the TSXV.

#### 7.9 Nontransferability of SARs.

A SAR granted under the Plan may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all SARs granted to a Participant under the Plan shall be exercisable during such Participant's lifetime only by such Participant.

### **ARTICLE 8 RESTRICTED SHARE UNITS**

#### 8.1 Grant of Restricted Share Units.

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine. All Restricted Share Units shall be dealt with by the Committee in accordance with Policy 4.4 – *Incentive Stock Options* of the Corporate Finance Manual of the TSXV.

#### 8.2 Restricted Share Unit Agreement.

Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date for Restricted Share Units, whether such Restricted Share Unit is settled in cash, Shares or a combination thereof or if the form of payment is reserved for later determination by the Committee, and any such other provisions as the Committee shall determine, provided that unless otherwise determined by the Committee or as set out in any Award Agreement, no Restricted Share Unit shall vest later than three years after the date of grant. The Committee shall impose, in the Award Agreement at the time of grant, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to the Plan as it may deem advisable, including, without limitation, restrictions based upon the achievement of specific performance criteria, time-based restrictions on vesting following the attainment of the performance criteria,

time-based restrictions, restrictions under applicable laws or under the requirements of the TSXV.

### 8.3 Vesting of Restricted Share Units.

Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Restricted Share Units, Restricted Share Units shall vest equally over a three year period such that 1/3 of the Restricted Share Units granted in an Award shall vest on the first, second and third anniversary dates of the date that the Award was granted, and provided that no Restricted Share Unit granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the Restricted Share Unit was granted.

### 8.4 Black Out Periods.

If the date on which a Restricted Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.

### 8.5 Nontransferability of Restricted Share Units.

The Restricted Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the date of settlement through delivery or other payment, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement at the time of grant or thereafter by the Committee. All rights with respect to the Restricted Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.

### 8.6 Dividends and Other Distributions.

During the Period of Restriction, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Restricted Share Units

### 8.7 Death, Disability, Retirement and Termination or Resignation of Employment.

If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:

(a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:

- (i) all unvested Restricted Share Units as at the Termination Date shall automatically and immediately vest; and
- (ii) all vested Restricted Share Units (including those that vested pursuant to paragraph (i) above) shall be paid to the Participant's estate in accordance with the terms of the Plan and the Award Agreement.

(b) Disability: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability, then all Restricted Share Units remain and continue to vest in accordance with the terms of

the Plan for a period of 12 months after the Termination Date, provided that any Restricted Share Units that have not vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.

(c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Restricted Share Units, to determine: (i) whether to accelerate vesting of any or all of such Restricted Share Units, (ii) whether any of such Restricted Share Units shall be cancelled, with or without payment, and (iii) how long, if at all, such Restricted Share Units may remain outstanding following the Termination Date; provided, however, that in no event shall such Restricted Share Units remain outstanding for more than 12 months after the Termination Date. Notwithstanding the above, for U.S. Participants, the treatment of Restricted Share Units upon retirement shall be provided for in the Award Agreement.

(d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Restricted Share Units, whether vested or not, as at the Termination Date shall automatically and immediately be forfeited.

(e) Termination without Cause or Voluntary Resignation: If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in Sections 8.7(a) to and including 8.7(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:

- (i) all unvested Restricted Share Units shall automatically and immediately be forfeited, and
- (ii) all vested Restricted Share Units shall be paid to the Participants in accordance with the terms of the Plan and the Award Agreement.

## 8.8 Payment in Settlement of Restricted Share Units.

When and if Restricted Share Units become payable, the Participant issued such Restricted Share Units shall be entitled to receive payment from the Company in settlement of such Restricted Share Units: (i) in cash, in an amount equal to the product of the FMV of a Share on the applicable settlement date multiplied by the number of Restricted Share Units being settled, (ii) in a number of Shares (issued from treasury) equal to the number of Restricted Share Units being settled, (iii) in some combination thereof, or (iv) in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Restricted Share Units. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) 2<sup>1</sup>/<sub>2</sub> months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

## **ARTICLE 9 DEFERRED SHARES UNITS**

### 9.1 Grant of Deferred Share Units.

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine. All Deferred Share Units shall be dealt with by the Committee in accordance with Policy 4.4 – *Incentive Stock Options* of the Corporate Finance Manual of the TSXV.

### 9.2 Deferred Share Unit Agreement.

Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number

of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the TSXV, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Deferred Share Units.

### 9.3 Nontransferability of Deferred Share Units.

The Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.

### 9.4 Black Out Periods.

If the date on which a Deferred Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.

### 9.5 Dividends and Other Distributions.

Participants holding Deferred Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Deferred Share Units.

### 9.6 Termination of Employment, Consultancy or Directorship.

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that provisions shall comply with applicable rules of the TSXV.

### 9.7 Payment in Settlement of Deferred Share Units.

When and if Deferred Share Units become payable, the Participant issued such Deferred Share Units shall be entitled to receive payment from the Company in settlement of such Deferred Share Units: (i) in cash, in an amount equal to the product of the FMV of a Share on the applicable settlement date less the stipulated purchase price for the Deferred Share Units being settled, if any, multiplied by the number of Deferred Share Units being settled, (ii) in a number of Shares (issued from treasury) equal to the number of Deferred Share Units being settled, (iii) in some combination thereof, or (iv) in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Deferred Share Units.

**ARTICLE 10**  
**PERFORMANCE SHARE UNITS**

10.1 Grant of Performance Share Units.

Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Share Units to Participants in such amounts and upon such terms as the Committee shall determine.

10.2 Value of Performance Share Units.

Each Performance Share Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Share Unit that will be paid to the Participant.

10.3 Earning of Performance Share Units.

Subject to the terms of the Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Share Units shall be entitled to receive payout on the value and number of Performance Share Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Company shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

10.4 Form and Timing of Payment of Performance Share Units.

Payment of earned Performance Share Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Share Units in the form of: (i) cash equal to the value of the earned Performance Share Units at the end of the applicable Performance Period, (ii) a number of Shares issued from treasury equal to the number of earned Performance Share Units at the end of the applicable Performance Period, or (iii) in a combination thereof. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement for the grant of the Award or reserved for later determination.

10.5 Dividends and Other Distributions.

Participants holding Performance Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Performance Share Units.

10.6 Termination of Employment, Consultancy or Directorship.

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be

uniform among all Performance Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that the provisions shall comply with applicable rules of the TSXV.

#### 10.7 Non-transferability of Performance Share Units.

Performance Share Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

### **ARTICLE 11 BENEFICIARY DESIGNATION**

#### 11.1 Beneficiary.

A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.

#### 11.2 Discretion of the Committee.

Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 11, or both, in favor of another method of determining beneficiaries.

### **ARTICLE 12 RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE**

#### 12.1 Employment.

Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or an Affiliate of the Company to terminate any Participant's employment, consulting or other service relationship with the Company or the Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or the Affiliate.

Neither an Award nor any benefits arising under the Plan shall constitute part of an employment or service contract with the Company or an Affiliate of the Company, and, accordingly, subject to the terms of the Plan, the Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Company or its Affiliates for severance payments or otherwise, except as provided in the Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Company and an Affiliate or among Affiliates of the Company, shall not be deemed a termination of employment. The Committee may provide, in a Participant's Award Agreement or otherwise, the conditions under which a transfer of employment to an entity that is spun off from the Company or an Affiliate of the Company shall not be deemed a termination of employment for purposes of an Award.

## 12.2 Participation.

No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Award. No person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.

## 12.3 Rights as a Shareholder.

A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the holder of such Shares.

# ARTICLE 13 CHANGE OF CONTROL

## 13.1 Change of Control and Termination of Employment.

Subject to Section 13.2, if there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, on the Termination Date, if the Participant is an Employee, officer or a Director and their employment, or officer or Director position is terminated or they resign for Good Reason within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the Exchange is either obtained or not required.

## 13.2 Discretion to Board.

Notwithstanding any other provision of the Plan, in the event of an actual or potential Change of Control, the Board may, in its sole discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit (including, but not limited to those set out in paragraphs (iii) and (iv) below), the vesting date of any Awards, (ii) permit the conditional redemption or exercise of any Awards, on such terms as it sees fit, (iii) otherwise amend or modify the terms of any Awards, including for greater certainty by (1) permitting Participants to exercise or redeem any Awards to assist the Participants to participate in the actual or potential Change of Control, or (2) providing that any Awards exercised or exercised shall be exercisable or redeemed for, in lieu of Shares, such property (including shares of another entity or cash) that shareholders of the Company will receive in the Change of Control, and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised or redeemed prior to the successful completion of such Change of Control.

## 13.3 Non-Occurrence of Change of Control.

In the event that any Awards are conditionally exercised pursuant to Section 13.2 and the Change of Control does not occur, the Board may, in its sole discretion, determine that any (i) Awards so exercised shall be reinstated as the type of Award prior to such exercise, and (ii) Shares issued be cancelled and any exercise or similar price received by the Company shall be returned to the Participant.

## 13.4 Agreement with Purchaser in a Change of Control.

In connection with a Change of Control, the Board may be permitted to condition any acceleration of vesting on the Participant entering into an employment, confidentiality or other agreement with the purchaser as the Board deems appropriate

**ARTICLE 14**  
**AMENDMENT AND TERMINATION**

14.1 Amendment and Termination.

The Board may, at any time, suspend or terminate the Plan. Subject to compliance with any applicable law, including the rules of the TSXV, the Board may also, at any time, amend or revise the terms of the Plan and any Award Agreement. No such amendment of the Plan or Award Agreement may be made if such amendment would materially and adversely impair any rights arising from any Awards previously granted to a Participant under the Plan without the consent of the Participant or the representatives of his or her estate, as applicable.

14.2 Reduction of Grant Price.

Disinterested shareholder approval as required by the policies of the TSXV shall be obtained for any reduction in the Grant Price of a SAR if the Participant is an Insider of the Company at the time of the proposed amendment.

**ARTICLE 15**  
**WITHHOLDING**

15.1 Withholding.

The Company or any of its Affiliates shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or the Affiliate, an amount sufficient to satisfy federal, provincial and local taxes or domestic or foreign taxes required by law or regulation to be withheld with respect to any taxable event arising from or as a result of the Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Company withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.

15.2 Acknowledgement.

Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company: (i) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of the Plan, and (ii) does not commit to and is under no obligation to structure the terms of the Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for taxes in more than one jurisdiction.

**ARTICLE 16**  
**SUCCESSORS**

Any obligations of the Company or its Affiliates under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company or its Affiliates, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Company or the Affiliate, as applicable.

**ARTICLE 17**  
**GENERAL PROVISIONS**

17.1 Delivery of Title.

The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

(b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Company determines to be necessary or advisable.

17.2 Investment Representations.

The Committee may require each Participant receiving Shares pursuant to an Award under the Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.

17.3 Uncertificated Shares.

To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis to the extent not prohibited by applicable law or the rules of the TSXV.

17.4 No Fractional Shares.

No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.

17.5 Other Compensation and Benefit Plans.

Nothing in the Plan shall be construed to limit the right of the Company or an Affiliate of the Company to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.

17.6 No Constraint on Corporate Action.

Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company's or its Affiliates' right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Company or its Affiliates to take any action which such entity deems to be necessary or appropriate.

17.7 Compliance with Canadian Securities Laws.

All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable.

17.8 Compliance with U.S. Securities Laws.

All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to the registration requirements of the U.S. Securities Act of 1933, as amended or an exemption from such registration requirements. If the Awards or Shares are not so registered and no such registration exemption is available, the Company shall not be required to issue any Shares otherwise issuable hereunder.

**ARTICLE 18**  
**LEGAL CONSTRUCTION**

18.1 Gender and Number.

Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

18.2 Severability.

In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

18.3 Requirements of Law.

The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate of the Company shall receive the consideration required by law for the issuance of Awards under the Plan.

The inability of the Company or an Affiliate of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or the Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company or the Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18.4 Governing Law.

The Plan and each Award Agreement shall be governed by the laws of the Province of British Columbia excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

18.5 Compliance with Section 409A of the Code.

(a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that the Plan and any Awards made hereunder shall not provide for the payment of "deferred compensation" within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. The Plan and any Awards made hereunder shall be administered and interpreted in a manner consistent with this intent.

(b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award Agreement by reason of the occurrence of a Change of Control or the Participant's disability or separation from service, such amount or benefit will not be payable

or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of "change in control event," "disability," or "separation from service," as the case may be, in Section 409A of the Code and applicable proposed or final Treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under the Plan or any Award Agreement.

(c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this Article 18.5 will apply to a Participant who is subject to taxation under the ITA.