



**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
IN RESPECT OF AN  
ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF  
SONORO ENERGY LTD.**

**TO BE HELD ON MAY 21, 2024**

*Dated as of April 19, 2024*

## SONORO ENERGY LTD.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

#### (the “Notice of Meeting”)

Notice is hereby given that the annual general and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Sonoro Energy Ltd. (the “**Company**”) will be held in Suite 600, 520-5<sup>th</sup> Avenue SW, Calgary, Alberta on May 21, 2024 at 9:00 a.m. (Calgary time) for the following purposes:

1. to receive the Company’s audited financial statements for the financial year ended December 31, 2023, together with the auditors’ report thereon;
2. to fix the number of directors to be elected at the Meeting at four (4) members;
3. to consider and, if thought appropriate, to pass an ordinary resolution electing four (4) directors of the Company for the ensuing year;
4. to appoint Crowe Mackay LLP, Chartered Professional Accountants, as the Company’s auditors for the ensuing year and to authorize the directors to fix the auditors’ remuneration;
5. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution approving the Company’s amended 10% rolling share option plan, all as more particularly described in the accompanying Information Circular – Proxy Statement (the “**Information Circular**”);
6. to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution approving the Company’s new restricted share unit plan, as more particularly set forth in the Information Circular; and
7. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which accompanies and forms part of this Notice of Meeting.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed instrument of proxy (the “**Instrument of Proxy**”) and to mail it to or deposit it with Computershare Trust Company of Canada (“**Computershare**”), our transfer agent. To be valid, the Instrument of Proxy must be dated, completed, signed and deposited with Computershare by: (i) mail to 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) facsimile at 1-866-249-7775; or (iii) online at [www.investorvote.com](http://www.investorvote.com) entering the 15-digit control number found on your Instrument of Proxy, or as otherwise indicated in the instructions contained in the Instrument of Proxy. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be received at the aforesaid address or fax not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Shareholders are cautioned that using mail to transmit proxies is at each Shareholder’s risk.

The Board of Directors has fixed the record date for the Meeting at the close of business on April 2, 2024 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he or she owns such shares, demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

DATED at Calgary, Alberta, this 19<sup>th</sup> day of April 2024

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Richard Wadsworth”*

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Richard Wadsworth

Chairman of the Board

## SONORO ENERGY LTD.

### INFORMATION CIRCULAR – PROXY STATEMENT

(as at April 19, 2024, except as otherwise indicated)

This Information Circular – Proxy Statement (“**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Sonoro Energy Ltd. (the “**Company**” or “**Sonoro**”) for use at the annual general and special meeting (the “**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of the Company to be held in Suite 600, 520-5th Avenue SW, Calgary, Alberta on May 21, 2024 at 9:00 a.m. (Calgary time) and at any adjournment thereof, for the purposes set forth in the Notice of Meeting (the “**Notice of Meeting**”) accompanying this Information Circular.

### GENERAL PROXY INFORMATION

#### *Voting in Person at the Meeting*

A registered Shareholder (or a proxyholder duly appointed thereby) (a “**Registered Shareholder**”), or a beneficial owner who has appointed themselves to represent them at the Meeting, will appear on a list of Shareholders prepared by the Computershare Trust Company of Canada, the registrar and transfer agent for the purposes of the Meeting. To vote in person at the Meeting, each Registered Shareholder or appointee will be required to register for the meeting by identifying themselves at the registration desk. Non-registered beneficial shareholders must appoint themselves as proxyholder to vote in person at the Meeting. Also see “Non-Registered Holders” below.

#### *Solicitation of Proxies*

The information contained in this Information Circular is furnished to Shareholders in connection with the solicitation of proxies to be used at the Meeting. The board of directors of the Company (the “**Board**”) has fixed the record date for the Meeting at the close of business on April 2, 2024 (the “**Record Date**”). Shareholders of the Company of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Common Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Shareholder transfers Common Shares after the Record Date and the transferee of those Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

#### *Appointment of Proxyholders*

Registered Shareholders may wish to vote by proxy whether or not the Registered Shareholders are able to attend the Meeting in person. The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder’s attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

The persons named in the enclosed instrument of proxy (the “**Instrument of Proxy**”) are directors and officers of the Company or legal counsel of the Company. Each Registered Shareholder has the right to appoint a proxyholder other than the persons designated, who need not be a Registered Shareholder, to attend and to act for the Registered Shareholder at the Meeting. To exercise such right, the names of the nominees of management of the Company should be crossed out, and the name of the Registered Shareholder’s appointee should be legibly printed in the blank space provided in the Instrument of Proxy or by completing and delivering another suitable form of proxy.

Registered Shareholders may submit the Instrument of Proxy by:

<b>Mail or Hand Delivery</b>	Computershare Trust Company of Canada 8 <sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1
<b>Telephone</b>	1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America) You will need to provide your 15-digit control number (located on the form of proxy accompanying this Information Circular)
<b>Facsimile</b>	1-866-249-7775 or 1-416-263-9524 (if outside North America) You will need to provide your 15-digit control number (located on the form of proxy accompanying this Information Circular)
<b>Internet</b>	www.investorvote.com You will need to provide your 15-digit control number (located on the form of proxy accompanying this Information Circular)

In all cases, Registered Shareholders' votes must be received not later than 9:00 am (Calgary time) on May 16, 2024 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof.

### ***Beneficial Holders of Shares***

The information set forth in this section is provided to beneficial holders of Common Shares who do not hold their Common Shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases, those shares will not be registered in the Beneficial Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Company does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their Common Shares or website address where Common Shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

If you are a Beneficial Shareholder your nominee should send you a voting instruction form or proxy form along with this Information Circular. The Company has elected to pay for the delivery of our proxy-related materials to objecting Beneficial Shareholders. Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at

the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

### ***Non-Objecting Beneficial Owners***

The Notice of Meeting, this Information Circular, the audited consolidated annual financial statements for the year ending December 31, 2023, and related management's discussion and analysis (collectively, the "**Meeting Materials**") are being sent to both Registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder, and Sonoro or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, Sonoro (and not the intermediary holding on your behalf) has assumed responsibility for: (a) delivering these materials to you; and (b) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting delivered to you.

### ***Revocability of Proxy***

A Registered Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or the Shareholder's attorney authorized in writing deposited either at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

### ***Persons Making the Solicitation***

The solicitation is made on behalf of the management of the Company. The costs incurred in the preparation and mailing of the Meeting Materials will be borne by the Company. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Company, who will not be specifically remunerated therefor.

### ***Exercise of Discretion by Proxy***

The Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted on any ballot in accordance with the specification so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the Instrument of Proxy furnished by the Company are conferred with discretionary authority with respect to amendments or variations of those matters specified in the Instrument of Proxy and Notice of Meeting. At the time of printing this Information Circular, management of the Company knows of no such amendment, variation or other matter.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any 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 and approval of the

Option Plan (as defined below) and RSU Plan (as defined below), respectively, as such individuals may be entitled to receive compensation securities thereunder, all as further described herein.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of Common Shares. As of the date hereof, the Company has 223,334,075 fully paid and non-assessable Common Shares issued and outstanding, each carrying the right to one vote.

Pursuant to the articles of continuance of the Company (the “**Articles**”), a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the Common Shares entitled to be voted at the Meeting.

Under the *Business Corporations Act* (Alberta) (the “**ABCA**”), the Company’s governing corporate law statute, a simple majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

Only the registered Shareholders as of the Record Date will be entitled to vote or have his, her or its Common Shares at the Meeting. However, a person appointed under a Form of Proxy will be entitled to vote the Common Shares represented by that form only if it is effectively delivered in the manner set out under the heading “*General Proxy Information*”.

To the knowledge of the Company’s directors and executive officers, as of the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares.

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

### **1. Presentation of Financial Statements and Auditors’ Report**

At the Meeting, Shareholders will receive and consider the financial statements of the Company for the year ended December 31, 2023 and the auditors’ reports thereon. No formal action is required or proposed to be taken at the Meeting with respect to the financial statements.

The financial statements placed before Shareholders are available under Sonoro’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **2. Fixing the Number of Directors**

Under the Articles of Sonoro, the Board is to consist of a minimum of 3 and a maximum of 15 directors. At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting or until their successors are elected or appointed, subject to the Articles or bylaws of the Company, be set at four (4). Unless otherwise directed, it is the intention of management to vote proxies in the accompanying form **FOR** of setting the number of directors to be elected at the Meeting at four (4).

### **3. Election of Directors**

Management proposes to nominate, and the persons named in the accompanying form of proxy will vote **FOR** the election of the four persons whose names are set forth below, all of whom are now and have been directors for the periods indicated.

Management does not contemplate that any of the nominees will be unable to serve as director. If, as a result of circumstances not now contemplated, any nominee is unavailable to serve as a director, any proxy naming management as proxyholder will be voted for the election of such other person or persons as management may select or, alternatively, in accordance with and subject to the constating documents of Sonoro and the ABCA, the Board may determine to reduce the size of the Board. Each

director elected will hold office until the next annual meeting of Shareholders, or until his or her respective successor is elected or appointed in accordance with applicable law and Sonoro's Articles and bylaws.

The following table sets forth for all persons proposed to be nominated for election as directors, their present principal occupation and principal occupation for the preceding five years, if applicable, the periods during which they have served as our directors and number of our Common Shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction as of the Record Date:

<b>Name, Province and Country of Residence</b>	<b>Director Since<sup>(1)</sup></b>	<b>Principal Occupation (for last 5 years)</b>	<b>Common Shares Beneficially Owned</b>
Richard Wadsworth <sup>(1)(2)(4)</sup> <i>Dubai, UAE</i>	June 24, 2009	Chief Executive Officer of Sonoro	5,998,001
Dean Callaway <sup>(3)</sup> <i>Alberta, Canada</i>	September 10, 2018	Chief Financial Officer of Sonoro	6,153,332
Sara Akbar <sup>(1)(2)(3)(4)</sup> <i>Kuwait, Kuwait</i>	June 21, 2023	Chairman and Chief Executive Officer at OilServe Kuwait	11,339,999
Henry Legarre <sup>(1)(2)(4)</sup> <i>California, USA</i>	June 21, 2023	Executive Trinidad Reservoir Services Inc.	2,666,666

**Notes:**

- (1) Indicates members of the Audit Committee.
- (2) Indicates members of the Compensation and Benefits Committee.
- (3) Indicates members of the Nominating and Corporate Governance Committee.
- (4) Indicates members of the Reserves Committee.

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**Richard Wadsworth**

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Mr. Wadsworth is a Petroleum Engineer with over 30 years of experience in the WCSB and internationally, specializing in brownfield re-vitalization and re-development. He was the co-founder and president of Bankers Petroleum. Previously, he worked with Koch Exploration, developing over 30,000 bopd CHOPS heavy oil production in Alberta.

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**Dean Callaway**

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Mr. Callaway is a Chartered Professional Accountant, MBA and BComm, with over 30 years of experience in the energy and finance industry. For over a decade, he has acted as CFO for private and public companies, with experience in Indonesia, the Philippines, Thailand, France, Namibia, Niger, and the United States. Mr. Callaway has corporate finance and international business development experience at Enbridge and TransAlta, along with energy investment banking at Merrill Lynch.

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**Sara Akbar**

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Ms. Akbar is a Chemical Engineer with over 30 years experience, having led and built oil and gas companies, services and projects in the Middle East and North Africa (MENA). She is currently the CEO and Chair of OilServe Kuwait, a leading integrated oilfield services company in the MENA region. Since 2018, Ms. Akbar has been an independent director of Petrofac, a leading engineering and services provider in energy internationally. She also acts as chairperson of the Advisory Board to the business school of American University of Kuwait, a member of the Kuwait Supreme Council for Planning and Development and an active member of the Board of Trustees of Kuwait's Silk Territory project.

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**Henry Legarre**

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Mr. Legarre is a Professional Geoscientist (MSc.), with over 30 years of experience in the international oil and gas sector. Previously, he was managing director at Addax Petroleum Services, responsible for the successful exploration and



development of the Taq Taq oilfield in Iraq. For over 17 years, Mr. Legarre worked with Chevron in Bakersfield, California, developing heavy oil assets then leading him to working in a variety of capacities in assets in Nigeria, Angola, China, Venezuela, Kuwait, Bahrain, Saudi Arabia, and Brazil.

#### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No proposed director is as at the date hereof, or has been:

- (a) within 10 years of the date hereof, a director or chief executive officer or chief financial officer of any company, including the Company, that:
  - (i) while that person was acting in that capacity, was 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
  - (ii) was subject to an event that resulted in such company, after the director or executive officer ceased to be a director chief executive officer or chief financial officer of 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 and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer;
- (b) within 10 years of the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in their capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became 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
- (c) 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 proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

#### **4. Appointment of Auditor**

Unless otherwise directed, it is management's intention to vote the proxies **FOR** of an ordinary resolution to re-appoint the firm of Crowe MacKay LLP, Chartered Professional Accountants, to serve as auditors of the Company until the next annual meeting of the Shareholders and to authorize the directors to fix their remuneration as such.

#### **5. Approval of the Amended Share Option Plan**

The Company currently has a share option plan (the "**Option Plan**"), which provides for the rolling grant of options equal to up to 15% of the issued and outstanding Common Shares. At the 2023 annual general and special meeting, Shareholders approved the Option Plan; however, it was not compliant with Policy 4.4 – *Security Based Compensation* of the TSX Venture Exchange ("**TSXV**").

In order to comply with TSXV Policy 4.4, the Company has made certain amendments to its existing Option Plan (which was approved by the Board on September 8, 2023). At the Meeting, Shareholders will be asked to approve the Option Plan in its amended form for 2024, a copy of which is attached hereto as attached hereto as Schedule “B” and summarized under the heading “*Statement of Executive Compensation – Option Plan.*”.

The following resolution, with or without variation, will be placed before Shareholders in order to approve and ratify adoption of the Option Plan:

“RESOLVED THAT:

1. the amended share option plan of the Company, which provides for the rolling grant of options to acquire up to 10% of the number of issued and outstanding Common Shares of the Company, be and the same is hereby ratified, confirmed and approved;
2. all unallocated stock options under the option plan, as amended from time to time, be and hereby are approved; and
3. any one director or officer of the Company be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution.”

The Board unanimously recommends that Shareholders ratify, confirm and approve the amended Option Plan by voting in favour of the resolution to be submitted to the Meeting. A copy of the Option Plan is attached as Schedule “B” to this Information Circular.

## **6. Approval of RSU Plan**

The Company is seeking Shareholder approval for the Company’s new restricted share unit plan (the “**RSU Plan**”). The Board intends to use restricted share units (“**RSU**”) issued under the RSU Plan, as well as options issued under the Option Plan (as described under the heading “*Approval of the Share Option Plan*”), as part of the Company’s overall executive compensation plan.

The implementation of the RSU Plan is intended to provide a vehicle by which equity-based incentives may be awarded to the Directors, Officers, Employees, Management Company Employees or Consultants (as such terms are defined in TSXV Policy 4.4) of the Company and its subsidiaries (collectively, the “**Eligible Persons**”). By its terms, the Company can only grant and issue RSUs to Eligible Persons under the RSU Plan and no RSUs may be granted to persons involved in Investor Relations Activities (as defined in the RSU Plan and Policy 1.1 of the TSXV). The RSU Plan is designed to recognize and reward significant contributions to the long-term success of the Company and align the interests of Eligible Persons more closely with Shareholders, as well as to bring the Company’s compensation policies in line with trends in industry practice, and to preserve working capital by paying Eligible Persons with compensation in the form of share-based awards as opposed to cash. Pursuant to the RSU Plan, the Board (or a committee thereof) may grant RSUs as incentive payments to Eligible Persons.

The following resolution, with or without variation, will be placed before Shareholders in order to approve and ratify adoption of the RSU Plan:

“RESOLVED THAT:

1. subject to the approval of the TSXV, the Company's RSU Plan, with any changes as may be required by the TSXV, and the issuance thereunder of Common Shares of the Company, be and the same is hereby approved and authorized;
2. any director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to do all such things and execute all such documents and instruments as may be necessary or desirable to give effect to this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Company, the adoption of the proposed RSU Plan of the Company is conditional upon receipt of final approval from the TSXV and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors."

The foregoing resolution may be revised by the Company in obtaining TSXV approval of the RSU Plan. Any revisions to such resolution will be communicated to Shareholders at the Meeting.

**Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote in favour of the ordinary resolution approving the RSU Plan. In order to be effective, an ordinary resolution requires approval of a majority of the votes cast by Shareholders who vote in respect to the resolution.**

#### **Summary of the RSU Plan**

The RSU Plan allows the Company to grant RSUs which may be exercised to purchase up to a number not exceeding the lesser of (i) the number of Common Shares as is equal to 10% of the aggregate number of Common Shares issued and outstanding from time to time; and (ii) the number of Common Shares as, when combined with all other Common Shares subject to grants made under the Company's other share-based compensation arrangements (including the Option Plan), would not exceed 10% of the outstanding Common Shares. The Board approved the RSU Plan on April 11, 2024, with its implementation subject to approval by the Shareholders and TSXV.

RSUs will vest based on a schedule determined by the Board or the Granting Authority (as such term is defined in the RSU Plan), which may be based on the passage of time, continued employment, satisfaction of performance criteria, or any combination of the foregoing, as determined by the Board, provided that the RSUs provided that no RSUs granted pursuant to the RSU Plan may vest before one year from the date of grant. Upon vesting, the RSUs will be settled upon or as soon as reasonably practicable following vesting. The Company may satisfy its payment obligations for any vested RSUs through the issuance of Common Shares, or, subject to approval of the Board in its sole discretion, a cash equivalent. The expiry date of each RSU shall be determined by the Board at the time of grant. On the participant's termination date, any RSUs that haven't vested shall terminate and become null and void as of such date, except for termination by reason of death, disability, retirement or termination without cause. If termination occurs because of death, disability, retirement or termination without cause, a pro rata number of any unvested RSUs, based on the portion of the applicable vesting period that has been completed as of the termination date, will vest on such date.

Eligible Persons who are granted RSUs under the RSU Plan are referred to herein as "Participants" or "Grantees". Under the RSU Plan, settlement of RSUs shall be made by payment of (i) delivery of one Common Share for each such RSU then being settled; or (ii) subject to approval of the Board in its sole discretion, a cash equivalent. By its terms, no RSUs may be granted to persons involved in Investor Relations Activities (as defined in the RSU Plan and Policy 1.1 of the TSXV).

The following summary provides additional information regarding the RSU Plan. See Schedule “C” for a copy of the RSU Plan.

### ***Purpose***

The RSU Plan will advance the interests of the Company by encouraging Participants to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such persons in the Company, (ii) aligning the interests of such persons with the interests of the Shareholders generally, (iii) encouraging such persons to remain associated with the Company, and (iv) furnishing such persons with additional incentive in their efforts on behalf of the Company. The Board also contemplates that through the RSU Plan, the Company will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Company.

### ***Administration***

Under the RSU Plan, the Board may, at any time, appoint a committee to, among other things, interpret, administer and implement the RSU Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with the RSU Plan.

### ***Eligible Persons***

Under the RSU Plan, RSUs may be granted to any Eligible Person. A Participant or Grantee is an Eligible Person to whom an RSU has been granted under the RSU Plan.

### ***Number of Securities Issued or Issuable***

Subject to the adjustment provisions provided for in the RSU Plan and applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSXV), the total number of Common Shares reserved for issue pursuant to the RSU Plan and the Option Plan may not exceed 10% of the number of issued and outstanding Common Shares from time to time.

The RSU Plan allows the Company to grant RSUs which may be exercised to purchase up to a number not exceeding the lesser of (i) the number of Common Shares as is equal to 10% of the aggregate number of Common Shares issued and outstanding from time to time; and (ii) the number of Common Shares as, when combined with all other Common Shares subject to grants made under the Company's other share-based compensation arrangements (including the Option Plan), would not exceed 10% of the outstanding Common Shares.

If any RSU is cancelled in accordance with the terms of the RSU Plan or the agreements evidencing the grant, the Common Shares reserved for issue pursuant to such RSU will, upon cancellation of such RSUs, revert to the RSU Plan and will be available for other RSU. Any RSU that is settled through the issuance of Common Shares from treasury shall not be considered cancelled, and that number of Common Shares issued shall not be available for other RSUs.

### ***Maximum Grant to Any One Participant***

The issue of RSUs to Eligible Persons is subject to, among other things, the following restrictions:

- (a) the number of Common Shares which may be reserved for issue pursuant to the RSU Plan together with the Common Shares which may be reserved for issue pursuant to any employee-related plan of the Company or options for services granted by the Company, including the Option Plan, to any one Eligible Person within a 12 month period may not exceed in the aggregate 5% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the RSU unless the Company has received disinterested shareholder approval;

- (b) the number of Common Shares which may be reserved for issue pursuant to the RSU Plan together with the Common Shares which may be reserved for issue pursuant to any other employee-related plan of the Company or options for services granted by the Company, including the Option Plan, to all insiders shall not exceed 10% of the number of Common Shares issued and outstanding on a non-diluted basis at any point in time unless the Company has received disinterested shareholder approval;
- (c) the number of Common Shares which may be reserved for issue pursuant to the RSU Plan together with the Common Shares which may be reserved for issue pursuant to any employee-related plan of the Company or options for services granted by the Company, including the Option Plan, to all insiders of the Company within a 12 month period may not exceed in the aggregate 10% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of RSUs unless the Company has received disinterested shareholder approval; and
- (d) the number of Common Shares which may be reserved for issued pursuant to the RSU Plan together with the Common Shares which may be reserved for issue pursuant to any other share compensation arrangements of the Company, including the Option Plan, to any one consultant in any 12 month period may not exceed 2% of the number of Common Shares issued and outstanding on a non-diluted basis on the date of the grant of the RSU.

### ***Restricted Share Units***

The Granting Authority may determine the vesting schedule of any RSUs at the time of grant. Notwithstanding such determination and provided that no RSUs may vest within one year of the date of grant except in the event of the death of the Participant or if the Participant ceases to be an Eligible Person in connection with a Change of Control (as such term is defined in the RSU Plan), takeover bid, reverse takeover or similar transaction, in the event of a Change of Control (as such term is defined in the RSU Plan) while the Grantee is employed by the Company or a wholly owned subsidiary of the Company, the termination of the Grantee by the Company without cause or in the event that the Grantee terminates employment with the Company and its subsidiaries by reason of Eligible Retirement (as such term is defined in the RSU Plan), death or total disability (as determined by the Granting Authority in good faith) (each an “**Accelerated Vesting Event**”), the non-vested RSUs will: (i) in the case of a Change of Control, termination without cause, Eligible Retirement or death being the Accelerated Vesting Event, immediately become 100% vested, or (ii) in the case of total disability being the Accelerated Vesting Event, vest on the 60th day following the date on which the Participant is determined to be totally disabled.

If the Grantee terminates employment with the Company and its subsidiaries for any reason other than such Eligible Retirement, total disability or death or termination without cause, any non-vested RSUs granted thereunder will be immediately cancelled without liability or compensation therefor and be of no further force and effect. For clarity, where the Grantee voluntarily terminates his/her employment with the Company or is otherwise terminated for cause, all non-vested RSUs of the Grantee shall be immediately cancelled without compensation or liability therefor and be of no further force and effect.

The term of the RSUs shall be determined by the Granting Authority on the date of the award of RSUs and shall not exceed ten years from the date the RSUs are awarded. Each RSU outstanding and all rights thereunder shall expire at the expiry time determined by the Granting Authority, subject to earlier termination in accordance with the RSU Plan. Under the RSU Plan, the maximum term of RSUs shall not exceed 10 years.

### ***Settlement of Restricted Share Units***

Payment to the Grantee in respect of vested RSUs will be made in the form of (i) fully paid Common Shares, which will be evidenced by book entry registration or by a share certificate registered in the name of the Grantee; or (ii) subject to approval of the Board, in its sole discretion, a cash equivalent, as soon as practicable following the date on which the RSUs become vested.

### ***Settlement***

Settlement of RSUs shall be made by payment of (i) one Common Share for each such RSU then being settled; or (ii) subject to the approval of the Board, in its sole discretion, a cash equivalent.

### ***Assignability***

RSUs granted under the RSU Plan are non-transferable and non-assignable to anyone other than to the estate of a Participant in the event of death and then only in accordance with the terms of the RSU Plan.

### ***Procedure for Amending of the RSU Plan***

Subject to the terms of the RSU Plan and any applicable requirements of the TSXV, the Granting Authority has the right at any time to amend the RSU Plan or any RSU agreement thereunder, provided that the requisite shareholder approval has been obtained by ordinary resolution. Notwithstanding the foregoing, shareholder approval is not required for the amendments set out below:

- (a) amendments of a technical, clerical or “housekeeping” nature including, without limiting the generality of the foregoing, any amendments for the purpose of curing any ambiguity, error or omission in the RSU Plan or to correct or supplement any provision of the RSU Plan that is inconsistent with any other provision of the RSU Plan;
- (b) amendments necessary to comply with the provisions of applicable law and the applicable rules of the TSXV;
- (c) amendments necessary in order for the RSUs to qualify for favourable treatment under the *Income Tax Act* (Canada) or under the United States Internal Revenue Code;
- (d) amendments respecting administration of the RSU Plan; and
- (e) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of the TSXV.

### ***Financial Assistance***

The Company does not provide financial assistance to Participants to facilitate the purchase of Common Shares upon exercise of RSUs under the RSU Plan.

## **OTHER MATTERS COMING BEFORE THE MEETING**

The Board knows of no other matters to come before the Meeting other than as referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgement of the person voting such proxy.

## **STATEMENT OF EXECUTIVE COMPENSATION**

Pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”), the Company is required to disclose certain information with respect to its compensation of Named Executive Officers (“NEOs”) and the directors, as summarized below. The Company is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

For the period ending December 31, 2023, the Company had the following NEOs:

- Richard Wadsworth – Director and CEO;
- Dean Callaway – Director and CFO; and
- David Leung – COO.

## Director and NEO Compensation

### Summary Compensation Table

The following table provides information regarding the annual compensation paid to or earned by the Company's NEOs and directors for the financial years ended December 31, 2022 and 2023.

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites <sup>(1)</sup> (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Richard Wadsworth <i>CEO, Director</i>	2023	90,000	50,000	Nil	Nil	Nil	140,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Dean Callaway <i>CFO, Director</i>	2023	105,000	Nil	Nil	Nil	Nil	105,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
David Leung <i>COO</i>	2023	156,232	Nil	Nil	Nil	Nil	156,232
	2022	Nil	Nil	Nil	Nil	15,000	15,000
Sara Akbar <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Henry Legarre <i>Director</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

#### Notes:

- (1) "Value of perquisites" means perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year, if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000, if the NEO or director's total salary for the financial year is \$500,000 or greater.
- (2) Richard Wadsworth was appointed as President and CEO of the Company on September 1, 2009. Mr. Wadsworth resigned from his position as CEO of the Company on September 10, 2018. Mr. Wadsworth was appointed interim Non-Executive Chairman on March 9, 2021. Mr. Wadsworth was appointed CEO on September 8, 2024.
- (3) Dean Callaway was appointed Chief Financial Officer of the Company on July 1, 2017. Mr. Callaway provides Services to the Company through his consulting company Chinchero Inc. Mr. Callaway was appointed to the Board of Directors on September 10, 2018.

### External Management Companies

The Company has not engaged the services of an external management company to provide executive management services to the Company, directly or indirectly.

### Stock Options and Other Compensation Securities

The following table outlines all compensation securities granted or issued to NEOs and directors by the Company during the financial year ended December 31, 2023.

Name	Type of Compensation Security	No. of Compensation Securities, No. of Underlying Securities	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>Richard Wadsworth</b>	Options	1,250,000 options 1,250,000 underlying securities	1/06/2023	\$0.05	\$0.056	\$0.18	31/05/2028
<b>Dean Callaway</b>	Options	1,250,000 options 1,250,000 underlying securities	1/06/2023	\$0.05	\$0.056	\$0.18	31/05/2028
<b>David Leung</b>	Options	750,000 options 750,000 underlying securities	1/06/2023	\$0.05	\$0.056	\$0.18	31/05/2028
<b>Sara Akbar</b>	Options	750,000 options 750,000 underlying securities	1/06/2023	\$0.05	\$0.056	\$0.18	31/05/2028
<b>Henry Legarre</b>	Options	1,000,000 options 1,000,000 underlying securities	1/06/2023	\$0.05	\$0.056	\$0.18	31/05/2028

### ***Exercise of Compensation Securities***

The following table outlines all compensation securities exercised by NEOs and directors by the Company during the financial year ended December 31, 2023.

Name	Type of Compensation Security	No. of Underlying Securities Exercised	Exercise Price per Security (\$)	Date of Exercise (\$)	Closing Price per Security on Date of Exercise (\$)	Difference between Exercise Price and Closing Price on Date of Grant (\$)	Total Value on Exercise Date (\$)
<b>Richard Wadsworth</b>	Options	233,333	\$0.05	15/05/2023	\$0.02	\$0.03	\$6,999
<b>Dean Callaway</b>	Options	1,000,000	\$0.05	15/05/2023	\$0.02	\$0.03	\$30,000

### **Option Plan and Other Incentive Plans**

Other than the Option Plan and, if approved, the RSU Plan, the Company does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or contribution pension plans for its directors or NEOs.

#### ***Option Plan***

The Option Plan was established to recognize contributions made by, and create incentives for, the Company's directors, officers, employees and other service providers by allowing the Board to grant options to acquire Common Shares to such persons who are, in the opinion of the Board, in a position to advance the interests of the Company.

The following is a summary of the material terms of the Option Plan:



<i>Eligibility</i>	Options to purchase Common Shares may be granted under the Option Plan to a person who is a bona fide director, officer, employee, management company employee or consultant, or company of which 100% of the share capital is beneficially owned by one or more Service Providers
<i>Limitations</i>	<p>No Service Provider can be granted an option if that option would result in the total number of options, together with Share Compensation Arrangements (as defined in the Option Plan) granted to such Service Provider in the previous 12 months, exceeding 5% of the issued and outstanding Common Shares unless the Company has obtained disinterested Shareholder approval;</p> <p>The aggregate number of options granted to Service Providers conducting Investor Relations Activities (as defined in the Option Plan) in any 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company, calculated at the time of the grant, without prior TSXV consent; and</p> <p>The aggregate number of options granted to any one Consultant (as defined in the Option Plan) in any 12-month period must not exceed 2% of the issued and outstanding Common Shares, calculated at the time of grant, without prior TSXV consent.</p>
<i>Unexercised Options</i>	Options not exercised under the Option Plan that expire or terminate by reason or dismissal of the Optionee (as defined in the Option Plan) that were issuable thereunder will be returned to the Option Plan and eligible for reissuance.
<i>Term of Option</i>	If the Company is listed on Tier 2 or NEX of the TSXV, options can be exercisable for a maximum of 5 years from the date of grant.
<i>Transfer and Assignment</i>	Options granted under the Option Plan are only exercisable by the optionee and are not assignable or transferable.
<i>Vesting</i>	<p>Options granted to Service Providers vest at the discretion of the Board and are subject to the Service Provider remaining employed by or continuing to provide services to the Company or any of its subsidiaries or Affiliates (as defined in the Option Plan) and remaining as director of the Company during the vesting period; and</p> <p>Options granted for Investor Relations Activities vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and further 25% on each successive date that is three months from the date of the previous vesting.</p>
<i>Amendments</i>	Disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Company at the time of the proposed amendment.

The Company is of the view that the Option Plan provides it with an effective incentive to attract and maintain the services of senior executives and other employees. In particular, as the Company continues to grow its business, it anticipates that option grants will continue to be a critical tool for the Company to be able to identify and retain key personnel.

### **Oversight and Description of Director and NEO Compensation**

Under the terms of the Company's Corporate Disclosure, Confidentiality and Securities Trading Policy, NEOs and directors are prohibited from engaging in short term or speculative transactions involving the Company's securities, including short sales or transactions involving derivatives in securities of the Company.

The process for determining executive compensation relies solely on the Board discussions with input from and upon the recommendations of the Compensation and Benefits Committee (the "**Compensation Committee**"), without any formal objectives criteria and analysis.

<b>Compensation Element</b>	<b>Description</b>	<b>Compensation Objectives</b>
<i>Annual Base Salary</i>	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
<i>Consulting Fees</i>	Market-competitive amounts, paid on an hourly basis	Retain qualified leaders, motivate strong business performance

<i>Incentive Bonuses</i>	Cash payment to add variable component to compensation	Based on corporate and individual performances of key personnel
<i>Incentive Share Option</i>	Equity grants are made in the form of share options. The amount of grant will be dependent on level of seniority, and individual and corporate performance	Retain qualified leaders, motivate strong business performance

### ***Annual Base Salary***

Base salary for the CEO is determined by the Compensation Committee and its recommendations aim to align executive remuneration with the reasonable remuneration paid by other reporting issuers of the same size, in the same industry and for which there is publicly available information.

### ***Option Based Award***

An option based award is in the form of the grant of an incentive share option. The objective of the incentive share option is to further align the interests of the Company's directors and management with the Company's long-term performance and the long-term interests of the Company's shareholders. At the 2023 annual general and special meeting, Shareholders approved an amendment to the Option Plan to increase the total number of issued and outstanding Common Shares issuable under the Option Plan to 15%, which was not compliant with TSXV Policy 4.4. See "*Particulars of Matters to be Acted Upon – Approval of Amended Share Option Plan*" for further details. If approved, the number of Common Shares issuable on exercise of outstanding options issued under the amended Option Plan shall not exceed 10% of the Common Shares issued and outstanding at the date of grant.

### ***Termination and Change of Control Benefit***

Mr. Callaway via his consulting company, Chinchero Inc., and Sonoro executed a service agreement as amended from time to time (the "**Chinchero Agreement**"). The Chinchero Agreement may be terminated upon 30 days' notice with no further severance or benefits. In the event of change of control, Mr. Callaway is entitled to a lump sum of twelve (12) times the monthly Retainer Fee plus one month for each calendar year worked at Sonoro.

Mr. Wadsworth and Sonoro executed a service agreement on April 1, 2023, which may be terminated upon 60 days' notice with no further severance or benefits. In the event of change of control, Mr. Wadsworth entitled to a lump sum of twelve (12) times the monthly Retainer fee.

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

The following sets forth information in respect of securities authorized for issuance under the equity compensation plans as at December 31, 2023, aggregated for all compensation plans previously approved by the Shareholders and all compensation plans not previously approved by the Shareholders.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding Options, warrants and rights</b>	<b>Weighted average exercise price of outstanding Options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<i>Equity compensation plans approved by securityholders<sup>(1)(2)</sup></i>	12,850,000	\$0.06	10,616,666

<i>Equity compensation plans not approved by securityholders</i>	N/A	N/A	
<b>Total:</b>	12,850,000	\$0.06	10,616,666

Notes:

- (1) The Option Plan authorizes the issuance of Options entitling the holders to acquire, in the aggregate, up to 10% of the Common Shares from time to time. See “*Stock Options and Other Compensation Securities – Option Plan*”.
- (2) Based on the number of outstanding Common Shares as at December 31, 2023.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than routine indebtedness, at no time during the Company’s most recently completed financial year was any director, executive officer or senior officer of the Company, any proposed management nominee for election as a director of the Company or any associate or affiliate of any such director, executive or senior officer or proposed nominee indebted to the Company or any of its subsidiaries or to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## AUDIT COMMITTEE

The following sets forth the disclosure required by Form 52-110F2 – *Disclosure by Venture Issuers* (“**52-110F2**”) under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”).

### *Audit Committee Mandate*

The full text of the mandate of the audit committee of the Company (the “**Audit Committee**”) is attached hereto as Schedule “A”.

The mandate of the Audit Committee is to oversee the Company’s financial reporting obligations, systems and disclosure, including monitoring the integrity of the Company’s financial statements, monitoring the independence and performance of the Company’s external auditors and acting as a liaison between the Board and the Company’s auditors. The activities of the Audit Committee typically include reviewing interim financial statements and annual financial statements, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders, reviewing the results of internal and external audits and any change in accounting procedures or policies, and evaluating the performance of the Company’s auditors. The Audit Committee communicates directly with the Company’s external auditors to discuss audit and related matters whenever appropriate.

### *Composition of the Audit Committee*

The members of the Audit Committee as at December 31, 2023 were Henry Legarre (Chair), Richard Wadsworth, and Sara Akbar. Mr. Legarre and Ms. Akbar are independent within the meaning of NI 52-110. Mr. Wadsworth is not independent pursuant to NI 52-110 as he is the CEO of the Company.

<b>Name of Director</b>	<b>“Independence”<sup>(1)</sup></b>	<b>“Financial Literacy”<sup>(2)</sup></b>
Henry Legarre (Chair)	✓	✓
Richard Wadsworth	-	✓
Sara Akbar	✓	✓

Notes:

- (1) As defined in section 1.4 of NI 52-110.
- (2) As defined in section 1.6 of NI 52-110.

### ***Relevant Education and Expertise***

The following is a brief description of the education and experience of each member of our Audit Committee that is relevant to the performance of their responsibilities as an Audit Committee member

Henry Legarre (Chair)	Professional Geoscientist (MSc.) with over 30 years of experience in the international oil and gas sector. Financially literate as Board and Management over career.
Richard Wadsworth	Petroleum Engineer with over 30 years of experience in the international oil and gas sector.
Sara Akbar	Chemical Engineer with over 30 years of experience in the international oil and gas sector.

### ***Audit Committee Oversight***

Since the commencement of the Company's most recently completed financial year, each recommendation of the Audit Committee to nominate or compensate the external auditor has been adopted by the Board.

### ***Reliance on Certain Exemptions***

The Company is a "venture issuer" under NI 52-110 and, pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

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

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. The Audit Committee has not adopted specific policies and procedures, and the engagement of the auditors for non-audit services will be determined on an ad hoc basis.

### ***External Audit Service Fees***

The following table summarizes the fees billed by the Company's auditor, Crowe MacKay LLP, for external audit and other services during the periods indicated.

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup> (\$)</b>	<b>Audit-Related Fees<sup>(2)</sup> (\$)</b>	<b>Tax Fees<sup>(3)</sup> (\$)</b>	<b>All Other Fees<sup>(4)</sup> (\$)</b>
2023	\$46,500	\$456	Nil	Nil
2022	\$36,487	\$600	Nil	Nil

**Notes:**

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

## CORPORATE GOVERNANCE PRACTICES

The following sets forth the disclosure required by Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**58-101F2**”) under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”).

### ***Board of Directors***

The Board is committed to sound corporate governance practices which are in the interest of the Company’s shareholders and also contribute to effective and efficient decision making. At the date of this Information Circular, Sara Akbar, and Henry Legarre are considered “independent” for the purposes of NI 58-101. Richard Wadsworth and Dean Callaway are not independent for the purposes of NI 58-101.

### ***Directorships***

The following directors on the Board are presently directors of other issuers that are reporting issuers:

Director	Reporting Issuer	Exchange
Richard Wadsworth	MCF Energy Ltd.	TSXV

### ***Orientation and Continuing Education***

New directors, as part of the orientation program, must meet with senior management to discuss the business of the Company and receive historical and current operating and financial information. New directors also receive a package that includes the Company’s Code of Business Conduct and Ethics (the “**Code**”), the Companion Booklet to the Code (covering foreign corrupt practices compliance), the Company’s Corporate Disclosure, Confidentiality and Securities Trading Policy and committee charters.

### ***Ethical Business Conduct***

The Company has adopted the Code in respect of business conduct and ethics for its directors, officers and employees, with the Board responsible for monitoring compliance with such Code.

### ***Nomination of Directors***

The Nominating and Corporate Governance Committee (“**N&G Committee**”) is responsible for the recruitment and evaluation of nominees to the Board, including management nominees.

The Board must determine, in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities should be sought in new Board members in order to add value to the Company. The results of such a discussion will provide a framework for the N&G Committee in identifying and proposing to the Board new nominees.

The N&G Committee is responsible for ensuring that the prospective candidates for new directors understand the role of the Board, the role of the committees of the Board and the contribution individual directors are expected to make including, in particular, the commitment of time and energy that the Company expects of its directors.

### ***Compensation***

The Board of Directors acts through its Compensation Committee to review the adequacy and form of compensation of the directors and senior management and ensure that such compensation reflects market rates, represents fair value to the Company and takes into account the ability of the Company to pay.

## **Other Board Committees**

Aside from the Audit Committee, the Company has the Compensation Committee, N&G Committee, and a Reserves Committee (the “**Reserves Committee**”).

### ***Compensation and Benefits Committee***

The role of the Compensation Committee is primarily to review the adequacy and form of compensation of senior management and the directors with the goal that such compensation reflects reflecting the responsibilities and risks of such positions, to administer the Option Plan, to determine the recipients of, and the nature and size of share compensation awards granted from time to time, to determine the remuneration of executive officers and to determine any bonuses to be awarded.

The members of the Compensation Committee are Sara Akbar and Henry Legarre.

### ***Nominating and Corporate Governance Committee***

The N&G Committee is responsible for making recommendations to the Board with respect to developments in the area of corporate governance and the practices of the Board and it has expressly assumed responsibility for developing the Company’s approach to governance issues. The N&G Committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination to the Board, and for overseeing the execution of an assessment process appropriate for the Board and its committees to evaluate the performance and effectiveness.

The N&G Committee consists of Sara Akbar and Dean Callaway.

### ***Reserves Committee***

The Reserves Committee is responsible for reviewing the Company’s reserves filings, which currently consists of Sara Akbar (Chair), Richard Wadsworth, and Henry Legarre.

### ***Assessments***

The N&G Committee is responsible for overseeing the assessment process on an ongoing basis and annually considers the effectiveness of the Board, its committees, and contributions of individual directors.

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

To the knowledge of management, no informed person of the Company, no proposed director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the years ended December 31, 2022 and 2023.

## **ADDITIONAL INFORMATION**

The Company will provide to any person or company, upon request, one copy of any of the following documents:

Additional information relating to the Company can be accessed on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Shareholders may contact Anne Mastrup, Corporate Administrator, by: (i) mail at Suite 600, 520 – 5th Avenue SW, Calgary, AB, T2P 3R7; (ii) telephone at 403-262-3252; or (iii) via email (information [@sonoroenergy.com](mailto:information@sonoroenergy.com)), to request copies of the Company’s consolidated financial statements and MD&A.



Shareholders can access the Meeting Materials on the Company’s website at [www.sonoroenergy.com](http://www.sonoroenergy.com).

Additional information relating to the Company are available under its profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of Directors.

DATED the 19 day of April 2024.

**BY ORDER OF THE BOARD**

*“Richard Wadsworth”*

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Richard Wadsworth, Chairman of the Board

**SCHEDULE “A”**  
**AUDIT COMMITTEE CHARTER**



Approved by: Board of Directors  
Effective Date: June 23, 2011

## AUDIT COMMITTEE CHARTER

### I. Purpose

The primary objective of the audit committee (the “**Audit Committee**”) of Sonoro Energy Ltd. (the “**Company**”) is to assist the Company’s board of directors (the “**Board**”) with the oversight of the accounting and financial reporting process and financial statement audits.

### II. Organization and Composition of the Audit Committee

The Audit Committee will be composed of a minimum of three directors from the Board, a majority of whom are not officers or employees of the Company or an affiliate of the Company.

All members of the Audit Committee shall be financially literate, as defined in NI 52-110, and at least one member shall have accounting or related financial managerial expertise. In particular, at least one member shall have, through (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (iv) other relevant experience.

If, upon appointment, a member of the Audit Committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

### III. Meetings

The Audit Committee shall meet as many times as the Committee deems necessary to carry out its duties effectively, but not less frequently than four times per year to review and approve the quarterly and annual financial statements. The Board shall appoint a chair of the Committee (the “**Chair**”) who has the specific responsibility to ensure the independence of the Board in the discharge of its responsibilities. The Chair will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting.

The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee and to the other directors in advance of such meeting.

### IV. Authority and Responsibilities

To fulfil its purpose, the Audit Committee shall:

- (a) review and report to the Board on the following before they are published:
  - (i) the annual financial statements and MD&A (management discussion and analysis) (as defined in *National Instrument 51-102 – Continuous Disclosure Obligations*) of the Company,

- (ii) the auditor's report, if any, prepared in relation to those financial statements;
  - (iii) the quarterly financial statements and MD&A of the Company; and
  - (iv) other financial filings and public documents;
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information;
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;
- (d) recommend to the Board:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, and
  - (ii) the compensation of the external auditor;
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (f) oversee and monitor the qualifications, independence and performance of the Company's external auditors;
- (g) monitor, evaluate and report to the Board on the integrity of the financial reporting process and the system of internal controls and the internal control environment that management and the Board have established;
- (h) review senior management's identification of principal financial risks and monitor the process to manage such risks;
- (i) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (j) review, and where appropriate, approve the provision of all permitted non-audit services (including the terms and fees) in advance of the provision of the services by the Company's external auditors;(k)review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (l) review policies and procedures with respect to officers' and directors' expense accounts and perquisites, including their use of corporate assets and review all related party transactions between the Company and any officers or directors, including affiliations of any officers and directors;

- (m) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and Chief Financial Officer to comply with *Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings*;
- (n) review and concur the appointment, replacement, or dismissal of the Chief Financial Officer; and
- (o) consider any other matters referred to it by the Board

## **V. Resources**

The Audit Committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the Audit Committee will set the compensation for such advisors.

The Audit Committee has the authority to communicate directly with and to meet with the external auditors, without management involvement, have unrestricted access to personnel and information and any resources necessary to carry out its responsibility and conduct any review or investigation appropriate to fulfilling its responsibilities.

## **VI. Reporting**

The reporting obligations of the Audit Committee will include:

1. reporting to the Board on the proceedings of each Audit Committee meeting and on the Audit Committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by *National Instrument 52-110 – Audit Committees* in any management information circular prepared by the Company.

## SCHEDULE “B”

### SHARE OPTION PLAN

#### ARTICLE 1 PURPOSE AND INTERPRETATION

##### Purpose

- 1.1 The purpose of this Plan will be to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of the TSX Venture Exchange (or “**TSX Venture**”) (the “**TSX Venture Policies**”) and any inconsistencies between this Plan and the TSX Venture Policies whether due to inadvertence or changes in TSX Venture Policies will be resolved in favour of the latter.

##### Definitions

- 1.2 In this Plan

**Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company, and as defined in TSX Venture Policies;

**Associate** has the meaning prescribed under TSX Venture Policies;

**Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant options under this Plan;

**Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
- (b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or its successor is deemed to materially affect the control of the Company or its successor;

**Common Shares** means common shares without par value in the capital of the Company providing such class is listed on the TSX Venture;

**Company** means the Corporation named at the top hereof and includes, unless the context otherwise requires, all of its subsidiaries or affiliates and successors according to law;

**Consultant** means a Person or Consultant Company, other than an Employee, Officer or Director that:

- (a) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (b) provides the services under a written contract between the Company or an Affiliate and the Person or the Consultant Company;

- (c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (d) has a relationship with the Company or an Affiliate that enables the Person or Consultant Company to be knowledgeable about the business and affairs of the Company;

**Consultant Company** means for a Person consultant, a company or partnership of which the Person is an employee, shareholder or partner;

**Directors** means the directors of the Company as may be elected from time to time;

**Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

**Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Service Providers or their Associates;

**Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

**Effective Date** for an Option means the date of grant thereof by the Board;

**Employee** means:

- (a) a Person who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) a Person who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (c) a Person who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;

**Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;

**Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;

**Insider** means

- (i) an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (ii) an Associate of any person who is an Insider by virtue of §(i) above;

**Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies, and means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

**Listed Shares** means the number of issued and outstanding shares of the Company that have been accepted for listing on the TSX Venture, but excluding dilutive securities not yet converted into Listed Shares;

**Management Company Employee** means a Person employed by another Person or a corporation providing management services to the Company which are required for the ongoing successful operation of the business

enterprise of the Company, but excluding a corporation or Person engaged primarily in Investor Relations Activities;

**NEX** means a separate board of TSX Venture for companies previously listed on TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

**Officer** means a duly appointed senior officer of the Company;

**Option** means the right to purchase Common Shares granted hereunder to a Service Provider;

**Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A hereto;

**Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;

**Optionee** means the recipient of an Option hereunder;

**Outstanding Shares** means at the relevant time, the number of outstanding Common Shares of the Company from time to time;

**Participant** means a Service Provider that becomes an Optionee;

**Person** means a company or an individual;

**Plan** means this Share Option Plan, the terms of which are set out herein or as may be amended;

**Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;

**Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder;

**Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;

**Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company, of which 100% of the share capital is beneficially owned by one or more Person Service Providers;

**Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

**Shareholders Approval** means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders' meeting;

**TSX Venture** means the TSX Venture Exchange and any successor thereto; and

**TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

#### **Other Words and Phrases**

- 1.3 Words and Phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies, will have the meaning assigned to them in the TSX Venture Policies.

#### **Gender**

- 1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

- 2.1 There is hereby established a Share Option Plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

- 2.2 The Plan is a “rolling plan” such that the aggregate number of Plan Shares which are subject to issuance pursuant to Options granted under this Plan or any other Share Compensation Arrangements, shall be a maximum of 10% of the issued shares of the Company, on a non-diluted basis.
- 2.3 For greater certainty, as this Plan is a rolling plan, Options that are exercised, and Options that have been surrendered, terminated or expire without being exercised no longer represent Plan Shares reserved for issuance under this Plan and do not decrease the number of Plan Shares issuable under Section 2.2.

### **Eligibility**

- 2.4 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

### **Options Granted Under the Plan**

- 2.5 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.
- 2.6 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **Limitations on Issue**

- 2.7 Subject to §2.9, the following restrictions on issuances of Options are applicable under the Plan:
- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Listed Shares (unless the Company has obtained Disinterested Shareholder Approval under §2.10(a)(ii) to do so);
  - (b) no Options can be granted under the Plan if the Company is designated “Inactive” (as defined in TSX Venture Policies) by the TSX Venture;
  - (c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture; and
  - (d) the aggregate number of options granted to any one Consultant in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture.

### **Options Not Exercised**

- 2.8 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue.

## **Powers of the Board**

- 2.9 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:
- (a) allot Common Shares for issuance in connection with the exercise of Options;
  - (b) grant Options hereunder;
  - (c) subject to Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously granted under the Plan unless as a result of a change in TSX Venture Policies or the Company's tier classification thereunder;
  - (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and
  - (e) may in its sole discretion amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

## **Terms or Amendments Requiring Disinterested Shareholder Approval**

- 2.10 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:
- (a) the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any point in time in:
    - (i) the aggregate number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the Listed Shares;
    - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Listed Shares; or,
    - (iii) the issuance to any one Optionee, within a 12-month period, of a number of shares exceeding 5% of Listed Shares; or
  - (b) any reduction in the Exercise Price of an Option previously granted to an Insider or any extension of an Option term of Insider Options.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **Exercise Price**

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

### **Term of Option**

- 3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date if the Company is listed on Tier 1 of TSX Venture, or five years from the Effective Date if the Company is listed on Tier 2 or NEX of TSX Venture.
- 3.3 Notwithstanding the foregoing, in the event that the expiry of an Option falls within, or within two business days of the expiry of, a trading blackout period imposed by the Corporation (the "Blackout Period") in accordance with its "Insider Trading and Blackout Policy", the expiry of such Option shall be automatically extended to the 10<sup>th</sup> business day following the end of the Blackout period.



### **Option Amendment**

- 3.4 Subject to §2.9(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Company's shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.
- 3.5 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.
- 3.6 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

### **Vesting of Options**

- 3.7 Vesting of Options is otherwise at the discretion of the Board, and will generally be subject to:
- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its subsidiaries and Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its subsidiary or affiliate during the vesting period; or
  - (b) remaining as a Director of the Company or any of its subsidiaries or Affiliates during the vesting period.

### **Vesting of Options Granted for Investor Relations Activities**

- 3.8 Options granted to Consultants conducting Investor Relations Activities will vest:
- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
  - (b) such longer vesting period as the Board may determine.

### **Variation of Vesting Periods**

- 3.9 At the time an Option is granted which carries vesting provisions, the Board may vary such vesting provisions provided in §3.7 and §3.8, subject to Regulatory Approval.

### **Optionee Ceasing to be Director, Employee or Service Provider**

- 3.10 No Option may be exercised after the Service Provider has left the employ/office or has been advised his services are no longer required or his service contract has expired, except as follows:
- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
  - (b) in the case of a Tier 1 Company, Options granted to any Service Provider must expire within 90 days after the date the Optionee ceases to be employed with or provide services to the Company, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to be so employed or to provide services to the Company;
  - (c) in the case of a Tier 2 or NEX Company, Options granted to a Service Provider conducting Investor Relations Activities must expire within 30 days of the date the Optionee ceases to conduct such activities, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to conduct such activities,
  - (d) in the case of a Tier 2 or NEX Company, Options granted to an Optionee other than one conducting Investor Relations Activities must expire within 90 days after the Optionee ceases to be employed with or provide services to the Company, but only to the extent that such Optionee was vested in

the Option at the date the Optionee ceased to be so employed or to provide services to the Company;  
and

- (e) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

#### **Non Assignable**

- 3.11 Subject to §3.10(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

#### **Adjustment of the Number of Optioned Shares**

- 3.12 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.12(d);
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.12(f) be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.11, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm

of Chartered Accountants, in Calgary, Alberta (or in the city of the Company's principal executive office) that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

## **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

### **Option Commitment**

- 4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

### **Manner of Exercise**

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
  - (b) cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.
  - (c) The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionees' relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the option as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligating net of selling costs. The optionee consents to such sale and grants the Corporation an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Share issuable upon exercise of the options.

### **Delivery of Certificate and Hold Periods**

- 4.3 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a restrictive legend stipulating any resale restrictions for such period as may be prescribed by securities law, by any regulatory authority or TSX Venture.

## **ARTICLE 5 GENERAL**

### **Employment and Services**

- 5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee will be voluntary.

### **No Representation or Warranty**

- 5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

### **Interpretation**

- 5.3 The Plan will be governed and construed in accordance with the laws of the Province of Alberta.

### **Amendment of the Plan**

- 5.4 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals.

## **ARTICLE 6 TRANSITION**

### **Replacement of the 2018 Share Option Plan**

- 6.1 As of the Effective Date, this Plan supersedes and replaces the 2018 Share Option Plan in effect immediately prior to the date of this Plan (the “**Replaced Plan**”) and, after the Effective Date, no further Options will be granted under the Replaced Plan.

### **Outstanding Options under the 2018 Share Option Plan**

- 6.2 All Options granted under the Replaced Plan prior to the Effective Date that remain outstanding after the Effective Date will be governed by the terms of this Plan.

## SCHEDULE A

### SHARE OPTION PLAN

#### OPTION COMMITMENT

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Effective Date**”) **Sonoro Energy Ltd.** (the “**Company**”) has granted to \_\_\_\_\_ (the “**Service Provider**”), an Option to acquire \_\_\_\_\_ Common Shares (“**Optioned Shares**”) up to 5:00 p.m. Calgary Time on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Expiry Date**”) at a Exercise Price of Cdn.\$ \_\_\_\_\_ per share.

At the date of grant of the Option, the Company is classified as a Tier 2 company under TSX Venture Policies.

Optioned Shares will vest and may be exercised as follows:

\_\_\_\_\_ In accordance with the vesting provisions set out in Schedule B of the Share Option Plan (the “**Plan**”)

Or

\_\_\_\_\_ As follows:

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company’s Plan, the terms and conditions of which are hereby incorporated herein.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Exercise Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear a minimum four-month non-transferability legend from the date of this Option Commitment.

The Company and the Service Provider represent that the Service Provider under the terms and conditions of the Plan is a bona fide [Employee/Director/Consultant/Contractor] of the Company, entitled to receive Options under TSX Venture Exchange Policies.

The Service Provider also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Share Option Plan.

**SONORO ENERGY LTD.**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
◆ **SIGNATURE OF OPTIONEE**

**SCHEDULE B**  
**SHARE OPTION PLAN**  
**VESTING SCHEDULE**

1. Options granted pursuant to the Plan to Directors, Officers and all Employees and Consultants employed or retained by the Company at the time the Option is granted will vest as follows:
  - (a) 1/3 of the total number of Options granted will vest immediately after the date of grant;
  - (b) a further 1/3 of the total number of Options granted will vest one year after the date of grant; and
  - (c) the remaining 1/3 of the total number of Options granted will vest twenty four months after the date of grant.
2. Options granted to Consultants retained by the Company pursuant to a short term contract or for a specific project with a finite term, will be subject to such vesting provisions determined by the Board of Directors of the Company at the time the Option Commitment is made, subject to Regulatory Approval.
3. Options granted to Service Providers involved in Investor Relations Activities shall vest in accordance with Section 3.8 of the Plan.

**SCHEDULE C**

**SHARE OPTION PLAN**

**CERTIFICATE**  
**("Certificate")**

TO: Sonoro Energy Ltd. (the "**Company**")

RE: Options of the Company (the "**Options**") granted pursuant to the Option Commitment (as defined in the Share Option Plan) dated ● day of ●, ●.

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The undersigned hereby acknowledges and agrees as follows:

- (a) It is a Service Provider as defined in Section 1.2 of the Share Option Plan.
- (b) It is a corporation and hereby undertakes not to effect or permit any transfers of ownership or option of any of its shares, nor issue more shares (so as to indirectly transfer the benefits of the Options), as long as such Options remain outstanding, unless written permission of the TSX Venture and the Company is obtained.

DATED the day of \_\_\_\_, \_\_\_\_.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first written above.

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**Signature**

**Name:**

**SCHEDULE “C”**

**RESTRICTED SHARE UNIT  
COMPENSATION PLAN**



**SONORO ENERGY LTD.**  
**(the “Issuer”)**

**RESTRICTED SHARE UNIT  
COMPENSATION PLAN**

**1. Purpose**

- (a) **Background.** The Issuer currently has in place the Stock Option Plan pursuant to which Options may be granted to purchase Shares. Subject to section 14 hereof, the Issuer now also adopts this RSU Plan on the terms and conditions herein set forth (as may be amended from time to time) in order to provide the Issuer with flexibility in designing various equity-based compensation arrangements for the Directors, Employees, Consultants and other Persons engaged to provide ongoing services to the Issuer and its Affiliates, other than Persons involved in Investor Relations Activities relating to the Issuer. The Issuer represents that Employees, Consultants or Management Company Employees who are granted Awards under this RSU Plan will be *bona fide* Employees, Consultants or Management Company Employees at the time of grant. Section 14 hereof sets forth the provisions concerning the effective date of the RSU Plan, its termination and application to Awards under the existing and continuing Stock Option Plan.
- (b) **Purpose.** The purpose of this RSU Plan is to advance the interests of the Issuer by encouraging Directors, Employees and Consultants to receive equity-based compensation and incentives, thereby (i) increasing the proprietary interests of such Persons in the Issuer, (ii) aligning the interests of such Persons with the interests of the Issuer’s shareholders generally, (iii) encouraging such Persons to remain associated with the Issuer, and (iv) furnishing such Persons with additional incentive in their efforts on behalf of the Issuer. The Board also contemplates that through the RSU Plan, the Issuer will be better able to compete for and retain the services of the individuals needed for the continued growth and success of the Issuer.

Restricted Share Units granted pursuant to this RSU Plan will be used to compensate Participants for their individual performance-based achievements and are intended to supplement stock option awards in this specific respect. The goal of such grants is to more closely tie Awards to individual performance based on established Performance Criteria.

**2. Definitions**

For purposes of this RSU Plan, the following terms shall have the meaning set forth below:

- (a) **“Act”** means the *Business Corporations Act* (Alberta), or its successor, as amended, from time to time.
- (b) **“Affiliate”** has the meaning ascribed to that term in section 2 of Policy 1.1 of the TSXV.
- (c) **“Associate”** has the meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (d) **“Awards”** means the Restricted Share Units.
- (e) **“Board”** means the board of directors of the Issuer.
- (f) **“Change of Control”** has the meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (g) **“Committee”** means the Board, or if the Board so determine in connection with section 3 hereof, the compensation committee of the Board, which shall consist of not less than three (3) members of the Board.

- (h) **"Company"** means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
- (i) **"Consultant"** means an individual (other than an Employee or a Director) or Company, that:
  - (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Issuer or an Affiliate of the Issuer and the individual or the Company, as the case may be;
  - (iii) in the reasonable opinion of the Issuer, spends or will spend a significant amount of time and attention on the affairs and business of the Issuer or an Affiliate of the Issuer; and
  - (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the individual to be knowledgeable about the business and affairs of the Issuer.
- (j) **"Control"** means, with respect to any Person, the possession, directly or indirectly, severally or jointly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.
- (k) **"Director"** means a director, senior officer or Management Company Employee of the Issuer, or a director, senior officer or Management Company Employees of the Issuer's subsidiaries.
- (l) **"Disability"** means a physical injury or mental incapacity of a nature which the Committee determines prevents or would prevent the Grantee from satisfactorily performing the substantial and material duties of his or her position with the Issuer.
- (m) **"Disinterested Shareholder Approval"** means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom Shares may be issued pursuant to this RSU Plan.
- (n) **"Effective Date"** means the date as of which an Award shall take effect, provided that the Effective Date shall not be a date prior to the date the Granting Authority determines an Award shall be made and, unless otherwise specified by the Granting Authority, the Effective Date will be the date the Granting Authority determines an Award shall be made.
- (o) **"Eligible Person"** means a Director, officer, Employee, Management Company Employee, Consultant or eligible charitable organization that is the recipient of security-based compensation granted or issued by the Issuer.
- (p) **"Eligible Retirement"** means, if determined by the Granting Authority in its sole discretion, termination of service, under circumstances as shall constitute retirement for age as determined by the Granting Authority or in accordance with the written policies established by the Granting Authority as they may be amended or revised from time to time.
- (q) **"Employees" means:**
  - (i) an individual who is considered an employee under the ITA (such as an individual for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at the source) of the Issuer or any Affiliate;

- (ii) an individual who works full-time for the Issuer or any Affiliate thereof providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or any Affiliate thereof over the details and methods of work as an employee of the Issuer or any Affiliate thereof, but for whom income tax deductions are not made at the source; or
  - (iii) an individual who works for the Issuer or any Affiliate thereof on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Issuer or any Affiliate thereof over the details and methods of work as an employee of the Issuer or any Affiliate thereof, but for whom income tax deductions are not made at the source.
- (r) **"Exchange"** means the TSXV or such other stock exchange where the Shares are listed for trading as at the relevant time.
- (s) **"Grant Date"** means the date on which an Award is granted to a Participant.
- (t) **"Granting Authority"** means the Board, the Committee or other committee, as applicable, that is charged with exercising the powers and responsibility as to a specific matter in question affecting this RSU Plan or an Award.
- (u) **"Insiders"** has the same meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (v) **"Issuer"** means Sonoro Energy Ltd., a corporation existing under the Act, and includes any successor corporation thereof.
- (w) **"Investor Relations Activities"** has the same meaning ascribed to that term in section 1.2 of Policy 1.1 of the TSXV.
- (x) **"ITA"** means the Income Tax Act (Canada) and any regulations thereunder as amended from time to time.
- (y) **"Management Company Employee"** means an individual employed by a Person providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a Person involved in Investor Relations Activities relating to the Issuer.
- (z) **"Option"** means an option granted in accordance with the terms of the Stock Option Plan to purchase a Share.
- (aa) **"Participants"** or **"Grantees"** means those individuals to whom Awards have been granted from time to time under the RSU Plan.
- (bb) **"Performance Criteria"** means such financial, personal and/or other performance criteria as may be determined by the Granting Authority with respect to Awards of Restricted Share Units and, for greater certainty, the Committee may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Issuer and any other factors which the Granting Authority deems appropriate and relevant.
- (cc) **"Permitted Assign"** means for a person that is an Employee, Director or Consultant of the Issuer or any of its Affiliates, a holding entity (as defined in National Instrument 45-106) of the person or an RRSP or RRIF of the Person.
- (dd) **"Person"** means a Company or an individual.

- (ee) **"Restricted Period"** means the period established by the Granting Authority with respect to an Award during which the Award either remains subject to forfeiture or is not exercisable by the Participant.
- (ff) **"Restricted Share Unit"** means a right, granted in accordance with section 6 hereof, to receive a Share.
- (gg) **"RSU Plan"** means this Restricted Share Unit Plan, as amended and restated from time to time.
- (hh) **"Shareholder Approval Date"** means the date on which this RSU Plan is approved by the shareholders of the Issuer.
- (ii) **"Shares"** means the common shares of the Issuer, as adjusted in accordance with the provisions of section 9 hereof.
- (jj) **"Stock Option Plan"** means the Issuer's stock option plan as it exists on the date hereof and as may be amended from time to time.
- (kk) **"Termination"** means: (i) in the case of an Employee, the termination of the employment of the Employee with or without cause by the Issuer or an Affiliate or the cessation of employment of the Employee with the Issuer or an Affiliate, other than the Eligible Retirement, of the Employee; and (ii) in the case of a Consultant, the termination of the services of the Consultant by the Issuer or any Affiliate.
- (ll) **"TSXV"** means the TSX Venture Exchange.
- (mm) **"TSXV Hold Period"** means the day that is four months and one day after the date of granting of the Award.
- (nn) **"Vested" or "Vesting"** means, with respect to an Award, that the applicable conditions established by the Granting Authority or this RSU Plan have been satisfied or, to the extent permitted under the RSU Plan, waived, whether or not the Participant's rights with respect to such Award may be conditioned upon prior or subsequent compliance with any confidentiality, non-competition or non-solicitation obligations.

### 3. Administration

- (a) **Powers of the Board and the Committee.** Subject to and consistent with the terms of the RSU Plan, applicable law and applicable rules of the Exchange, and subject to the provisions of any charter adopted by the Board with respect to the powers, authority and operation of the Committee (as amended from time to time), the Board will have the general power to administer the RSU Plan in accordance with its terms (including all powers specified in clause 3(a)(ii) hereof and make all determinations required or permitted to be made, provided, however, that the Board may delegate all or any portion of such powers to the Committee or to other committees and provided, further, that with respect to Awards of the Issuer's executive officers, the Committee shall have such powers as are set forth in clause 3(a)(i) hereof.
  - (i) **Specific Provisions Concerning Delegation of Authority to the Committee.** In addition to any authority of the Committee specified under any other terms of the RSU Plan, and notwithstanding any other provision herein to the contrary, insofar as Awards under the RSU Plan are to be made to executive officers, the Committee will make recommendations to the Board with respect to Awards.

The foregoing shall not limit the Board in delegating any other powers to the Committee or in delegating any or all determinations or other powers with respect to certain types of Awards, including the full power

to make Awards and to exercise the other powers set forth in clause 3(a)(ii) hereof and the other powers granted herein to the Granting Authority.

(ii) Specific Powers of the Granting Authority. Without limiting the lead-in paragraph of subsection 3(a) hereof, the powers of the Granting Authority shall include the powers to, subject to subsection 10(c) hereof:

- (1) interpret the RSU Plan and instruments of grant evidencing the Awards;
- (2) prescribe, amend and rescind such procedures and policies, and make all determinations it deems necessary or desirable for the administration and interpretation of the RSU Plan and instruments of grant evidencing Awards;
- (3) determine those Persons who are eligible to be Participants, grant one or more Awards to such Persons and approve or authorize the applicable form and terms of the related instrument of grant;
- (4) determine the terms and conditions of Awards granted to any Participant, including, without limitation, and subject always to the RSU Plan (1) subject to subsection 4(b) and 4(c), the type, and number of Shares subject to an Award, (2) the conditions to the Vesting of an Award or any portion thereof, including terms relating to lump sum or instalment Vesting, the period for achievement of any applicable Performance Criteria as a condition to Vesting and the conditions, if any, upon which Vesting of any Award or portion thereof will be waived or accelerated without any further action by the Granting Authority, (3) the circumstances upon which an Award or any portion thereof shall be forfeited, cancelled or expire, (4) the consequences of a Termination with respect to an Award, (5) the manner of exercise or settlement of the Vested portion of an Award, including whether an Award shall be settled on a current or deferred basis, and (6) whether and the terms upon which any Shares delivered upon exercise or settlement of an Award must continue to be held by a Participant for any specified period;
- (5) set forms of consideration, if any, to be paid with respect to the settlement of an Award (except to the extent certain forms of consideration must be paid to satisfy the requirements of applicable law);
- (6) determine whether and the extent to which any Performance Criteria or other conditions applicable to Vesting of an Award have been satisfied or shall be waived or modified;
- (7) amend the terms of any instrument of grant or other documents evidencing Awards; provided, however, that subject to subsection 5(d) hereof, no amendment of an Award may, without the consent of the holder of the Award, adversely affect such Person's rights with respect to such Award in any material respect;
- (8) accelerate or waive any condition to the Vesting of any Award, all Awards, any class of Awards or Awards held by any group of Participants; and

- (9) determine whether and the extent to which adjustments shall be made pursuant to section 9 hereof and the terms of any such adjustments.

However, the Granting Authority shall not have any discretion under this subsection 3(a) or any other provisions of the RSU Plan that would modify the terms or conditions of any Award that is intended to be exempt from the definition of “salary deferral arrangement” in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt. The Granting Authority will also exercise its discretion in good faith in accordance with the Issuer’s intention that the terms of the Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rules of the Exchange.

- (b) **Effects of Granting Authority’s Decision.** Any action taken, interpretation or determination made, or any rule or regulation adopted by the Granting Authority pursuant to this RSU Plan shall be made in its sole discretion and shall be final, binding and conclusive on all affected Persons, including, without limitation, the Issuer, any of its Affiliates, any Grantee, holder or beneficiary of an Award, any shareholder and any Eligible Person.
- (c) **Liability Limitation and Indemnification.** No member of the Granting Authority or the Board generally shall be liable for any action or determination made in good faith pursuant to the RSU Plan or any instrument of grant evidencing any Award granted under the RSU Plan. To the fullest extent permitted by law, the Issuer shall indemnify and save harmless, and shall advance and reimburse the expenses of, each Person made, or threatened to be made, a party to any action or proceeding in respect of the RSU Plan by reason of the fact that such Person is or was a member of the Granting Authority or is or was a member of the Board in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.
- (d) **Delegation and Administration.** The Granting Authority may, in its discretion, delegate such of its powers, rights and duties under the RSU Plan, in any way as it may determine, from time to time, on terms and conditions as it may determine, except the Granting Authority shall not, and shall not be permitted to, delegate any such powers, rights or duties: (i) with respect to the grant, amendment, administration or settlement of any Award of a Participant, (ii) with respect to the establishment or determination of the achievement of the Performance Criteria, or (iii) with respect to any matter that would be in violation of applicable law or the rules of any Exchange. The Granting Authority may also appoint or engage a trustee, custodian or administrator to administer and implement the RSU Plan or any aspect of it, subject to the exception of the immediately preceding sentence hereof.

#### **4. Shares Subject to the Plan**

- (a) **Aggregate Plan Limits.** Subject to adjustment pursuant to section 9 hereof, the maximum aggregate number of Shares that may be reserved for issue at any given time in connection with the Awards granted under this RSU Plan shall not exceed 22,333,407 Shares (being 10% of the issued and outstanding Shares as at April 11, 2024, the date on which the Board approved this RSU Plan) less the number of Shares issuable at any given time to all Eligible Persons under the Stock Option Plan and any other security-based compensation arrangements, unless Disinterested Shareholder Approval for an additional listing of Shares under this RSU Plan has been obtained.
- (b) **Certain Additional Limits.** Notwithstanding anything to the contrary in this RSU Plan, as long as the Shares are listed on the TSXV,
- (i) the maximum number of Shares which may be reserved for issue pursuant to this RSU Plan to any one person within a 12 month period shall not exceed 11,166,704 Shares (being 5% of the issued and outstanding Shares as at the date on which the Board approved the RSU Plan) less the number of Shares issuable in any such 12 month period to such Person under all other security-based compensation arrangements, calculated as



at the date of grant or issuance of any Person, unless the Issuer has received Disinterested Shareholder Approval;

- (ii) the number of Shares which may be reserved for issue pursuant to this RSU Plan together with the Shares which may be reserved for issue pursuant to any other employee-related plan of the Issuer or options for services granted by the Issuer, including the Stock Option Plan, to all Insiders shall not exceed 10% of the number of Shares issued and outstanding on a non-diluted basis at any point in time unless the Issuer has received Disinterested Shareholder Approval;
- (iii) the maximum number of Shares which may be reserved for issue pursuant to this RSU Plan to all Insiders within a 12 month period shall not exceed 23,333,408 Shares (being 10% of the issued and outstanding Shares as at the date on which the Board approved this RSU Plan) less the number of Shares issuable to all Insiders in any such 12 month period under all other security-based compensation arrangements, calculated as at the date of grant or issuance of any Insider, unless the Issuer has received Disinterested Shareholder Approval; and
- (iv) the maximum number of Shares which may be reserved for issue pursuant to this RSU Plan to any one Consultant in any 12 month period shall not exceed 4,466,682 Shares (being 2% of the issued and outstanding Shares as at the date on which the Board approved this RSU Plan) less the number of Shares issuable in any such 12 month period to such Consultant under all other security-based compensation arrangements, calculated as at the date of grant or issuance, unless the Issuer has received Disinterested Shareholder Approval.

For the purposes of determining compliance with the above restrictions, the Granting Authority will take into account Shares reserved or issued pursuant to Options together with Shares reserved or issued pursuant to all of the Issuer's security-based compensation arrangements (including this RSU Plan) to the extent required by applicable law and applicable rules of the TSXV. In accordance with the applicable rules of the TSXV, no RSUs may be granted to persons involved in Investor Relations Activities.

- (c) **Source of Shares.** Except as expressly provided in the RSU Plan, Shares delivered to Participants in connection with the exercise or settlement of Awards may be authorized but unissued Shares, Shares purchased in the open-market or in private transactions. The Board shall take such action as may be necessary to authorize and reserve for issue from unissued Shares such number of Shares as may be necessary to permit the Issuer to meet its obligations under the RSU Plan, provided, however, that the Issuer may satisfy its obligations from treasury shares or Shares purchased in the open market or private transactions.
- (d) **Legends.** In addition to any resale restrictions required under applicable securities laws or the policies of the TSXV, all Awards issued to Insiders and any Shares issued upon the Vesting of the Awards prior to the expiry of the TSXV Hold Period, must be legended as prescribed under the policies of the TSXV with the TSXV Hold Period commencing on the date the Awards were granted.

## **5. General Provisions Relating to Awards**

- (a) **Eligibility.** Awards will be granted only to those Persons who are, at the time of the grant, Eligible Persons. If any Participant is (pursuant to the terms of his or her employment or otherwise) subject to a requirement that he or she not benefit personally from an Award, the Granting Authority may grant any Award to which such Person would otherwise be entitled to the Person's employer or to any other entity designated by them that directly or indirectly imposes such requirement on the Person. The Granting Authority shall have the power to determine other eligibility requirements with respect to Awards or types of Awards.

- (b) **Terms of Grant.** Subject to the other express terms of this RSU Plan, grants of Awards under the RSU Plan shall contain such terms and conditions as the Granting Authority may specify. Without limiting the foregoing,
- (i) Each Award granted under the RSU Plan shall be evidenced by an instrument of grant, in such form or forms as the Granting Authority shall approve from time to time, which shall set forth such terms and conditions consistent with the terms of the RSU Plan as the Granting Authority may determine. Each instrument of grant shall set forth, at a minimum, the type and Effective Date of the Award evidenced thereby, the number of Shares subject to such Awards and the applicable Vesting conditions. Reference in the RSU Plan to an instrument of grant shall include any supplements or amendments thereto.
  - (ii) The term or Restricted Period of each Award that is a Restricted Share Unit shall be for such period as may be determined by the Granting Authority, provided, however, that in no event shall the term of any Restricted Share Unit exceed a period of 10 years (or such other shorter term as may be required in respect of an Award so that such Award does not constitute a “salary deferral arrangement” as defined in subsection 248(1) of the ITA), subject to extension of such term where such term expires during the Restricted Period, provided that such extension may not be longer than 10 business days after the expiry of the Restricted Period.
  - (iii) The terms, conditions and/or restrictions contained in an Award may differ from terms, conditions and restrictions contained in any other Awards.
  - (iv) The Granting Authority may specify such other terms and conditions, consistent with the terms of the RSU Plan, as the Granting Authority shall determine or as shall be required under any other provisions of the RSU Plan. Such terms may include, without limitation, provisions requiring forfeiture of Awards in the event of termination of employment by the Participant and provisions permitting a Participant to make elections relating to his or her Award.
- (c) **Vesting Conditions.** Subject to terms of the RSU Plan, the Granting Authority shall determine any and all conditions to the Vesting of all and/or any portion of Awards and shall specify the material terms thereof in the applicable instrument of grant on, or as soon as reasonably practicable following, the Effective Date of the Award. Vesting of an Award, or portion thereof, may be conditioned upon passage of time, continued employment, satisfaction of Performance Criteria, or any combination of the foregoing, as determined by the Granting Authority, provided that no Restricted Share Units granted pursuant to this RSU Plan may vest before one year from the date of grant, other than where accelerated vesting is expressly permitted pursuant to Section 5(d) herein.
- (d) **Change of Control.** Unless otherwise provided in the Award or by direction of the Granting Authority as to all or any type of number of Awards, in the event of a Change of Control and notwithstanding any other Vesting or other restrictions or conditions, the Granting Authority may take whatever action with respect to the Awards outstanding that it deems necessary or desirable, including following:
- (i) The Granting Authority may waive all restrictions and conditions of all Restricted Share Units then outstanding with the result that those types of Awards shall be deemed satisfied, and the Restricted Period or other limitations on payment in full with respect thereto shall be deemed to have expired, as of the date of the Change of Control or such other date as may be determined by the Granting Authority.
  - (ii) Notwithstanding the above provision of this subsection 5(d), but subject to any contractual rights created by the terms of an Award, the Granting Authority shall not be required to take any action described in the preceding provisions, and any decision made by the



Granting Authority, in its sole discretion, not to take some or all of the actions described in the preceding provisions shall be final, binding and conclusive with respect to the Issuer and all other interested Persons. Any acceleration of Vesting shall be deemed to have occurred immediately prior to the Change of Control, no matter when the determination of the Granting Authority occurs.

- (iii) If approved by the Board prior to or within 30 days after such time as a Change of Control shall be deemed to have occurred, the Board shall have at any time the right to require that all or any portion of the Awards be settled and discharged in cash based on the "cash value" of such Awards in lieu of settlement by issue of Shares. Such requirement may be specified in any arrangement relating to such Change of Control transaction to which the Issuer is a party or may be specified in any notice sent by the Issuer, which arrangement or notice may also specify the terms and timing of such settlement. If not so specified, the Board may require settlement at any time within a 45-day period immediately following the date that the Change of Control is deemed to have occurred. The Issuer may require Participants to verify the amount and completeness of any settlement of Awards as a condition to the final settlement and payment.
- (e) **Fractional Shares.** No fractional Shares shall be issued under the RSU Plan and there shall be no entitlement or payment for any fractional Shares and no payment shall be made in lieu of a fractional Share.
- (f) **Compliance with the ITA.** The terms and conditions applicable to any Award (or portion thereof) granted to a Participant who is subject to taxation under the ITA are intended to comply with the ITA. Without limiting the foregoing,
  - (i) the terms of any such Award (or portion thereof) permitting the deferral of payment or other settlement thereof shall be subject to such requirements and shall be administered in such manner as the Committee may determine to be necessary or appropriate to comply with the applicable provisions of the ITA as in effect from time to time; and
  - (ii) any elections allowed to be exercised by a Participant shall be deemed to be void or shall be deemed amended or altered so as not to cause the Award to be considered a "salary deferral arrangement" under the ITA, as defined in subsection 248(1) or create adverse tax consequences under the ITA.

## **6. Restricted Share Units**

- (a) **Grants.** The Granting Authority may from time to time grant one or more Awards of Restricted Share Units to Eligible Persons on such terms and conditions, consistent with the RSU Plan, as the Granting Authority shall determine and which terms shall be contained in a grant agreement substantially in the form annexed hereto as Schedule A.
- (b) **Vesting Terms.** Restricted Share Units shall become Vested at such times, in such instalments and subject to such terms and conditions consistent with section 8 hereof as may be determined by the Granting Authority and set forth in the applicable instrument of grant, provided that the conditions to Vesting of Restricted Share Units may be based on the Participant's continued employment and having regard to the satisfaction of any Performance Criteria established by the Granting Authority, provided however that Restricted Share Units shall become Vested and be paid out no later than December 31 of the third calendar year following the calendar year in which the Grantee rendered the services in respect of which the Award is being made.

Notwithstanding the foregoing, Restricted Share Units shall also Vest in accordance with the following terms:

- (i) upon the death of the Participant, a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the death, will Vest on the date the Issuer is duly notified of the Participant's death. The Shares represented by the Restricted Share Units held by the Participant shall be issued, as determined by the Granting Authority, to the Participant's estate forthwith;
  - (ii) in the case of Eligible Retirement of the Participant, a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the Eligible Retirement will Vest on the date of Eligible Retirement, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith;
  - (iii) in the case of total Disability of the Participant, a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the total Disability will Vest within 60 days following the date on which the Participant is determined to be totally disabled, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith; and
  - (iv) in the case of termination without cause by the Issuer of a Participant (other than Eligible Retirement), a pro rata number of the unvested Restricted Share Units credited to the Participant, based on the portion of the applicable vesting period that has been completed as of the date of the termination shall Vest on the date of such termination, and the Shares represented by Restricted Share Units held by the Participant shall be issued to the Participant forthwith. For clarity, where a Participant is terminated for cause or where the Participant has voluntarily terminated his/her employment or service with the Issuer, all unvested Restricted Share Units as at the date of such termination or cessation of service shall be immediately cancelled without liability or compensation therefor and be of no further force and effect.
- (c) **Settlement.** Unless otherwise determined by the Granting Authority (including by the terms of the Award of the RSU Plan) and subject to the immediately preceding sentence and to subsection 6(b) hereof, Restricted Share Units shall be settled upon or as soon as reasonably practicable following the Vesting thereof.
- Settlement of Restricted Share Units in Shares shall be made by payment of (i) delivery of one Share for each such Restricted Share Unit then being settled; or (ii) subject to the approval of the Board, in its sole discretion, a cash equivalent.
- Upon payment of any amount pursuant to settlement of Restricted Share Units granted under this section 6 in Shares or by a cash equivalent, the particular Restricted Share Units in respect of which such payment was made shall be cancelled and no further payments (whether in Shares, cash or otherwise) shall be made in relation to such Restricted Share Units.
- If any Restricted Share Unit is cancelled in accordance with the terms of the RSU Plan or the agreements evidencing the grant, the Shares reserved for issue pursuant to such Award shall, upon cancellation of such Restricted Share Unit, revert to the RSU Plan and shall be available for other Awards.
- (d) **Dividend Equivalents.** Neither the Participant nor his or her legal personal representative shall have any rights or privileges of a shareholder in respect of any of the Shares issuable upon exercise of the Award granted to him or her (including any right to receive dividends or other distributions therefrom or thereon) unless and until certificates representing such Shares have been issued and delivered.

(e) **No Other Benefit.**

- (i) No amount will be paid to, or in respect of, a Participant (or a Person with whom the Participant does not deal at arm's length within the meaning of the ITA) under the RSU Plan to compensate for a downward fluctuation in the price of a Share or the value of any Award granted, nor will any other form of benefit be conferred upon, or in respect of, a Participant (or a person with whom the Participant does not deal at arm's length within the meaning of the ITA), for such purpose.
- (ii) The Issuer makes no representations or warranties to Participants with respect to the RSU Plan or any Restricted Share Unit whatsoever. Participants are expressly advised that the value of any Restricted Share Unit in the RSU Plan will fluctuate as the trading price of the Shares fluctuates.
- (iii) In seeking the benefits of participation in the RSU Plan, a Participant agrees to exclusively accept all risks associated with a decline in the trading price of the Shares and all other risks associated with the holding of Restricted Share Units.

**7. Consequences of Termination**

(a) **General Provisions.** Unless otherwise determined by the Granting Authority (including by the terms of the Award or the RSU Plan).

- (i) If a Grantee is terminated for any reason whatsoever other than death, total Disability, Eligible Retirement, termination without cause by the Issuer, subject to subsection 6(c) hereof, any non-vested Award granted pursuant to the RSU Plan outstanding at the time of such termination and all rights thereunder shall wholly and completely terminate and no further Vesting shall occur.
- (ii) If employment of a Grantee is terminated for cause or retirement which is not Eligible Retirement or is otherwise voluntarily terminated by the Grantee, any non-Vested Award granted pursuant to the RSU Plan outstanding at the time of such termination and all rights thereunder shall wholly and completely terminate and no further Vesting shall occur.

(b) **Discretion of the Granting Authority.** Notwithstanding any other provision hereof and without limiting the discretion of the Granting Authority, the Granting Authority may (whether by terms of the Award or by its election notwithstanding the terms of an Award):

- (i) allow non-Vested Awards to be treated as Vested upon termination of employment or service of a Participant, as to any or all of termination, death or total Disability;
- (ii) provide that the Awards with respect to certain classes, types or groups of Participants will have different acceleration, forfeiture, termination, continuation or other terms than other classes, types or groups of Participants;
- (iii) provide for the continuation of any Award for such period which is not longer than 12 months and upon such terms and conditions as are determined by the Granting Authority in the event that a Participant ceases to be an Eligible Person;
- (iv) subject to the applicable rules of the Exchange, provide that Vested Awards may be exercised for periods longer or different from those set forth in subsection 7(a) hereof; or
- (v) set any other terms for the exercise or termination of Awards upon termination of employment or service.

Notwithstanding the foregoing, all Awards granted to Participants who are subject to the ITA shall be on terms that will be designed to prevent them from being considered a “salary deferral arrangement” as defined in subsection 248(1) of the ITA.

- (c) **Leave of Absence.** If an Employee is on sick leave or other *bona fide* leave of absence, such Person shall be considered an “Employee” for purposes of an outstanding Award during the period of such leave, provided that it does not exceed 90 days (or such longer period as may be determined by the Granting Authority in its sole discretion), or, if longer, so long as the Person’s right to reemployment is guaranteed either by statute or by contract. If the period of leave exceeds 90 days (or such longer period as may be determined by the Granting Authority in its sole discretion), the employment relationship shall be deemed to have been terminated on the 91st day (or the first day immediately following any period of leave in excess of 90 days as approved by the Granting Authority) of such leave, unless the Person’s right to reemployment is guaranteed by statute or contract.

## **8. Transferability**

- (a) **Transfer Restrictions.** Unless otherwise provided in the instrument of grant evidencing an Award, no Award, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. No such interest shall be subject to execution, attachment or similar legal process including without limitation seizure for payment of the Participant’s debts, judgments, alimony or separate maintenance.
- (b) **Transfer upon Death of Participant.** In the case where transfer is made following the death of a Participant to the Participant’s legal personal representative, such legal personal representative may only receive the entitlement under the Award provided that it is exercised (if exercisable) at any time up to and including, but not after, 5:00 p.m. (Calgary time) on the date which is one year following the date of death of the Participant or up to 5:00 p.m. (Calgary time) on the date on which the Award granted to such participant expires, whichever is the earlier; such entitlement shall only occur in cases where the Award has Vested in accordance with the provisions of the RSU Plan and where it is found that the Participant is legally entitled to the Award.

## **9. Adjustments**

- (a) **No Restriction on Action.** The existence of the RSU Plan and/or the Awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Issuer to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Issuer, (ii) any merger, consolidation, amalgamation or change in ownership of the Issuer, (iii) any issue of bonds, debentures, capital, preferred or prior preference shares ahead of or affecting the capital Share of the Issuer or the rights thereof, (iv) any dissolution or liquidation of the Issuer, (v) any sale or transfer of all or any part of the assets or business of the Issuer, or (vi) any other corporate act or proceeding with respect to the Issuer. No Participant or any other Person shall have any claim against any member of the Board or the Granting Authority, or the Issuer or any employees, officers or agents of the Issuer as a result of any such action.
- (b) **Recapitalization Adjustment**
  - (i) In the event that (A) a dividend shall be declared upon the Shares or other securities of the Issuer payable in Shares or other securities of the Issuer, (B) the outstanding Shares shall be changed into or exchanged for a different number or kind of shares or securities of the Issuer or of another corporation or entity, whether through an arrangement, plan of arrangement, amalgamation, or other similar statutory procedure or a share recapitalization, subdivision, consolidation or otherwise, (C) there shall be any change,

other than those specified in (A) or (B) above, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, or (D) there shall be a distribution of assets or shares to shareholders of the Issuer out of the ordinary course of business then, the Granting Authority shall determine whether an adjustment in the number or kind of Shares theretofore authorized but not yet covered by Awards, in the number or kind of Shares theretofore subject to outstanding Awards, in the number or kind of Shares generally available for Awards or available in any calendar year under the RSU Plan and/or such other adjustment as may be appropriate should be made, in order to ensure that, after any such event, the Shares subject to the RSU Plan and each Participant's proportionate interest shall be maintained substantially as before the occurrence of the event, and if the Granting Authority determines that an adjustment should be made, such adjustment shall be made and be effective and binding for all purposes. Any such adjustment, other than a Share consolidation or Share split shall be subject to approval of the TSXV.

- (ii) Notwithstanding the above, any adjustments made to the number of Shares subject to outstanding Awards shall be subject to the limits set out in Section 4 of this RSU Plan. Should the Company not have a sufficient number of Shares available under this RSU Plan to increase the number of Shares subject to outstanding Awards under Section 9(b)(i) or if the adjustment to the number of Shares issuable upon such adjustment will result in any breach of the limitations set out in Section 4, the Company must satisfy its obligations under Section 9(b)(i) in cash on the same terms and in the same manner as the dividend or distribution on the Shares which gave rise to the adjustment.
- (iii) Any adjustment to any Award granted to a Participant which has been designed to fall within a specific exemption to the definition of "salary deferral arrangement" in subsection 248(1) of the ITA shall be such as to ensure the continued availability of such exemption.

## 10. Amendment and Termination

- (a) **General.** Subject to the provisions of subsection 10(c) hereof, the Board may amend, suspend or terminate this RSU Plan, or any portion thereof, at any time, subject to those provisions of applicable law and the rules of the Exchange, if any, that require the approval of shareholders or any governmental regulatory body.
- (b) **Amendments Specifically Permitted.** Without limiting the generality of the foregoing, the Board may make the following types of amendments to the RSU Plan without seeking shareholder approval (unless and to the extent prohibited by applicable law or rule of an Exchange):
  - (i) amendments of a technical, clerical or "housekeeping" nature including, without limiting the generality of the foregoing, any amendments for the purpose of curing any ambiguity, error or omission in the RSU Plan or to correct or supplement any provision of the RSU Plan that is inconsistent with any other provision of the RSU Plan;
  - (ii) amendments necessary to comply with the provisions of applicable law and the applicable rules of the Exchange;
  - (iii) amendments necessary in order for Awards to qualify for favourable treatment under the ITA or under the United States Internal Revenue Code;
  - (iv) amendments respecting administration of the RSU Plan;
  - (v) any amendments to the vesting provision of the RSU Plan or any Award;

- (vi) any amendments to the early termination provisions of the RSU Plan or any Award, whether or not such Award is held by an Insider, provided such amendment does not entail an extension of an Award beyond the original expiry date;
  - (vii) any amendments in the termination provision of the RSU Plan or any Award, other than an Award held by an Insider in the case of an amendment extending the term of an Award, provided any such amendment does not entail an extension of the expiry date of such Award beyond its original expiry date;
  - (viii) adjustments to outstanding Awards in the event of a Change of Control or similar transaction entered into by the Issuer;
  - (ix) amendments necessary to suspend or terminate the RSU Plan; and
  - (x) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules of the Exchange.
- (c) **Shareholder Approval.** To the extent required by applicable law or by the rules of the Exchange, shareholder approval will be required for the following types of amendments:
- (i) any amendment extending the term of an Award beyond its original expiry date except as otherwise permitted by the RSU Plan;
  - (ii) any amendment extending eligibility to participate in the RSU Plan to persons other than Eligible Persons;
  - (iii) any amendment permitting the transfer of Awards, other than for normal estate settlement purposes or to a trust governed by a registered retirement savings plan, registered retirement income fund, tax free savings account, registered education savings plan or similar plan;
  - (iv) any amendment increasing the maximum aggregate number of Shares that may be subject to issue at any given time in connection with Awards granted under the RSU Plan;
  - (v) any amendment to these amendment provisions;
  - (vi) the adoption of any option exchange involving an Award; and
  - (vii) any other amendment required to be approved by shareholder under applicable law or rules of a Exchange.

To the extent of any conflict between subsection 10(b) and subsection 10(c) hereof, subsection 10(c) shall prevail.

## 11. Regulatory Approval

Notwithstanding anything herein to the contrary, the Issuer shall not be obligated to cause to be issued any Shares or cause to be issued and delivered any certificates evidencing Shares pursuant to the RSU Plan, unless and until the Issuer is advised by its legal counsel that the issue and delivery of the Shares and such Share certificates is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada, the United States and any other applicable jurisdiction, and the requirements of the Exchange. The Issuer shall in no event be obligated to take any action in order to cause the issue or delivery of Shares or such certificates to comply with any such laws, regulations, and delivery of such Shares or certificates and in order to ensure compliance with such laws, regulations, rules, orders and requirements, that the Participant, or any permitted transferee of the Participant under section 7 hereof



or, after his or her death, the Participant's estate, as described in section 7 hereof, make such covenants, agreements and representations as the Granting Authority deems necessary or desirable.

## **12. No Additional Rights**

No Person shall have any claim or right to be granted Awards under the RSU Plan, and the grant of any Awards under the RSU Plan shall not be construed as giving a Participant any right to continue in the employment of the Issuer or affect the right of the Issuer to terminate the employment of a Participant. Unless otherwise determined by the Granting Authority, neither any period of notice, if any, nor any payment in lieu thereof, upon Termination shall be considered as extending the period of employment for the purposes of the RSU Plan.

## **13. Miscellaneous Provision**

- (a) **Shareholder Rights.** A Participant shall not have the right or be entitled to exercise any voting rights, receive any dividends or have or be entitled to any other rights as a shareholder in respect of Shares subject to an Award unless and until such Shares have been paid for in full and issued and certificates therefor have been issued to the Participant. A Participant entitled to Shares as result of the settlement of a Restricted Share Unit shall not be deemed for any purpose to be, or have any such rights as a shareholder of the Issuer by virtue of such exercise or settlement, except to the extent a Share certificate is issued therefor and then only from the date such certificate is issued. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date such Share certificate is issued.
- (b) **Withholding.** The Issuer or any Affiliate may withhold from any amount payable to a Participant, either under this RSU Plan or otherwise, such amount as may be necessary so as to ensure that the Issuer or any Affiliate will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or that any other required deductions are paid or otherwise satisfied, at the minimum statutory rate. Subject to the other provisions of the RSU Plan, the Issuer shall also have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to a Participant hereunder. The Issuer may require a Participant, as a condition to the settlement of a Restricted Share Unit, to pay or reimburse the Issuer for any such withholding (at the minimum statutory rate) or other required deduction amounts related to the settlement of Restricted Share Units.
- (c) **Governing Law.** The RSU Plan, all instruments of grant evidencing Awards granted hereunder and any other agreements or other documents relating to the RSU Plan shall be interpreted and construed in accordance with the laws of Alberta (and the federal laws having application therein), except to the extent the terms of the RSU Plan, any supplement to the RSU Plan, or the Award in question expressly provides for application of the laws of another jurisdiction. The Granting Authority may provide that any dispute as to any Award shall be presented and determined in such forum as the Granting Authority may specify, including through binding arbitration. Any reference in the RSU Plan, in any instruments of grant evidencing Awards granted hereunder or in any other agreement or document relating to the RSU Plan to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.
- (d) **Compliance with Securities Laws.** The obligation of the Issuer to issue and deliver Shares in accordance with the RSU Plan is subject to applicable securities legislation and to the receipt of any approvals that may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Issuer. If Shares cannot be issued to a Participant upon the exercise of an Award for any reason whatsoever, the obligation of the Issuer to issue such Shares shall terminate and any funds paid to the Issuer in connection with the exercise of such Award will be returned to the relevant Participant as soon as practicable.

- (e) **Compliance with Laws of Other Jurisdictions.** Awards may be granted to Participants who are citizens or residents of a jurisdiction other than Canada or the United States on such terms and conditions different from those under the RSU Plan as may be determined by the Granting Authority to be necessary or advisable to achieve the purposes of the RSU Plan while also complying with applicable local laws, customs and tax practices, including any such terms and conditions as may be set forth in any supplement to the RSU Plan intended to govern the terms of any such Award. In no event shall the eligibility, grant, exercise or settlement of an Award constitute a term of employment, or entitlement with respect to employment, of any employee.
- (f) **Funding.** Except as would not result in adverse tax consequences to a Participant, no provision of the RSU Plan shall require or permit the Issuer, for the purpose of satisfying any obligations under the RSU Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Issuer maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the RSU Plan other than as unsecured general creditors of the Issuer, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other Eligible Persons under general law.
- (g) **No Guarantee of Tax Consequences.** Neither the Board, nor the Issuer nor the Granting Authority makes any commitment or guarantee that any specific tax treatment will apply or be available to any Person participating or eligible to participate hereunder.

#### **14. Effective Date and Term of RSU Plan**

- (a) **Effective Date of the Plan.** The RSU Plan shall initially become effective on the Shareholder Approval Date, and any subsequent amendments to the RSU Plan, shall become effective upon their adoption by the Board, subject to approval by the shareholders of the Issuer at the next annual meeting of shareholders of the Issuer or any adjournment thereof, to the extent required. The effective date of this RSU Plan, as so amended, shall be the date of approval by the shareholders of the Issuer. If the shareholders do not approve the RSU Plan, or any amendments to the RSU Plan requiring shareholder approval, the RSU Plan or such amendments shall not be effective, and any and all actions taken prior thereto under the amendments effected hereby, including the making of any Awards subject to such approval being obtained, shall be null and void or shall, if necessary, be deemed to have been fully rescinded. However, in such case the Stock Option Plan shall remain in effect.
- (b) **Effect on Existing Awards.** Subject to subsection 14(a) hereof all new Awards granted on or after the effective date of the amendments as provided in subsection 14(a) hereof are granted under and subject to the terms of this RSU Plan as amended and restated and all outstanding Options granted under the Stock Option Plan shall continue to be governed by the terms of the Stock Option Plan and to the terms of their individual option agreements as in effect from time to time including provisions concerning change of control or other related events.
- (c) **Termination.** The Board may suspend or terminate the RSU Plan at any time, provided that such suspension or termination shall not affect any Awards that became effective pursuant to the RSU Plan prior to such termination or suspension. The RSU Plan shall automatically terminate on failure to receive requisite shareholder confirmation every year (or such other period of time as required by the Exchange) from the date of its initial approval by shareholders provided that such termination shall not affect any Awards that became effective pursuant to the RSU Plan prior to such termination.



## SCHEDULE A

### RESTRICTED SHARE UNIT AGREEMENT

*[All Awards issued to Insiders must include the following legend:*

*Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and the shares issuable upon the vesting thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert the date that is four months and one day after the Grant Date of the Award].*

THIS RESTRICTED SHARE UNIT AGREEMENT (the “**Agreement**”) is made as of the • day of •, •.

BETWEEN:

**SONORO ENERGY LTD.**

(herein called the “**Issuer**”)

- and -

•

(herein called the “**Grantee**”)

This Agreement is made pursuant to the terms and conditions of the Issuer's Restricted Share Unit Compensation Plan (in effect from time to time, the “**RSU Plan**”), which is incorporated by reference herein. The Grantee accepts the terms and conditions of the RSU Plan and all rules and procedures adopted thereunder, as amended from time to time. In the event of any inconsistency between the terms of this Agreement and the terms of the RSU Plan, the terms of the RSU Plan shall prevail. Certain terms with initial capital letters used in this Agreement have the meanings set out in the RSU Plan.

Each RSU (as defined below) granted to the Grantee hereunder represents a right of the Grantee to receive one common share of the Issuer as presently constituted (each a “**Share**”) on the terms set out herein.

The Issuer has granted to the Grantee, as of the Grant Date set out in exhibit 1 attached hereto, that number of restricted share units (the “**RSUs**”) equal to the number of RSUs set out in exhibit 1 attached hereto, upon the terms and conditions set out in this Agreement, including the following:

**Restricted Share Units.** Each RSU granted to the Grantee hereunder represents a right of the Grantee to receive one Share on the date the said RSU vests.

**Grantee's Notional Account.** The Issuer shall maintain in its books a notional account for the Grantee (the “**Grantee's Account**”) recording the number of RSUs granted to the Grantee and the number of RSUs that have Vested. Upon payment in satisfaction of vested RSUs through Shares or cash, such Vested RSUs shall be cancelled.

**Vesting.** Subject to the earlier vesting provisions set out herein, the RSUs granted by the Issuer to the Grantee as set out on exhibit 1 attached hereto shall vest in accordance with the vesting provisions set out on exhibit 1 attached hereto (provided that in no event will the Grantee become entitled to acquire a fraction of a Share).

Notwithstanding the vesting provisions above, in the event of a Change of Control while the Grantee is employed by the Issuer or a wholly owned subsidiary of the Issuer or in the event that the Grantee terminates employment with the Issuer and its Subsidiaries by reason of Eligible Retirement, death or total Disability (as determined by the Committee in good faith) (each an “**Accelerated Vesting Event**”), the non-vested RSUs will:

- (i) in the case of a Change of Control, Eligible Retirement or death being the Accelerated Vesting Event, immediately become 100% vested, or
- (ii) in the case of total Disability being the Accelerated Vesting Event, vest on the 60th day following the Grantee's termination.

If the Grantee terminates employment with the Issuer and its Subsidiaries for any reason other than such Eligible Retirement, total Disability or death or termination without cause, any non-vested RSUs granted hereunder will be immediately cancelled without liability or compensation therefor and be of no further force and effect. For clarity, where the Grantee voluntarily terminates his/her employment with the Issuer or is otherwise terminated by the Issuer for cause, all non-Vested RSUs of the Grantee shall be immediately cancelled without compensation or liability therefor and be of no further force and effect.

In no event will the Grantee become entitled to acquire a fraction of a Share:

**Settlement of Vested RSUs.** Payment to the Grantee in respect of Vested RSUs will be made in the form of (i) fully paid Shares, which will be evidenced by book entry registration or by a certificate registered in the name of the Grantee; or (ii) subject to approval of the Board, in its sole discretion, a cash equivalent, as soon as practicable following the date on which the RSUs become Vested; provided that the settlement date shall not be later than the third anniversary of the Grant Date and all payments in respect of Vested RSUs in the Grantee's Account shall be paid in full on or before December 31 of the same calendar year.

**No Shareholder Rights.** The Grantee will have none of the rights of a shareholder of the Issuer with respect to any Shares underlying the RSUs, including the right to vote such shares and receive any dividends that may be paid thereon, until such time, if any, that the Grantee has been determined to be a shareholder of record by the Issuer's transfer agent or one or more certificates of Shares are delivered to the Grantee in settlement thereof. Further, nothing herein will confer upon the Grantee any right to remain in the employ of the Issuer or its Subsidiaries.

**RSUs Non-Transferable and Non-Assignable.** RSUs are non-transferable and non-assignable (except to a Grantee's estate as contemplated under this Agreement).

**No Other Benefit.** No amount will be paid to, or in respect of, the Grantee under the RSU Plan to compensate for a downward fluctuation in the value of the Shares, nor will any other form of benefit be conferred upon, or in respect of, the Grantee for such purpose.

The Issuer makes no representations or warranties to the Grantee with respect to the RSU Plan or the RSUs whatsoever. The Grantee is expressly advised that the value of the RSUs in the RSU Plan will fluctuate as the value of Shares fluctuates.

In seeking the benefits of participation in the RSU Plan, the Grantee agrees to exclusively accept all risks associated with a decline in the value of Shares and all other risks associated with participation in the RSU Plan.

**Withholding Tax.** As set out in section 13 of the RSU Plan, if the Issuer determines that under the requirements of applicable tax laws the Issuer is obligated to withhold for remittance to any taxing authority any amount, the Issuer may require the Grantee to pay to the Issuer, such amount as the Issuer is obliged to remit in connection with the issue of the Shares as set out in section 13 of the RSU Plan.

**Income Taxes:** The Grantee acknowledges that he/she will be liable for income tax relating to grants and dispositions of RSUs. The Grantee hereby acknowledges that the Issuer is making no representation to him/her regarding taxes applicable to the Grantee and the Grantee will confirm the tax treatment with his/her own tax advisor.

**No Inducement.** By executing a copy of this Agreement, the Grantee hereby accepts the grant of RSUs and hereby confirms and acknowledges that his or her participation in the RSU Plan is voluntary and that he or she has not been induced to enter into this Agreement or participate in RSU Plan by expectation of employment or continued employment with the Issuer.

**Reorganization.** The existence of any RSUs shall not affect in any way the right or power of the Issuer or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Issuer's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Issuer or to create or issue any bonds, debentures, shares or other securities of the Issuer or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Issuer or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

**Binding Effect.** This Agreement shall enure to the benefit of and be binding upon the Issuer and the Grantee and each of their respective heirs, executors, administrators, successors and Permitted Assigns.

**Unfunded and Unsecured RSU Plan.** Unless otherwise determined by the Board, this Agreement and the RSU Plan shall be unfunded and the Issuer will not secure its obligations under this Agreement or the RSU Plan. To the extent any Grantee or his or her estate holds any rights by virtue of a grant of RSUs under this Agreement, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Issuer.

**Governing Law.** This Agreement shall be governed by, and interpreted in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to principles of conflict of laws.

**Effective Date.** The effective date of this Agreement shall be the Grant Date.

**Severability.** The invalidity or unenforceability of any provision of the RSU Plan or Agreement shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this Agreement.

**SONORO ENERGY LTD.**

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**Name:**

**Title:**

**Date:**

**GRANTEE**

---

**Signature of Grantee**

**Name:**

**Title:**

**Date:**

**EXHIBIT 1 TO SCHEDULE A**

**SONORO ENERGY LTD.  
RESTRICTED SHARE UNIT COMPENSATION PLAN**

**NOTICE OF RESTRICTED SHARE UNITS GRANTED**

Grantee: \_\_\_\_\_

Address: \_\_\_\_\_

You have been granted Restricted Share Units of Sonoro Energy Ltd. (the "**Issuer**"), as follows:

Grant Date: \_\_\_\_\_

Number of Restricted Share Units: \_\_\_\_\_

Starting Value of Restricted Share Unit Grant: \_\_\_\_\_

Vesting Schedule: \_\_\_\_\_

By your signature and the signature of the Issuer's representative below, you and the Issuer agree that this Restricted Share Unit Grant is granted under and governed by the terms and conditions of the Issuer's Restricted Share Unit Compensation Plan, as amended from time to time.

**SONORO ENERGY LTD.**

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

**Title:**

**Date:**

**GRANTEE**

\_\_\_\_\_  
**Signature of Grantee**

**Name:**

**Title:**

**Date:**