

TOREX GOLD RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting of shareholders (the “**Meeting**”) of Torex Gold Resources Inc. (the “**Company**”) will be held at Vantage Venues, 150 King Street West, 27th Floor, Toronto, Ontario on June 20, 2019 at 10:00 a.m. (Toronto time), for the following purposes:

- to receive the audited financial statements of the Company for the year ended December 31, 2018 and the report of the auditors thereon;
- to elect directors of the Company for the ensuing year;
- to re-appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
- to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve all unallocated share units under the Company’s employee share unit plan;
- to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve all unallocated options under the Company’s incentive stock option plan;
- to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve all unallocated restricted share units and amendments to the Company’s restricted share plan;
- to consider and, if deemed appropriate, pass, with or without variation, a non-binding advisory resolution on executive compensation; and
- to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a management information circular, a form of proxy, and a supplemental mailing list and consent for electronic delivery return card (collectively, the “**Meeting Materials**”). For those shareholders who did not request to receive a copy of the Company’s audited financial statements, a copy is available upon request to the Company and can also be found on the Company’s website at www.torexgold.com or on SEDAR at www.sedar.com.

This year, as described in the notice and access notification mailed to shareholders of the Company, the Company has decided to deliver the Meeting Materials to all registered and non-registered shareholders by posting it to the website found at www.envisionreports.com/HGIQ2019. The use of this alternative means of delivery is more environmentally friendly as it will reduce paper use and it will also reduce the Company’s printing and mailing costs. The Meeting Materials will also be available on SEDAR at www.sedar.com. The Company pays the cost of delivery of proxy materials for all registered and non-registered shareholders.

Shareholders may request copies of the Meeting Materials at no cost by calling toll-free at 1-866-962-0498; or, if outside of North America, by calling 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 647-260-1500.

If you would like more information about the “notice-and-access” rules, please contact Computershare Investor Services Inc., the Company’s registrar and transfer agent, toll-free at 1-866-964-0492.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the form of proxy.

The board of directors of the Company has by resolution fixed the close of business on May 10, 2019 as the record date, being the date for the determination of the registered holders of common shares entitled to notice of and to vote at the Meeting and any adjournment or adjournments thereof.

The board of directors of the Company has by resolution fixed 10:00 a.m. (Toronto time) on June 18, 2019, or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournments, as the time by which proxies to be used or acted upon at the Meeting or any adjournment or adjournments thereof shall be deposited with the Company's transfer agent, Computershare Investor Services Inc., in accordance with the instructions set forth in the accompanying management information circular and in the form of proxy. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

DATED at Toronto, Ontario this 7th day of May, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

"Fred Stanford" (signed)

Fred Stanford

President and Chief Executive Officer

TOREX GOLD RESOURCES INC.
MANAGEMENT INFORMATION CIRCULAR
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TOREX GOLD RESOURCES INC.
MANAGEMENT INFORMATION CIRCULAR
ARTICLE 1
BUSINESS OF THE MEETING

1.1 Receive Financial Statements

The audited consolidated financial statements (“**Financial Statements**”) for the year ended December 31, 2018, as well as management’s discussion and analysis for Torex Gold Resources Inc. (“**Torex**” or the “**Company**”) for the year ended December 31, 2018, will be presented at the annual and special meeting of shareholders (the “**Meeting**”) of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting.

A copy of the Financial Statements and the auditors’ report can be downloaded from the Company’s website (www.torexgold.com). You may also request a copy from the Company (see “Article 19 - Additional Information”).

1.2 Election of Directors

The Board presently consists of nine directors and it is intended that nine directors be elected for the ensuing year. All nine directors will stand for election at the Meeting.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of shareholders of the Company unless his or her office is earlier vacated.

The Company’s by-laws require advance notice to the Company in circumstances where nominations of persons for election to the board of directors (the “**Board**”) are made by shareholders of the Company, other than pursuant to a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (Ontario) (the “**Act**”) or a shareholder proposal made pursuant to the provisions of the Act. As at the date hereof, the Company has not received notice of any director nominations by shareholders in connection with the Meeting.

“Article 9 – Information About Director Nominees - Director Profiles” provides information on each director’s background, education, experience and committee membership.

A shareholder may vote *for* all the nominated directors, vote *for* some of them and *withhold* votes for others or *withhold* votes for all the director nominees (see also “Article 9 – Information About Director Nominees - Majority Voting for Directors”).

The Board and management recommend voting FOR all the nominated directors.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR all the nominated directors.

1.3 Re-appointment of the Auditors

At the Meeting, shareholders will vote on the re-appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration. KPMG LLP was first appointed as auditors of the Company on March 2, 2010. Additional information on the Company’s auditors is included in the Company’s most recent Annual Information Form available on SEDAR at www.sedar.com.

A shareholder may vote *for* the re-appointment of KPMG LLP or *withhold* their vote.

The Board and management recommend voting FOR re-appointing KPMG as the auditors of the Company.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Company until the close of the next annual meeting of shareholders.

1.4 Approval of Unallocated Share Units under the Employee Share Unit Plan

The Company has an employee share unit plan (the “**ESU Plan**”) under which eligible employees and officers of the Company may be granted Share Units (as defined below).

A description of the ESU Plan is set out under “Article 14 – Employee Share Unit Plan” and a copy of the ESU Plan is attached as Schedule “A” to this Circular.

The maximum number of Common Shares issuable under the ESU Plan and all other share compensation arrangements is currently 6.6% of the issued and outstanding Common Shares (on a non-diluted basis). Because the ESU Plan does not have a fixed maximum aggregate number of securities issuable, Section 613 of the TSX Company Manual requires that unallocated options, rights or other entitlements under the ESU Plan must be approved by a majority of the Company’s directors and the Company’s shareholders every three years. The ESU Plan was approved by shareholders on June 9, 2016. Accordingly, the Company must seek shareholder approval at the Meeting for all of the unallocated Share Units under the ESU Plan.

If approval is obtained at the Meeting, the Company will not be required to seek further approval of the award of unallocated Share Units under the ESU Plan until the Company’s 2022 annual general meeting (provided such meeting is held before June 20, 2022). If approval is not obtained at the Meeting, the Company must not award any further Share Units under the ESU Plan and Share Units which had been awarded as of the date of the Meeting and are subsequently cancelled, terminated or redeemed will not be available for a new award of Share Units; however, all Share Units that have been awarded before June 20, 2019 but not yet redeemed will continue unaffected.

Shareholders may vote *for* or *against* the ESU Plan resolution.

The Board and management recommend voting FOR the ESU Plan resolution.

Unless the shareholder has specified in the accompanying form of proxy that his, her or its Common Shares are to be voted against the ESU Plan resolution, the persons named in the accompanying form of proxy will vote the Common Shares represented thereby **FOR** the ESU Plan resolution.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, pass a resolution in the form set out below, subject to such amendments, variations or additions as may be approved at the Meeting, approving the unallocated Share Units issuable pursuant to the ESU Plan.

“BE IT RESOLVED THAT:

- (a) the unallocated Share Units issuable pursuant to the ESU Plan be and are hereby approved and authorized until the date of the Company’s annual shareholders’ meeting to be held in 2022 (provided such meeting is held on or before June 20, 2022); and
- (b) any director or officer is hereby authorized to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments, and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this resolution.”

1.5 Approval of Unallocated Options under the Stock Option Plan

The Company has established a stock option plan (the “**Stock Option Plan**”) under which directors, key employees and consultants of the Company may be granted options to acquire Common Shares (as defined below).

A description of the Stock Option Plan is set out under “Article 15 - Stock Option Plan” and a copy of the Stock Option Plan is attached as Schedule “B” to this Circular.

The maximum number of Common Shares issuable under the Stock Option Plan and all other share compensation arrangements is currently 6.6% of the issued and outstanding Common Shares (on a non-diluted basis). Because the Stock Option Plan does not have a fixed maximum aggregate number of securities issuable, Section 613 of the TSX Company Manual requires that unallocated options, rights or other entitlements under the Stock Option Plan must be approved by a majority of the Company’s directors and the Company’s shareholders every three years. The Stock Option Plan was most recently approved by shareholders on June 9, 2016. Accordingly, the Company must seek shareholder approval at the Meeting for all of the unallocated options under the Stock Option Plan.

If approval is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated options under the Stock Option Plan until the Company's 2022 annual general meeting (provided such meeting is held before June 20, 2022). If approval is not obtained at the Meeting, the Company must not grant any further options under the Stock Option Plan and options which are outstanding as of the date of the Meeting and are subsequently cancelled, terminated or exercised will not be available for a new grant of options; however, all options that have been granted before June 20, 2019 but not yet exercised will continue unaffected.

Shareholders may vote *for* or *against* the Stock Option Plan resolution.

The Board and management recommend voting FOR the Stock Option Plan resolution.

Unless the shareholder has specified in the accompanying form of proxy that his, her or its Common Shares are to be voted against the Stock Option Plan Resolution, the persons named in the accompanying form of proxy will vote the Common Shares represented thereby **FOR** the Stock Option Plan resolution.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, pass a resolution in the form set out below, subject to such amendments, variations or additions as may be approved at the Meeting, approving the unallocated options issuable pursuant to the Stock Option Plan.

"BE IT RESOLVED THAT:

- (a) the unallocated options issuable pursuant to the Stock Option Plan be and are hereby approved and authorized until the date of the Company's annual shareholders' meeting to be held in 2022 (provided such meeting is held on or before June 20, 2022); and
- (b) any director or officer is hereby authorized to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments, and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this resolution."

1.6 Approval of Unallocated Restricted Share Units and Amendments to the Restricted Share Plan

The Company has a restricted share plan (the "**RSU Plan**") under which directors, key employees and consultants of the Company may be granted restricted share units ("**RSUs**"). A description of the RSU Plan, including the amendments described below, is set out under "Article 16 – Restricted Share Plan" and a copy of the RSU Plan, which includes the proposed RSU Plan Amendments (as defined below), is attached as Schedule "C" to this Circular.

The maximum number of Common Shares issuable under the RSU Plan and all other share compensation arrangements is currently 6.6% of the issued and outstanding Common Shares (on a non-diluted basis). Because the RSU Plan does not have a fixed maximum aggregate number of securities issuable, Section 613 of the TSX Company Manual requires that unallocated options, rights or other entitlements under the RSU Plan must be approved by a majority of the Company's directors and the Company's shareholders every three years. The RSU Plan was most recently approved by shareholders on June 9, 2016. Accordingly, the Company must seek shareholder approval at the Meeting for all of the unallocated RSUs under the RSU Plan.

Shareholders are also being asked to approve the RSU Plan Amendments, which permit the Board to extend a Deferred Payment Date (as such term is defined in the RSU Plan) beyond the participant's retirement date, with the consent of such participant. These amendments give the Board increased flexibility in administering the RSU Plan.

If approval is obtained at the Meeting, the Company will not be required to seek further approval of the award of unallocated RSUs under the RSU Plan until the Company's 2022 annual general meeting (provided such meeting is held before June 20, 2022). If approval is not obtained at the Meeting, the Company must not award any further RSUs under the RSU Plan and RSUs which had been awarded as of the date of the Meeting and are subsequently cancelled, terminated or settled will not be available for a new award of RSUs; however, all RSUs that have been awarded before June 20, 2019 but not yet settled will continue unaffected.

RSU Plan Amendments

Pursuant to the terms of the RSU Plan and Section 613 of the TSX Company Manual, shareholder approval is required for any amendment that provides for an extension of the term under a security based compensation arrangement benefiting an insider. The Board considers it is in the Company's best interests to have additional flexibility in administering the RSU Plan and therefore, subject to the receipt of shareholder approval, has approved amendments to the RSU Plan (the "**RSU Plan Amendments**") as set out below.

In order to permit the Board to extend a Deferred Payment Date beyond a participant's retirement date, with the consent of such participant, the Board proposes to amend the definition of "Deferred Payment Date" and to make a conforming change to Section 3.08 of the RSU Plan by adding the underlined language set out below:

"Deferred Payment Date" for a Participant means the date after the Restricted Period which is the earlier of (i) the date to which the Participant has elected to defer receipt of Restricted Shares; and (ii) the Participant's Retirement Date or such other date determined by the Board with the consent of the Participant;

Section 3.08 **Retirement or Termination after Restricted Period:** In the event of the Retirement or Termination of the Participant following the Restricted Period and prior to a Deferred Payment Date, the Company shall satisfy each Restricted Share Right then held by the Participant as provided in Section 3.02 forthwith if the Deferred Payment Date is the Participant's Retirement Date or such later Deferred Payment Date if the date has been extended with the consent of the Board as contemplated in the definition of "Deferred Payment Date", subject to the provisions of any Employment Agreement.

The RSU Plan Amendments, as well as the unallocated RSUs under the RSU Plan, must be approved by a simple majority of the votes cast by shareholders voting in person or by proxy at the Meeting.

Shareholders may vote *for* or *against* the RSU Plan resolution.

The Board and management recommend voting FOR the RSU Plan resolution.

Unless the shareholder has specified in the accompanying form of proxy that his, her or its Common Shares are to be voted against the RSU Plan resolution, the persons named in the accompanying form of proxy will vote the Common Shares represented thereby **FOR** the RSU Plan resolution.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, pass a resolution in the form set out below, subject to such amendments, variations or additions as may be approved at the Meeting, approving the unallocated RSUs issuable pursuant to the RSU Plan and the RSU Plan Amendments.

"BE IT RESOLVED THAT:

- (a) the unallocated RSUs issuable pursuant to the RSU Plan be and are hereby approved and authorized until the date of the Company's annual shareholders' meeting to be held in 2022 (provided such meeting is held on or before June 20, 2022);
- (b) the proposed amendments to the RSU Plan identified as the "RSU Plan Amendments" and as more particularly described under the heading "Approval of Unallocated Restricted Share Units and Amendments to the Restricted Share Plan" of the Company's management information circular dated May 7, 2019; and
- (c) any director or officer is hereby authorized to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments, and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this resolution."

1.7 "Say on Pay" Advisory Vote

The Board has adopted a policy that provides for an annual advisory shareholder vote on executive compensation known as "Say on Pay". The Say on Pay Policy is designed to enhance accountability for the Board's compensation decisions by giving shareholders a formal opportunity to provide their views on the Board's approach to executive compensation through an annual non-binding advisory vote. This is an advisory vote and the results will not be binding upon the Board. However, the Board will take the results

of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with shareholders on compensation and related matters. The Company will disclose the results of the shareholder advisory vote as a part of its report on voting results for the Meeting.

The Corporation's approach to executive compensation was accepted at the previous shareholder meeting held on June 21, 2018; 61,691,363 (96.12%) of the votes were "for" and 2,489,558 (3.88%) of the votes were "against" the non-binding advisory resolution.

Shareholders are encouraged to review and consider the detailed information regarding the Company's approach to compensation in "Article 11 - Statement of Executive and Director Compensation".

Shareholders may vote *for* or *against* the Say on Pay advisory resolution.

The Board and management recommend voting FOR the Say on Pay advisory resolution.

Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the Say on Pay resolution.

At the Meeting, shareholders will be asked to consider the following non-binding advisory resolution on the acceptance of the Company's approach to executive compensation:

"BE IT RESOLVED THAT, on an advisory basis and not to diminish the role and responsibilities of the Board, that the shareholders accept the approach to executive compensation disclosed in the Company's information circular dated May 7, 2019 and delivered in advance of the Meeting."

**ARTICLE 2
SOLICITATION OF PROXIES**

This management information circular is furnished in connection with the solicitation of proxies by management and the directors of Torex Gold Resources Inc. for use at the Meeting of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting. References in this management information circular to the Meeting include any adjournment(s) thereof. It is expected that the solicitation will be primarily by mail, using notice and access; however, proxies may also be solicited personally by the directors and by regular employees of the Company. The cost of solicitation will be borne by the Company.

The Board of the Company has fixed the close of business on May 10, 2019 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent, Computershare Investor Services Inc., at the address indicated on the envelope accompanying the form of proxy no later than 10:00 a.m. (Toronto time) on June 18, 2019, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Unless otherwise stated, the information contained in this management information circular is as of May 7, 2019. **In this management information circular, all dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.**

**ARTICLE 3
APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the form of proxy are officers and/or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him or her at the Meeting, may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company's transfer agent, Computershare Investor Services Inc., indicated on the envelope accompanying the form of proxy no later than 10:00 a.m. (Toronto time) on June 18, 2019, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting.**

A shareholder forwarding the proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares (the “**Common Shares**”) of the Company represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder’s attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the head office of the Company (Torex Gold Resources Inc., Exchange Tower, 130 King Street West, Suite 740, Toronto, Ontario M5X 2A2, Attention: Mary Batoff, General Counsel and Corporate Secretary) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

ARTICLE 4 EXERCISE OF DISCRETION BY PROXIES

The persons named in the form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the resolutions described above. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

ARTICLE 5 VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Company will have distributed copies of the notice and access notification, a voting instruction form and the supplemental mailing list and consent for electronic delivery return card (collectively, the “**Mailed Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders, and posted this management information circular and the accompanying Notice of Annual and Special Meeting on the website found at www.envisionreports.com/HGIQ2019. The Company is not sending the Mailed Materials directly to non-objecting beneficial owners. The Company intends to pay for Intermediaries to deliver the Mailed Materials to the objecting beneficial owners. See also “Article 6 - Notice and Access” for further information.

Intermediaries are required to forward the Mailed Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Mailed Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Mailed Materials will either:

- be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**voting instruction form**”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-

code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

- be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Company, at the appropriate address noted on the form of proxy.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Mailed Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Mailed Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

ARTICLE 6 NOTICE AND ACCESS

Securities laws governing the delivery of proxy-related materials, permit public companies to advise their shareholders of the availability of the management information circular on an easily-accessible website, rather than mailing physical copies. The use of this alternative means of delivery is more environmentally friendly as it will reduce paper use and the Company's carbon footprint, and it will also reduce the Company's printing and mailing costs. The Company has therefore decided to deliver this management information circular to shareholders by posting it on the website found at www.envisionreports.com/HGIQ2019. This management information circular and related meeting materials will also be available on SEDAR at www.sedar.com. All shareholders will also receive a notice and access notification which will contain information on how to obtain electronic and paper copies of this management information circular in advance of the Meeting.

Shareholders who wish to receive paper copies of this management information circular may request copies at no cost by calling toll-free at 1-866-962-0498; or, if outside of North America, by calling 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 647-260-1500.

Requests for paper copies must be received by June 10, 2019, or at least 10 days in advance of any date the Meeting is adjourned to, in order to receive this management information circular in advance of the proxy deposit deadline (being 10:00 a.m. (Toronto time) on June 18, 2019, or 48 hours prior to any adjourned Meeting date). This management information circular will be sent to such shareholders within three business days of their request, if such requests are made within the foregoing timeframe.

If you would like more information about the "notice-and-access" rules, please contact Computershare Investor Services Inc., the Company's registrar and transfer agent, toll-free at 1-866-964-0492.

**ARTICLE 7
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As of May 7, 2019, 85,266,759 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting has been fixed at May 10, 2019. All such holders of record of Common Shares are entitled either to attend and vote at the Meeting in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached Notice of Annual and Special Meeting, to attend and vote at the Meeting by proxy the Common Shares held by them.

To the knowledge of the directors and executive officers of the Company, as of May 7, 2019, there were no persons, or companies who beneficially owned, directly or indirectly, or exercised control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company, other than:

| Name | Number of Common Shares Held ⁽¹⁾ | Percentage of Common Shares Issued and Outstanding |
|--------------------------------|---|--|
| BlackRock, Inc. | 10,604,862 | 12.44% |
| Van Eck Associates Corporation | 10,589,966 | 12.42% |

Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, is based on the filings made on SEDAR by the shareholder(s) listed above pursuant to National Instrument 62-103.

**ARTICLE 8
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No (a) director or executive officer of the Company who has held such position at any time since January 1, 2018; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the approval of the unallocated Share Units under the ESU Plan, the approval of the unallocated options under the Stock Option Plan, the approval of the unallocated RSUs and amendments to the RSU Plan, and the advisory shareholder vote on executive compensation. See "Section 1.4 – Approval of Unallocated Share Units under the Employment Share Unit Plan", "Section 1.5 – Approval of Unallocated Options under the Stock Option Plan", "Section 1.6 - Approval of Unallocated Restricted Share Units under the Restricted Share Plan" and "Section 1.7 – "Say on Pay" Advisory Vote".

ARTICLE 9 INFORMATION ABOUT DIRECTOR NOMINEES

9.1 Director Profiles

The following profiles set forth information about each director nominee. In addition to each director nominee's involvement with the Company, each nominee has also been involved in the mining or natural resources sector as part of management, a director or an advisor, and has skills and experience that are important in fulfilling a director's responsibilities as a member of the Board.

ANDREW B. ADAMS⁽¹⁾

- Director (Independent)⁽²⁾
- Chartered Accountant (United Kingdom), Bachelor of Social Sciences (Accounting and Statistics)
- Director since: November 26, 2009
- 2018 election results: 63,572,214 "For" (99.05%) and 609,182 "Withheld" (0.95%)
- Age: 62
- Ontario, Canada

Andrew Adams is a corporate director and has over 30 years of international financial experience in extractive industries. He served as Chief Financial Officer of Aber Diamond Corporation from 1999 to 2003 and Chief Financial Officer of Anglo Gold North America from 1995 to 1999. From 2004 onwards, he has served as an independent, non-executive director on several Canadian mineral resource companies. Currently he serves as an independent, non-executive director of First Quantum Minerals Ltd. ("**First Quantum**") and TMAC Resources Inc. ("**TMAC**"). He is the audit committee chair and a member of the corporate governance and nominating committee for both of First Quantum and TMAC. He also serves as a member of the compensation committee for TMAC. Mr. Adams obtained his Bachelor of Social Sciences (Accounting and Statistics) from Southampton University and then qualified as a Chartered Accountant in the United Kingdom in 1981.

Mr. Adams is the Chair of the Audit Committee of the Company. The Board has determined that Mr. Adams is an audit committee financial expert based on his professional designation, education and extensive international financial experience in extractive industries.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|-------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Senior Management Experience | Mining Operations | Compensation/HR | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---|-----------------|------|--|
| Board of Directors | 13 of 13 | 100% | First Quantum Minerals Ltd. TMAC Resources Inc. |
| Audit Committee (Chair) | 5 of 5 | 100% | |
| Corporate Governance and Nominating Committee | 7 of 7 | 100% | |

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| 89,450 | 22,803 | 112,253 | 1,416,633 | 3,411,886 | Yes |

JAMES A. CROMBIE⁽¹⁾

- Director (Independent)⁽²⁾
- Bachelor of Science Hons. (Mining Engineering)
- Director since: March 28, 2011
- 2018 election results: 45,461,318 “For” (70.83%) and 18,720,078 “Withheld” (29.17%)
- Age: 60
- Nassau, Bahamas

Jim Crombie is President and Chief Executive Officer and a director of Odyssey Resources Limited (“**Odyssey**”), a Canadian-based junior exploration company focused on the acquisition, exploration, discovery and development of mineral resource properties. Currently, Odyssey does not own any exploration property and is not carrying out any exploration programs. Mr. Crombie is a mining engineer with over 30 years of broadly based experience in the mining industry. Mr. Crombie has held several senior executive positions with various mining companies, including Hope Bay Gold Corporation, Palmarejo Silver & Gold Corporation until its merger with Coeur d’Alene Mines, and was a mining analyst and investment banker with Shepards, Merrill Lynch, James Capel & Co. and Yorkton Securities. Mr. Crombie is also currently a director of Nickel Mines Limited of which is a member of the audit committee. He graduated from the Royal School of Mines, London, with a Bachelor of Science (Hons).

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------------------|------------------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Mining Operations | Mineral Exploration | Mine Development & Construction | Senior Management Experience |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---------------------------------|-----------------|------|---|
| Board of Directors | 13 of 13 | 100% | Odyssey Resources Limited Nickel Mines Limited |
| Compensation Committee | 7 of 7 | 100% | |
| Health and Safety Committee | 4 of 4 | 100% | |

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| 32,656 | 11,212 | 43,868 | 553,614 | 1,352,686 | Yes |

FRANKLIN L. DAVIS⁽¹⁾

- Director (Independent)⁽²⁾
- Certified Director (ICD.D); Juris Doctor (J.D.), Master of Business Administration, Bachelor of Commerce
- Director since: November 26, 2009
- 2018 election results: 63,854,699 “For” (99.49%) and 326,697 “Withheld” (0.51%)
- Age: 64
- Ontario, Canada

Frank Davis has been counsel to the law firm Bennett Jones LLP since March 2013. He was previously counsel to the law firm Fraser Milner Casgrain LLP (“FMC”) from January 2011 to February 2013, and prior thereto was a partner of FMC, practicing principally in the areas of securities and capital markets, corporate finance, mergers and acquisitions, mining and corporate governance. Mr. Davis has represented various public companies and investment banking firms in public and private offerings of equity and debt securities. He has acted as counsel to offerors, target companies and financial advisors in both hostile and negotiated merger and acquisition transactions and has been active in a variety of takeover bids, mergers, acquisitions, amalgamations, arrangements and divestitures. Mr. Davis is currently a director of TMAC, of which he is chair of the compensation committee and corporate governance and nominating committee and a member of the audit committee. Mr. Davis holds a Bachelor of Commerce, Master of Business Administration and Juris Doctor from the University of Toronto. He is a certified director, Institute of Corporate Directors, and is included in The Best Lawyers in Canada, The Canadian Legal EXPERT Directory, Who’s Who Legal: Canada, The International Who’s Who of Business Lawyers and Canadian Who’s Who.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|-------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Legal | Communications | Compensation/HR | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---|-----------------|------|-------------------------|
| Board of Directors | 13 of 13 | 100% | TMAC Resources Inc. |
| Corporate Governance and Nominating Committee (Chair) | 7 of 7 | 100% | |
| Audit Committee | 5 of 5 | 100% | |

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| 15,000 | 5,511 | 20,511 | 258,849 | 714,097 | Yes |

DAVID A. FENNELLS⁽¹⁾

- Director (Independent)⁽²⁾
- Bachelor of Laws, Bachelor of Arts
- Director since: November 26, 2009
- 2018 election results: 60,838,471 “For” (94.79%) and 3,342,925 “Withheld” (5.21%)
- Age: 66
- Nassau, Bahamas

David Fennell is a corporate director with over 35 years of experience in the mining industry and has held directorships and senior executive positions in several TSX and TSXV listed mining companies, including Golden Star Resources Ltd (“Golden Star”) which he founded in 1983 and during his term as President and CEO, Golden Star became a TSE 300 company. Prior to February 2017, Mr. Fennell served as the Executive Chairman and Interim President and CEO of each of Reunion Gold Corporation and Odyssey Resources Limited and the Executive Chairman of Highland Gold Company Inc. Mr. Fennell currently serves as the Chairman of Reunion Gold Corporation, of which he also serves as a member of the safety, environment and social responsibility committee, and the Chairman of Highland Copper Company Inc. of which he serves as a member of the environment, health and safety committee. He is also a director of Sabina Gold and Silver, of which he is a member of the safety, health and environment committee and a member of the nominating committee. Mr. Fennell obtained a Bachelor of Arts from the University of North Dakota, then graduated from the University of Alberta with a Bachelor of Laws and practiced corporate and resource law for a number of years.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|-------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Senior Management Experience | Legal | Mineral Exploration | Sustainability |
| Communications | Compensation/HR | | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---|-----------------|------|--|
| Board of Directors | 13 of 13 | 100% | Reunion Gold Corporation Highland Copper Company Inc. Sabina Gold and Silver Corp. |
| Corporate Governance and Nominating Committee | 7 of 7 | 100% | |
| Environment and Corporate Social Responsibility Committee | 4 of 4 | 100% | |

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| 11,837 | 4,978 | 16,815 | 212,205 | 476,975 | Yes |

A. TERRANCE MACGIBBON⁽¹⁾

- Chairman of the Board (Independent)⁽²⁾
- Professional Geologist; Certified Director (ICD.D); and Bachelor of Science (Geology)
- Director since: November 16, 2009
- 2018 election results: 61,758,567 “For” (96.23%) and 2,422,829 “Withheld” (3.77%)
- Age: 72
- Ontario, Canada

Terry MacGibbon is the Executive Chairman of TMAC and a registered professional geologist and a certified director, Institute of Corporate Directors, with over 45 years of experience in the mining business. Mr. MacGibbon graduated with a B.Sc. (Hons.) in Geology from St. Francis Xavier University. Prior to 1997, he was employed for 30 years with Inco, culminating in him being responsible for directing Inco’s North American and worldwide exploration activities. Mr. MacGibbon was founder and Chairman and Chief Executive Officer of FNX from 1997 to 2010. Mr. MacGibbon and his team built FNX from a junior exploration company into a mid-tier, multi-billion-dollar, diversified Canadian mining company that produced nickel, copper, and precious metals from its mineral properties in the Sudbury Basin mining camp, Ontario, Canada. In 2010, FNX merged with Quadra to form QUX and from May 2010 to March 2012, he was the Chairman of QUX, which was subsequently sold to KGHM in 2012. Mr. MacGibbon is a co-founder, and since 2006 the Chairman, of INV Metals Inc. a junior resources company exploring and developing the Loma Larga gold project in Ecuador. Mr. MacGibbon is a co-founder, and since 2010 a director and the Chairman, of the Company. He is the founder, and since December 2012 the Executive Chairman, of TMAC and he serves as a member of its corporate social responsibility committee. In 2005, Mr. MacGibbon was awarded the prestigious PDAC’s Developer of the Year award and in 2005 Ernst and Young honoured Mr. MacGibbon for FNX’s successes with an Entrepreneur of the Year award. In 2018, Mr. MacGibbon was inducted into the Canadian Mining Hall of Fame. He has held directorships and senior executive positions in several TSX and TSX Venture Exchange listed mining companies.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------------------|-------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Senior Management Experience | Mineral Exploration | Mine Development & Construction | Mining Operations |
| Communications | Compensation/HR | | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---------------------------------|-----------------|------|--|
| Board of Directors | 12 of 13 | 92% | INV Metals Inc. TMAC Resources Inc. |
| Health and Safety Committee | 4 of 4 | 100% | |

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| 103,350 | Nil | 103,350 | 1,304,277 | 2,826,644 | Yes |

MICHAEL D. MURPHY⁽¹⁾

- Director (Independent)⁽²⁾
- Certified Director (ICD.D); Master of Business Administration; Master of Science (Finance); and Bachelor of Arts
- Director since: April 23, 2008
- 2018 election results: 61,550,375 “For” (95.90%) and 2,631,021 “Withheld” (4.10%)
- Age: 54
- British Columbia, Canada

Michael Murphy is the President and Chief Executive Officer of Global Battery Metals Ltd., a Canadian based mineral exploration company with a focus on metals that make up and support the rapid evolution to battery power, and President of Woodman Capital Ltd., a private consulting company. Mr. Murphy currently serves as an independent director of Ethos Gold Corp. Mr. Murphy previously spent 15 years working in institutional equities in London, with Merrill Lynch, Donaldson, Lufkin & Jenrette and Credit Suisse, where he managed the hedge fund coverage team. Mr. Murphy graduated from the University of British Columbia with a Bachelor of Arts, from the London School of Economics and Political Science with a Master of Science in Finance, and from Saint Mary’s University with a Master of Business Administration and he is a certified director, Institute of Corporate Directors.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|-------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Senior Management Experience | Legal | Sustainability | Communications |
| Compensation/HR | | | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---|-----------------|------|--|
| Board of Directors | 13 of 13 | 100% | Global Battery Metals Ltd. Ethos Gold Corp. |
| Compensation Committee | 7 of 7 | 100% | |
| Environment and Corporate Social Responsibility Committee (Chair) | 4 of 4 | 100% | |

On June 21, 2018, Mr. Murphy was appointed the Chair of the Environment and Corporate Social Responsibility Committee.

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| Nil | 18,772 | 18,772 | 236,903 | 592,151 | Yes |

WILLIAM M. SHAVER⁽¹⁾

- Director (Independent)⁽²⁾
- Professional Engineer; Bachelor of Science in Mining Engineering; and a graduate of the Haileybury School of Mines
- Director since: August 10, 2016
- 2018 election results: 63,511,770 “For” (98.96%) and 669,626 “Withheld” (1.04%)
- Age: 71
- Ontario, Canada

Bill Shaver is a seasoned senior mining executive with over 40 years of expertise in mine construction and operations. His early experience includes Teck, Eldorado Nuclear, New Quebec Raglan, Falconbridge and the Redpath Group working on many projects in roles of increasing responsibility. He was one of the founders of Dynatec Corporation which became one of the leading contracting and mine operating groups in North America. More recently, Mr. Shaver was the COO of FNX Mining from October 2008 to May 2010, Executive Vice President of Denison Mines Limited from August 2006 to September 2008, the President and CEO of DMC Mining Services from October 2008 to August 2016 and Principal, Shaver Engineering Limited from August 2016 to March 2017. Mr. Shaver served as the Chair of the Board Workplace Safety North since its inception in 2009 to 2015. He also sponsors scholarships for Masters and Doctorate students working in the safety area at Laurentian University. Mr. Shaver was recognized as the Ernst and Young Entrepreneur of the Year in 2013 for his devotion to bringing innovation to the mining industry.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|------------------------------|
| General Experience | Board and Governance | Financial Reporting | Senior Management Experience |
| Mine Development and Construction | Mining Operations | Sustainability | Communications |
| Compensation/HR | | | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---|-----------------|------|-------------------------|
| Board of Directors | 13 of 13 | 100% | None |
| Environment and Corporate Social Responsibility Committee (Chair) | 2 of 2 | 100% | |
| Health and Safety Committee (Chair) | 4 of 4 | 100% | |
| Compensation Committee | 4 of 4 | 100% | |

Mr. Shaver was a member and Chair of the Compensation Committee until June 21, 2018. On June 21, 2018, he was appointed a member of the Environment and Corporate Social Responsibility Committee.

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| 9,000 | 18,899 | 27,899 | 352,085 | 718,142 | Yes |

ELIZABETH A. WADEMAN⁽¹⁾

- Director (Independent)⁽²⁾
- Certified Director (ICD.D); Bachelor of Commerce; Chartered Financial Analyst
- Director since: August 10, 2016
- 2018 election results: 61,891,033 “For” (96.43%) and 2,290,363 “Withheld” (3.57%)
- Age: 43
- Ontario, Canada

Elizabeth Wademan is a corporate director with over 23 years of financial services experience as a senior capital markets executive. Ms. Wademan most recently spent 18 years in investment banking at BMO Capital Markets where she was one of the firm’s most senior capital markets professionals, responsible for leading capital markets advisory and complex transactions. She focused on the global metals and mining and technology sectors and was Head of Global Metals & Mining Equity Capital Markets prior to retiring in 2016. As a former Managing Director in Investment Banking, Ms. Wademan has extensive experience in capital markets and strategic advisory as well as a deep expertise in commodities and securities markets. She currently serves on the boards of SSR Mining Inc., BSR Real Estate Investment Trust and St. Joseph’s Health Centre Foundation. Ms. Wademan obtained her Bachelor of Commerce in Finance and International Business from McGill University. She is a CFA charterholder and is a holder of the Institute of Corporate Directors Director designation (ICD.D).

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|-------------------|
| General Experience | Board and Governance | Financial Reporting | Corporate Finance |
| Senior Management Experience | Sustainability | Communications | Compensation/HR |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---|-----------------|------|---|
| Board of Directors | 13 of 13 | 100% | BSR Real Estate Investment Trust SSR Mining Inc. |
| Audit Committee | 5 of 5 | 100% | |
| Compensation Committee (Chair) | 3 of 3 | 100% | |
| Environment and Corporate Social Responsibility Committee | 2 of 2 | 100% | |

Ms. Wademan was a member and Chair of the Environment and Corporate Social Responsibility Committee until June 21, 2018. On June 21, 2018, she was appointed a member and Chair of the Compensation Committee.

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|---|--|---|---------------------------------|
| Nil | 19,610 | 19,610 | 247,478 | 428,917 | Yes |

FREDERICK M. STANFORD⁽¹⁾

- President and Chief Executive Officer of the Company (Non-Independent)⁽²⁾
- Professional Engineer, Certified Director (ICD.D), Bachelor of Industrial Engineering, Bachelor of Science
- Director since: November 16, 2009
- 2018 election results: 64,132,379 “For” (99.92%) and 49,017 “Withheld” (0.08%)
- Age: 60
- Ontario, Canada

Fred Stanford is the President and Chief Executive Officer of the Company. He is a mining executive with over 35 years of experience in the mining industry. Mr. Stanford started his career at Vale Canada Limited (“Vale”, formerly Vale Inco and Inco Limited) in 1981 as a software designer and then moved into operations management as an underground mine foreman. He progressed through senior roles in mines operations, processing plant operations, engineering, environmental, health and safety, human resources, and production services operations. In 2006, he was appointed to the role of President of Vale’s Ontario operations, a position he held until June of 2009. Mr. Stanford graduated in Industrial Engineering from the Technical University of Nova Scotia. Mr. Stanford is also a certified director, Institute of Corporate Directors. He has served on the board of directors of Laurentian University, Cambrian College and the Northern Centre for Advanced Technology (NORCAT), a non-profit commercial incubator.

| Key Areas of Expertise/Experience | | | |
|-----------------------------------|----------------------|---------------------|------------------------------|
| General Experience | Board and Governance | Financial Reporting | Senior Management Experience |
| Mine Development and Construction | Mining Operations | Sustainability | Communications |
| Compensation/HR | | | |

| 2018 Board/Committee Membership | 2018 Attendance | | Public Board Membership |
|---------------------------------|-----------------|------|-------------------------|
| Board of Directors | 13 of 13 | 100% | None |

| Common Shares held (#) | Vested RSUs held (#) | Total Ownership Position (#) ⁽³⁾⁽⁶⁾ | Value At Market Price May 6, 2019 ⁽⁴⁾ | Value Per Company Policy May 6, 2019 ⁽⁵⁾ | Share Ownership Guidelines Met? |
|------------------------|----------------------|--|--|---|---------------------------------|
| 160,526 | Nil | 160,526 | 2,025,838 | 5,032,262 | Yes |

As at May 6, 2019, in addition to the RSUs set out in the table above, Mr. Stanford held 116,515 unvested RSUs and 174,773 unvested PSUs issued pursuant to the Employee Share Unit Plan (“**ESU Plan**”). The value of the unvested RSUs as at May 6, 2019, is \$1,470,419. Assuming an adjustment factor of 1.0, the value of these PSUs as at May 6, 2019, is \$2,205,635. See “Section 11.4(k) – Compensation Discussion and Analysis - Long-Term Incentive Plan”.

Notes:

- (1) For additional compensation information, see “Article 11 - Statement of Executive and Director Compensation”.
- (2) “Independent” refers to the standards of independence under National Instrument 52-110 – *Audit Committees*.
- (3) “Total Ownership Position” refers to the number of Common Shares and vested RSUs beneficially owned, controlled or directed (directly or indirectly) by the director as at May 6, 2019. The number of Common Shares held by each director nominee is in each case based on information provided by such nominee. For current holding of Common Shares and vested RSUs see also “Section 11.2(c) – Compensation Related Governance - Share Ownership Guidelines”.
- (4) “Value at Market Price – May 6, 2019” is calculated by multiplying the “Total Ownership Position” by the closing price of the Common Shares on the TSX on May 6, 2019 of \$12.62.
- (5) For a discussion of the calculation of “Value per Company Policy – May 6, 2019” see “Section 11.2(c) – Compensation Related Governance - Share Ownership Guidelines”.
- (6) For additional compensation information for Mr. Stanford with respect to options, RSUs and PSUs, see “Section 11.5 - Summary Compensation and Other Compensation Tables” including “Incentive Plan Awards”.

9.2 Director Expertise

The Directors have a diverse range of skills and experience. Their principal areas of competence are:

| | General Experience | Board & Governance | Financial Reporting | Corporate Finance | Senior Management Experience | Legal | Mineral Exploration | Mine Development & Construction | Mining Operations | Sustainability | Communications | Compensation/HR |
|-----------------------|--------------------|--------------------|---------------------|-------------------|------------------------------|-------|---------------------|---------------------------------|-------------------|----------------|----------------|-----------------|
| Andrew Adams | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | | | ✓ |
| James Crombie | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | |
| Frank Davis | ✓ | ✓ | ✓ | ✓ | | ✓ | | | | | ✓ | ✓ |
| David Fennell | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ |
| A. Terrance MacGibbon | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Michael Murphy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ |
| William Shaver | ✓ | ✓ | ✓ | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Elizabeth Wademan | ✓ | ✓ | ✓ | ✓ | ✓ | | | | | ✓ | ✓ | ✓ |
| Fred Stanford | ✓ | ✓ | ✓ | | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ |

9.3 Corporate Cease Trade Orders

No proposed director of the Company is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

9.4 Bankruptcies and Other Proceedings

No proposed director of the Company is, as of the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company has within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

9.5 Penalties and Sanctions

No proposed director of the Company is, as at the date hereof, or has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

9.6 Majority Voting for Directors

The Board has adopted a majority voting policy stipulating that shareholders are entitled to vote annually in favour of each individual director nominee at a shareholders' meeting. If the votes in favour of the election of a director nominee at a shareholders' meeting represent less than the number of votes withheld, the nominee will submit his or her resignation promptly after the meeting for the Corporate Governance and Nominating Committee's consideration (which resignation will be effective upon acceptance by the Board). In such circumstances, the Corporate Governance and Nominating Committee will make a recommendation to the Board as to the director's suitability to continue to serve as a director after reviewing, among other things, the stated reasons, if any, why shareholders withheld votes, the length of service and the qualifications of the director, the director's contribution to the Company, the Company's governance guidelines and TSX listing standards. The Board will consider such recommendation and, within 90 days of the shareholders' meeting, make a decision whether or not to accept the resignation. The Board will accept the resignation absent exceptional circumstances. Following the Board's decision regarding the resignation, the Company will publicly disclose whether the Board has accepted or rejected the resignation, including the reasons for rejecting the resignation, if applicable, and will provide a copy of the news release to the Toronto Stock Exchange. A director who tenders his or her resignation pursuant to the majority voting policy is not permitted to participate in any portion of any meetings of the Board at which his or her resignation is being considered. The policy does not apply in circumstances involving contested director elections.

At the annual and special meeting of shareholders of the Company held on June 21, 2018, each director nominee was elected within a range of approximately 70.83% - 99.92% of the votes represented in person or by proxy at the meeting cast in favour of the election of such nominee (with a range of approximately 0.08% - 29.17% of the votes withheld).

Following the Meeting, the Company will file on SEDAR at www.sedar.com a report of voting results pursuant to Section 11.3 of National Instrument 51-102 – *Continuous Disclosure Obligations* disclosing the outcome of each matter voted upon at the Meeting and issue a press release regarding all items of business conducted at the Meeting, including the detailed results of the vote for the election of directors. A copy of the majority voting policy is available on the Company's website at www.torexgold.com.

ARTICLE 10 CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* (the "**Governance Guidelines**") sets out best practice guidelines for effective corporate governance. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "**Governance Disclosure Rule**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in the management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees, shareholders and other stakeholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's

business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Board has considered the Governance Guidelines and believes that its approach to corporate governance is appropriate and works effectively given the Company's current status. The Company continues to monitor developments in Canada and the U.S. with a view to keeping its governance policies and practices current.

The Governance Disclosure Rule mandates the disclosure of the corporate governance practices of the Company, which disclosure is set out below.

10.1 The Board

The Board currently consists of nine directors, eight of whom are independent based upon the test for director independence set forth in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Messrs. MacGibbon, Adams, Crombie, Davis, Fennell, Murphy and Shaver and Ms. Wademan are independent directors. Mr. Stanford is the President and Chief Executive Officer of the Company and is not an independent director as a result. See “Section 1.2 - Election of Directors”.

The Board also assessed the transactional, professional, financial, charitable and other relationships (as such terms are defined in the voting guidelines of ISS Shareholder Services, Inc.). The Board determined that there were no such relationships which impacted the independence of the non-executive directors. The assessment included the consideration of the roles of Messrs. MacGibbon and Murphy as co-founders of the Company. As Mr. MacGibbon has not served in an executive capacity, and Mr. Murphy has not served as an executive of the Company since November 2009, the Board determined that their roles as co-founders do not impact their independence.

Mr. MacGibbon is the independent Chairman of the Board. Mr. MacGibbon is primarily responsible for the management and effective performance of the Board and provides leadership to the Board by: leading, managing and organizing the Board consistent with the approach to corporate governance established by the Board; promoting cohesiveness among the directors; being satisfied that the responsibilities of the Board and the committees of the Board are well understood by the Board; assisting the Board in ensuring the integrity of the senior officers and that such senior officers create a culture of integrity throughout the Company; together with the Chairman of the Corporate Governance and Nominating Committee, reviewing the committees of the Board, the Chairs of such committees and the mandates of such committees; and together with the Chairman of the Corporate Governance and Nominating Committee, assisting the Board, the committees of the Board, individual directors and the senior officers understand and discharge their respective obligations consistent with the approach to corporate governance established by the Board.

The Board will appoint a Lead Director in circumstances where the Chairman of the Board is not considered independent under applicable laws or the Board considers such appointment appropriate in order to provide independent leadership to the Board. The Board has determined that the Chairman of the Board is independent and accordingly, it is not necessary to appoint a Lead Director.

10.2 Inter-locking Directorships

Some of the directors of the Company serve on the same boards of directors of other reporting issuers. The Board has determined that these inter-locking directorships do not adversely impact the effectiveness of these directors on the Company's Board. There are no inter-locking relationships between the Compensation Committee members and the President and Chief Executive Officer of the Company.

10.3 Board Meetings

In connection with meetings of the Board, the Chairman of the Board is responsible for (in consultation with the Chairman of the Corporate Governance and Nominating Committee, as appropriate): scheduling meetings of the Board; coordinating with the Chairs of the committees of the Board the scheduling of meetings of the committees; reviewing matters for consideration by the Board; ensuring that all matters required to be considered by the Board are presented to the Board, such that the Board is able to supervise the management of the business and affairs of the Company; setting the agenda for meetings of the Board; monitoring the adequacy of materials provided to the Board; ensuring that the Board has sufficient time to review the materials provided and to fully discuss the business that is presented to the Board; presiding over meetings of the Board; and encouraging free and open discussion at meetings of the Board.

See “Section 9.1 - Director Profiles” for a summary of the attendance record of each director for all Board and committee meetings held during the year ended December 31, 2018.

10.4 Meetings of Independent Directors

After each meeting, as a regular item on each Board and committee agenda, the independent directors hold an *in camera* session at which non-independent directors and members of management are not in attendance unless such a session is not considered necessary by the independent directors present. In fiscal 2018, the Board held 13 meetings and an *in camera* session of the independent directors was held at the end of each meeting.

10.5 Board Mandate

The duties and responsibilities of the Board are to supervise the management of the business and affairs of the Company and to act in the best interests of the Company. In discharging its mandate, the Board is primarily responsible for the oversight and review of the development of, among other things, the following matters:

- succession planning, including appointing, training and monitoring senior management;
- annually consider the additional skills and competencies would be helpful to the Board;
- if the Chairman of the Board is not independent, appointing a Lead Director;
- reviewing the financial and operational performance of the Company;
- the strategic planning process of the Company;
- the principal risks of the Company’s business and ensuring the implementation of appropriate systems to manage these risks;
- a communications policy for the Company to facilitate communications with investors and other interested parties; and
- the integrity of the Company’s internal control and management information systems.

The Board may at any time retain outside financial, legal or other advisors at the expense of the Company and any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Company.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. The Board, Committee and Director Review Process is conducted annually (see “Section 10.19 - Assessments”).

The Board discharges its responsibilities directly and through its standing committees, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Health and Safety Committee and the Environment and Corporate Social Responsibility Committee. Other committees may be appointed from time to time to carryout mandates as approved by the Board.

A copy of the Mandate of the Board setting out the Board’s mandate and responsibilities and the duties of its members is attached as Schedule D to this management information circular. A copy of the Mandate of the Board and the mandates of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Health and Safety Committee and the Environment and Corporate Social Responsibility Committee are available on the Company’s website at www.torexgold.com.

10.6 Executive Succession Planning

The operational efficiency and future growth of the Company depends on, among other things, having executive roles performed by individuals who have the required capability to fulfill the Company’s business strategy and to continuously improve the productivity of the operations. The Company has a succession plan for the CEO as well as other senior officers who are critical to the execution of the business strategy. The purpose of the succession plan is to mitigate the risks to business growth and continuity by identifying and developing successors so that a smooth transition may be made when an incumbent retires or is promoted, or in the event of an unexpected departure of an incumbent, identifying successors who can step-in on an emergency or interim basis.

Two main principles are the foundation of the design of the succession plan: (i) determine the requisite cognitive ability to master the complexity of the work for the level of each role; and (ii) determine the capabilities, education, skills, experience, and other necessary attributes for the individual to be effective in the role. Internal successors are preferred for continuity, including their understanding of the Company's culture, systems, history and relationships. The CFO and COO have been determined to be potential successors to the CEO. A development plan and an assessment of the time frame to complete the requisite development has been completed for each of the CFO and COO. The succession plan also includes arrangements in the event that there is an unexpected departure of an incumbent.

10.7 Strategic Planning

The Board oversees the development and implementation of the strategic plan of the Company. The Board's role includes a short-term review of strategy implementation progress through the oversight and approval of the annual budget. Longer term directions are discussed at each Board meeting and at an annual full day meeting that is dedicated to analysis of the business context and appropriate strategic responses. Management and external third party experts provide input throughout the process of strategic considerations.

10.8 Related Party Transactions

The Board has processes in place for the review of any proposed related party transaction. In June 2018, Fred Stanford, the Company's President and Chief Executive Officer ("**CEO**") sold, assigned and transferred to the Company (the "**Assignment**"), with the exception of trademarks, his entire right, title and interest in a proprietary mining system (the "**Mining System**" which is sometimes referred to as "**Muckahi**") for use in underground mines, for nominal consideration. All subsequent improvements to this system will be owned by the Company. The Company has granted an irrevocable license (the "**License**" and together with the Assignment, the "**IP Agreements**"), in any intellectual property associated with the Mining System, including any improvements, to Muckahi Inc., an entity controlled by Mr. Stanford. During Mr. Stanford's tenure as CEO, Muckahi Inc. will not be permitted to make use of the License. The Mining System is currently in the evaluation stage and if determined viable, the Company may use the system in current or future underground mining operations or for commercial purposes. The Board appointed a committee of independent directors (the "**Independent Committee**") to negotiate the terms of the IP Agreements and make a recommendation to the Board thereon. The Board approved the IP Agreements, taking into consideration, among other matters, the Independent Committee's determination that the terms of the IP Agreements are fair, reasonable and in the best interests of the Corporation and their recommendation to approve the IP Agreements. In August 2018, the Company and Muckahi Inc. entered into an agreement which grants to the Company the right to use the name "Muckahi" on a royalty free basis. The term of the agreement is perpetual, however, Muckahi Inc. may terminate the agreement at any time by giving the Company 60 days prior notice.

10.9 Shareholder Feedback

The Board oversees a communications policy for the Company to facilitate communications with investors and other interested parties. The investor relations program is under the direction of Mr. Stanford, the Chief Executive Officer. The program includes responding to questions from or meeting with shareholders or potential investors, analysts and investment fund managers, and giving presentations at investor conferences and company organized events, providing briefing sessions for analysts, investment fund managers, members of the press and the public to discuss reported financial results and other announcements by the Company. Shareholders, other stakeholders and the public are informed of developments in the Company by the issuance of news releases and publications by the Company. The Board receives regular reports on the investor relations program and feedback is communicated to the Board. Shareholders may also communicate directly with our independent directors by writing to the Chairman of the Board or a committee chairman through the General Counsel and Corporate Secretary: Torex Gold Resources Inc., Exchange Tower, 130 King Street West, Suite 740, Toronto, Ontario, M5A 2X2, Attention: General Counsel and Corporate Secretary, email: Mary.Batoff@torexgold.com.

10.10 Position Descriptions

The Board has developed written position descriptions for each of the Chairman of the Board, the Lead Director, the President and Chief Executive Officer, and the Chief Financial Officer and the mandate of each committee of the Board contains the responsibilities of the Chairman of each such committee. The position descriptions of the Chairman of the Board and the Lead Director are available on the Company's website at www.torexgold.com.

10.11 Orientation and Continuing Education

New members of the Board are provided with:

- information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance policies, codes and mandates;
- access to recent, publicly filed documents of the Company; and
- access to management.

Board members are encouraged to communicate with management and auditors; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. The Company will pay for any director who wishes to become accredited by the ICD as a certified director. Messrs. Stanford, MacGibbon, Murphy and Davis and Ms. Wademan are each accredited by the ICD as a certified director. The directors receive information and updates on developments in International Financial Reporting Standards ("IFRS"), current market trends in compensation and corporate governance best practices, and relevant changes in the law. In 2018, the directors received education sessions on diversity, director liability, and executive compensation and related trends and regulatory changes, from external lawyers and consultants. During site visits, Board members attend corporate presentations. See "Section 10.12 - Site Visits". Board members also have full access to the Company's records.

10.12 Site Visits

The directors planned a visit to the Morelos gold property (the "**Morelos Gold Property**") in October 2018; however, due to potential risks associated with Hurricane Willa, the site visit was postponed to April 2019. During the site visit in April 2019, the Board members were given an aerial tour of the site and surrounding area, and a tour of the mine site, including the filtered tailings storage facility (the "**FTSF**"), the underground operations and the test area where the Muckahi jumbo prototype is currently being tested in a non-active drift. The Board also attended presentations on health and safety, the FTSF, progress of operations, cost management, corporate responsibility projects, and development and exploration projects.

10.13 Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") for its directors, senior officers and other employees. A copy of the Code is available for review under the Company's profile on SEDAR at www.sedar.com, on the Company's website at www.torexgold.com or may be obtained by request to the General Counsel and Corporate Secretary of the Company at the Exchange Tower, 130 King Street West, Suite 740, Toronto, Ontario M5X 2A2.

The Audit Committee is responsible for monitoring compliance with the Code. In accordance with the Code, directors, senior officers and other employees should raise questions regarding the application of any requirement under the Code, and report a possible violation of a law, or the Code, promptly to their supervisor. If reporting a concern or complaint to a supervisor is not possible or advisable, or if reporting it to a supervisor does not resolve the matter, the matter should be addressed with the Chief Financial Officer, the General Counsel, or the Company's whistleblower hotline provided through ClearView Connects™. The Audit Committee monitors compliance of the Code by obtaining reports from the Chief Financial Officer, the General Counsel, and ClearView Connects™ as to any matters reported under the Code.

The Board takes steps to ensure that directors, senior officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, senior officer or other employee of the Company has a material interest, which include ensuring that directors, senior officers and other employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their supervisor or the Chief Financial Officer or the General Counsel regarding any potential conflicts of interest. All senior officers, senior management and finance employees of the Company have acknowledged that they have read the Code.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations and professional rules; providing guidance to directors, senior officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

10.14 Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is responsible for identifying potential candidates for the Board. The Corporate Governance and Nominating Committee has been delegated the responsibility of assessing potential candidates for the Board to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board are also consulted for possible candidates.

The Corporate Governance and Nominating Committee is comprised entirely of independent directors.

The Corporate Governance and Nominating Committee considers from time to time the desirable number of directors of the Company, identifies and recommends to the Company and the Board proposed nominees to be directors of the Company, and prepares or updates, as applicable, a skills matrix for the Board which includes the competencies and skills which each individual director possesses. In identifying suitable candidates for appointment to the Board, the Corporate Governance and Nominating Committee considers candidates on merit against objective criteria regarding experience, education, expertise and general and sector specific knowledge and with due regard for the benefit of diversity. See "Section 10.21 - Diversity Policy".

In addition, the Corporate Governance and Nominating Committee assists the Company and the Board in fulfilling their respective corporate governance responsibilities under applicable securities laws, and to promote a culture of integrity throughout the Company. The Corporate Governance and Nominating Committee is also responsible for, among other things, (a) considering and making a recommendation to the Board as to whether or not to accept a resignation submitted by a director pursuant to the majority voting policy of the Company (see "Section 9.6 - Majority Voting for Directors"); (b) reviewing and making a recommendation to the Board from time to time on the majority voting policy, the disclosure policy, the insider trading policy, the diversity policy and the mandatory retirement policy and such other policies of the Company as considered advisable or as requested by the Board; (c) considering, or presenting to the Board for consideration, any transaction involving the Company and any related party; (d) monitoring any related party transaction and reporting to the Board on a regular basis regarding the status of any related party transaction; (e) monitoring the appropriateness of implementing structures to ensure that the Board can function independently of the senior officers of the Company; (f) providing an orientation and education program for new directors and existing directors; and (g) assessing the effectiveness of the Board as a whole, its committees and individual directors (see also "Section 10.19 - Assessments").

The Corporate Governance and Nominating Committee is comprised on Messrs. Davis (Chair), Adams and Fennell, each of whom is an independent director of the Board.

10.15 Compensation Committee

The Compensation Committee is responsible for assisting the Board in setting director compensation and the compensation of certain senior officers and considering and submitting to the Board recommendations with respect to other employee benefits considered advisable. In particular, the Compensation Committee is responsible for, among other things, (a) reviewing and making recommendations to the Board with respect to the compensation policies and practices of the Company; (b) annually reviewing and recommending to the Board for approval the compensation and other benefits of certain of the senior officers of the Company; (c) reviewing and making a recommendation to the Board on the hiring or termination of certain of the senior officers of the Company or on special employment contracts; (d) annually recommending to the Board any incentive award to be made to the senior officers under any incentive plan or under any employment agreement; (e) annually comparing the total remuneration of the chief executive officer, the chief financial officer, the chief operating officer, any other employee who is expected to be a Named Executive Officer (as defined below), and any other senior officer or employee as may be determined by the Compensation Committee, with the remuneration of peers in the same industry with such comparison being carried out on an informal or formal basis, at the discretion of the Compensation Committee; (f) reviewing and making a recommendation to the Board regarding the remuneration of directors; (g) reviewing and making a recommendation to the Board with respect to any share ownership guidelines of the senior officers and directors and regularly reviewing the shareholdings of the senior officers and directors based on such guidelines; and (h) reviewing and making a recommendation to the Board from time to time on the 'say on pay' advisory vote policy and the clawback of incentive compensation policy.

The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Company’s overall compensation and benefits philosophies with such compensation realistically reflecting the responsibilities and risks of such positions. See “Section 11.4 - Compensation Discussion and Analysis”.

The Compensation Committee has the authority to engage, at the expense of the Company, independent counsel and other experts or advisors as is considered advisable, including compensation consultants to assist in determining appropriate compensation policies and levels, provided that any services to be provided by any such compensation consultants must be pre-approved by the Compensation Committee and, any services to be provided by any such compensation consultants at the request of the senior officers, must be pre-approved by the Chair. See “Article 11 - Statement Of Executive And Director Compensation”.

The Compensation Committee is comprised of Ms. Wademan (Chair), and Messrs. Crombie and Murphy, each of whom is an independent director of the Board. Ms. Wademan was appointed member and Chair of the Compensation Committee on June 21, 2018. Mr. Shaver was a member and the Chair of the Compensation Committee prior thereto.

Each member of the Compensation Committee has experience relevant to his or her responsibilities as a Compensation Committee member.

| Member | Education | Experience |
|---------------------------|--|--|
| Elizabeth Wademan (Chair) | Bachelor of Commerce in Finance and International Business from McGill University Chartered Financial Analyst (CFA) Certified director, ICD.D | See Ms. Wademan’s Director Profile. Ms. Wademan has been a member and Chair of the Compensation Committee since June 2018. She also serves as the chair of the compensation committee for each of BSR Real Estate Investment Trust and SSR Mining Inc. |
| James Crombie | Bachelor of Science Hons. (Mining Engineering) from the Royal School of Mines, London | See Mr. Crombie’s Director Profile. Mr. Crombie has been a member of the Compensation Committee since November 2016. |
| Michael Murphy | Bachelor of Arts from the University of British Columbia, Master of Science in Finance, London School of Economics and Political Science and a Master of Business Administration from Saint Mary’s University Certified director, ICD.D | See Mr. Murphy’s Director Profile. Mr. Murphy has been a member of the Compensation Committee since June 2015. |

10.16 Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company. The external auditors of the Company report directly to the Audit Committee. The Audit Committee’s primary duties and responsibilities are to: oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (a) the integrity of the Company’s financial statements; (b) the Company’s compliance with legal and regulatory requirements; (c) the independent auditors’ qualifications and independence; (d) serve as an independent and objective party to monitor the Company’s financial reporting processes and internal control systems; (e) review and appraise the audit activities of the Company’s independent auditors; and (f) provide open lines of communication among the independent auditors, financial and senior management, and the Board for financial reporting and control matters, and meet periodically with financial and senior management and with the independent auditors. The Audit Committee is also responsible for monitoring compliance with the Code and reviewing and assessing from time to time the Company’s whistleblower policy, monetary authority policy and anti-bribery and anti-corruption policy.

The Audit Committee is comprised of Messrs. Adams (Chair) and Davis and Ms. Wademan, each of whom is an independent director of the Board and “financially literate” within the meaning of NI 52-110. Canadian securities laws do not include a definition of “financial expert”, however an issuer may voluntarily appoint a financial expert to their audit committee and publicly disclose this fact in order to conform with best practices. The published guidance of the Toronto Stock Exchange describes a financial expert as someone who has a professional qualification such as a CA or CMA. Taking into consideration Mr. Adams’ professional designation and extensive international financial experience, the Board has determined that Mr. Adams is an audit committee financial expert (see “Section 9.1 - Director Profiles” for summary of his education, qualifications and experience).

Further information regarding the Company's Audit Committee is contained in the Company's current annual information form, under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the annual information form as Schedule B. The Company's annual information form is available under the Company's profile on SEDAR at www.sedar.com.

10.17 Health and Safety Committee

The Health and Safety Committee assists the Company and the Board in furthering the Company's commitments to safety and providing a healthy work environment (combined, "**Health and Safety**"). The Health and Safety Committee is responsible for, among other things, reviewing with management: (a) the Company's Health and Safety goals, policies, and programs related to exploration, development and operations; (b) the establishment of appropriate systems, standards, and procedures for Health and Safety, and compliance with applicable laws and standards of corporate conduct, as the committee determines appropriate; (c) as they relate to Health and Safety programs with respect to risk identification, assessment and risk management, activities taken to monitor and mitigate risks, the effect of relevant regulatory initiatives and trends, and all material claims, demands, and legal proceedings against the Company; (d) the potential effect that any new major exploration, development, operating, or new business activity may have relating to Health and Safety; and (e) the Company's record of performance on Health and Safety, including the effectiveness of the risk identification, assessment and management systems. In addition the Health and Safety Committee is responsible for apprising the Board regularly of important developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to Company's Health and Safety compliance with legal or regulatory requirements.

The Health and Safety Committee is comprised of Messrs. Shaver (Chair), Crombie and MacGibbon, each of whom is an independent director of the Board.

10.18 Environment and Corporate Social Responsibility Committee

The Environment and Corporate Social Responsibility Committee assists the Company and the Board in furthering the Company's commitments to environmentally sound and responsible resource development, good community relations and the protection of human rights (collectively, "**Environment and Social Responsibility**"). The Environment and Corporate Social Responsibility Committee is responsible for, among other things, reviewing with management: (a) the Company's Environment and Social Responsibility goals, policies, and programs related to exploration, development and operations; (b) the establishment of appropriate systems, standards, and procedures for Environment and Social Responsibility, and compliance with applicable laws and standards of corporate conduct, as the committee determines appropriate; (c) as they relate to Environment and Social Responsibility, programs with respect to risk identification, assessment and management, activities taken to monitor and mitigate risks, the effect of relevant regulatory initiatives and trends, and all material claims, demands, and legal proceedings against the Company; (d) as they relate to security, programs with respect to risk identification, assessment and management, activities taken to monitor and mitigate risks; (e) the potential effect that any new major exploration, development, operating, or new business activity may have relating to Environment and Social Responsibility; and (f) reviewing with management the Company's record of performance on Environment and Social Responsibility, including the effectiveness of the risk identification, assessment and management systems. The Environment and Corporate Social Responsibility Committee is also responsible for apprising the Board regularly of important developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to Company's Environment and Social Responsibility compliance with legal or regulatory requirements.

The Environment and Corporate Social Responsibility Committee is comprised of Messrs. Murphy (Chair), Fennell and Shaver, each of whom is an independent director of the Board. Mr. Shaver was appointed as a member and Mr. Murphy was appointed Chair of the Environment and Corporate Social Responsibility Committee on June 21, 2018. Ms. Wademan was a member and Chair of the Environment and Corporate Social Responsibility Committee prior thereto.

10.19 Assessments

The Board is responsible for monitoring and assessing its function and effectiveness, composition, operation, and the performance of individual directors. Each committee of the Board and the Board regularly monitors compliance with its respective mandate. The Corporate Governance and Nominating Committee, in accordance with its mandate, reviewed the compliance record for 2018 maintained by each committee and the Board to confirm each committee and the Board were fulfilling their respective mandates.

The Board has a Board, Committee and Director Review Process. The review provides each director with an opportunity to evaluate the performance of the Board and the committees, and to make suggestions for improvements, if applicable. The review also provides each director an opportunity to comment on the effectiveness and contribution of individual directors and the leadership of the Chairman and Lead Director, if any. Each director completes a questionnaire, on a confidential basis, which is submitted to the Chairman of the Board who tabulates the results, and reports such results to the Corporate Governance and Nominating Committee and the Board, and he discusses the individual evaluation with the respective director. This assessment is conducted on an annual basis.

10.20 Director Term Limits and Retirement

The Company has not instituted director term limits. The Company believes that in taking into account the nature and size of the Board and the Company, it is more important to have relevant experience than to impose set time limits on a director's tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Company. In lieu of imposing term limits, the Company regularly monitors director performance through annual assessments and regularly encourages sharing and new perspectives through regularly scheduled Board meetings, meetings with only independent directors in attendance, as well as through continuing education initiatives.

On a regular basis, the Company analyzes the skills and experience necessary for the Board and evaluates the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.

The Board has a retirement policy whereby non-executive directors may not stand for re-election to the Board at the next annual meeting of shareholders after they turn 75 years of age and executive directors must submit their resignation as a director to the Board upon the termination of their employment with the Company. The Board may, however, extend a director's term upon the recommendation of the Corporate Governance and Nominating Committee if the Corporate Governance and Nominating Committee believes that it is appropriate and in the Company's best interest to do so.

10.21 Diversity Policy

The Company believes that decision-making is enhanced through diversity in the broadest sense and it has adopted a diversity policy to reflect this principle. In the context of an effective Board, diversity includes expression of thought, business experience, skill sets and capabilities. Diversity also includes valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, as well as other factors. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in corporate governance, including the creation of shareholder value. The Board has determined that merit is the key requirement for Board appointment and employee advancement. In identifying suitable candidates for appointment to the Board or in selecting and assessing candidates for executive positions, candidates will be considered on merit against objective criteria regarding experience, education, expertise and general and sector specific knowledge and with due regard for the benefit of diversity. As a result, the diversity policy does not mandate quotas based on any specific area of diversity and specifically does not set targets for women on the Board or in executive officer positions.

Currently, the Board consists of nine members, one of whom is a woman, and the Company has seven executive officers, three of whom are women, Jody Kuzenko, the Chief Operating Officer, Anne Stephen, Vice President, Human Resources, and Mary Batoff, General Counsel and Corporate Secretary.

10.22 Loans to Directors

The Company does not make personal loans or extend credit to its directors or senior officers. There are no loans outstanding from the Company to any of its directors or senior officers.

ARTICLE 11 STATEMENT OF EXECUTIVE AND DIRECTOR COMPENSATION

11.1 Executive Summary

(a) *Business Highlights*

2018 was a transitional year for the Company. In the first quarter, management's focus was on the final dismantling of the illegal blockade of the El Limón Guajes ("ELG") mine complex that began in November 2017 and was subsequently fully lifted in April 2018. (For additional information about the impact of the blockade, see the Company's annual information form filings for 2017 and 2018.) In subsequent quarters, focus turned to:

- 1) Additional mining to replenish ore stockpiles that had been depleted because of the blockade;
- 2) Ramping up the processing facilities at the complex;
- 3) Cost reduction efforts;
- 4) Additional exploration of the ELG underground mine – the Sub-Sill and El Limón Deep ("ELD") regions; and
- 5) Deployment of the proprietary Muckahi Mining System, which has the potential to be a game-changing technology.

Notable operational and financial highlights for the year:

- In January 2018, processing operations at the ELG facility restarted, at reduced rates while still under blockade. In April 2018 the blockade was fully lifted following negotiations between community leaders. The local community was pivotal in bringing an end to the blockade standoff. Torex helped create the context for this to happen, through the Company's commitment to creating external stakeholder experiences with the Company that leads to stakeholders wanting to see the company succeed.
- More than 353,000 ounces of gold were produced, and more than 347,000 ounces were sold – in each case a record for Torex - at an average cash cost of \$646 per ounce of gold sold and an average all-in sustaining cost (AISC) of \$964 per ounce of gold sold. These costs are lowest-quartile among gold miners, based on Wood Mackenzie data.
- The SART plant was completed on schedule in Q2 and is now in full operation; in 2018 Torex recognized \$1.6 million of copper revenue and \$0.6 million of silver revenue in relation to copper precipitate facilitated by the SART plant.
- The Company's lost time injury frequency rate ("LTIFR") was 0.98 per million hours worked – an improvement over 2017 levels, and better than the stated objective of fewer than "2". There were no fatalities in 2018.
- Full-year revenues of USD \$442.9 million, net earnings of USD \$23.2 million, and cash flow from operations of USD \$226.8 million.
- Torex established monthly community meetings – open format, open to all – within all the stakeholder communities associated with the ELG complex.
- The initial Muckahi components arrived on site; testing of the full system should be completed by the end of 2019.

(b) *Short- and Long-Term Executive Compensation Implications*

As described further under "**Compensation Policy and Pay Positioning**" below, Torex's executive compensation philosophy expressly creates a role for Compensation Committee judgment, particularly in the assessment of performance against **short-term** (annual) goals and related short-term incentive compensation. In a year with few unanticipated challenges, meeting all stated performance objectives for the year at "on plan" levels of performance would not necessarily lead to a full short-term payout at 100% of target opportunity, because the Compensation Committee may adjust its annual performance expectations upward given the more stable business environment.

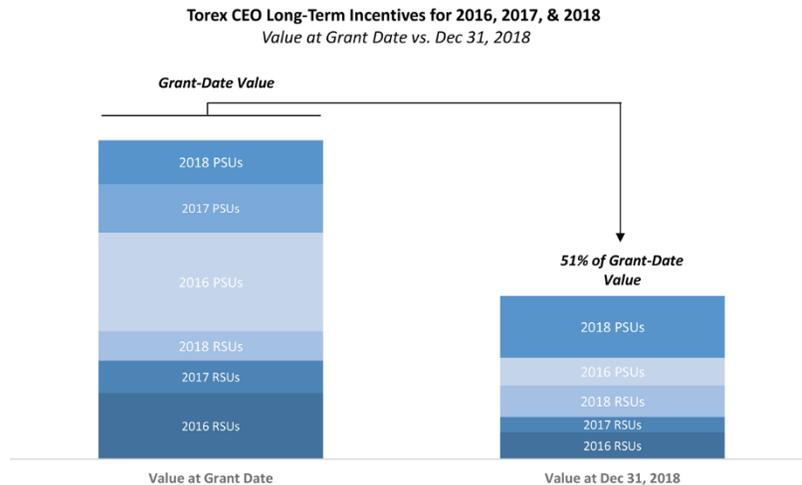
Similarly, following a difficult year with many unexpected challenges, the Compensation Committee may choose to pay a full target bonus to acknowledge management’s ability to adapt to those challenges, even if the original stated performance goals for the year were not met.

2018 was a year that started under considerable uncertainty due to the blockade, but finished with the Company in a much better position, with processing at 93% of design rates, and production at record levels, with considerable unexplored potential on the Morelos Property, and with prototypes for new technologies deployed for testing. After reviewing these factors and considering the Company’s performance for the year, the Compensation Committee approved annual short-term incentive plan (“**STIP**”) payouts for 2018 performance, at 100% of target for all Named Executive Officers (“**NEOs**”).

Torex’s **long-term incentive** (“**LTI**”) compensation program functions differently. It is 100% linked to Torex’s share price and does not require the Compensation Committee to affirm payout outcomes (although the Committee retains discretion over final award payouts). NEOs receive their LTI compensation through two vehicles: performance share units (“**PSUs**”) that are earned based on Torex’s total shareholder return (“**TSR**”) relative to a peer group of gold mining companies, and restricted share units (“**RSUs**”) that vest based on the passage of time. Investor reactions to events like a blockade will be reflected in the pay realized from these equity-based awards.

In April 2018 Torex’s share price recovered significantly following the end of the blockade and the Company regaining full access to the operations; total shareholder return was **9%** for the year ending December 31, 2018 – above the median TSR of the Company’s executive compensation peers (discussed further below). However, the share price did not reach pre-blockade levels by the end of the year. Torex’s first PSU award cycle, covering the 2016 – 2018 cycle, concluded on December 31, 2018. PSU award payouts were confirmed at **69%** of target PSUs granted.

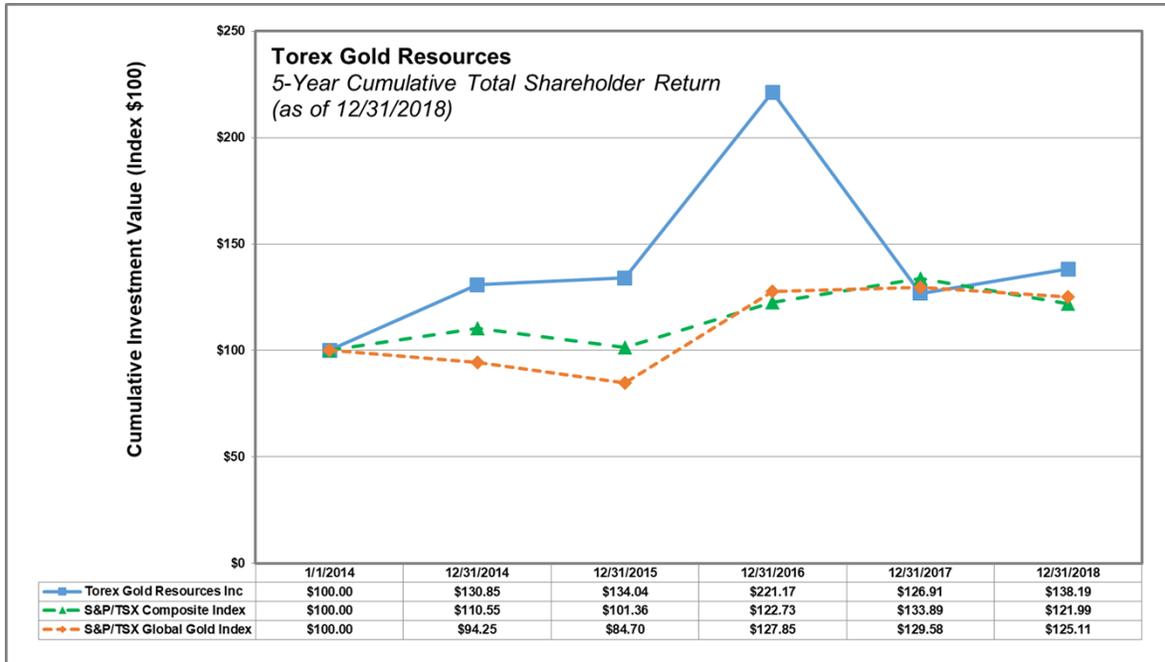
The chart below shows the status as of December 31, 2018 of the PSUs and RSUs granted to Torex’s CEO in 2016 (when the first PSU awards under Torex’s current LTI program were made), 2017, and 2018, relative to the grant-date values of these awards. The 2016 PSU awards are included based on the final payout factor; other open-cycle PSU awards from 2017 and 2018 are included assuming interim performance factors (based on relative TSR positioning through 12/31/2018). The graph illustrates how Torex’s equity-based executive compensation is aligned with the shareholder’s experience: on December 31, 2017 (during the blockade), equity-based compensation was worth 28% of grant-date value.



Note: grant-date values are based on the share price on the day the share units were granted (using a "target" performance assumption for PSUs). 2016 awards were sized in February 2016, but granted in August 2016 (once Torex's Employee Share Unit Plan was approved by shareholders); the chart above reflects this actual grant-date share price. Values as of December 31, 2018 include the impact of share price movement, as well as interim payout factors for open-cycle PSUs (2017 PSUs tracking at 0x payout).

(c) Performance Graph

Torex's 5-year cumulative indexed TSR compared to that of the S&P/TSX Composite and the S&P/TSX Global Golds Index, based on the value of \$100 invested as of December 31, 2013, is included in the chart below. The amounts assume the reinvestment of all dividends.



The Compensation Committee remains committed to ensuring that the executive compensation program supports the creation and maintenance of long-term shareholder value. Equity-based compensation represents more than 50% of the CEO's target total direct compensation and more than 35% for the other NEOs on average, meaning a significant fraction of the value realized by the NEOs depends on Torex's share price performance, as noted above.

The majority of any NEO pay increases will be delivered as performance-based, at-risk compensation. As discussed above, the Compensation Committee believes that the Company's short- and long-term programs continue to align senior executive pay with the operational and financial performance objectives required to create and maintain shareholder value.

(d) Say on Pay Summary

Starting in 2017, Torex began holding an annual advisory vote on the Company's executive compensation program ("**Say on Pay**" vote). The results of this ballot were favourable in 2017 and 2018, with support from investors of **97.1%** and **96.1%**, respectively, in each year. Torex's Compensation Committee regularly reviews the executive compensation program design, follows industry trends related to executive pay, and will seek to engage with any shareholders who share feedback on Torex's program design.

(e) Equity Plan Re-Approval Summary

Torex's equity-based compensation to executives and Board members is delivered through one of three equity-based compensation plans, with awards settled from shares from treasury or, in the case of the Employee Share Unit Plan and the Restricted Share Plan, in cash (with the consent of the Company). All three of these plans were last approved by shareholders in 2016. Pursuant to TSX regulations, they are being submitted to shareholders for re-approval in 2019. The plans are:

- The **Employee Share Unit (ESU) Plan**, which provides for awards of RSUs and PSUs to employees (non-executive directors are not eligible)
- The **Stock Option Plan**
- The **Restricted Share Plan**, which has principally been used to deliver equity-based compensation to Board members

Since 2016, the Board approved certain amendments to the plans, in accordance with the respective amendment provisions under each plan. For details on the ESU Plan, Stock Option Plan and RSU Plan, including the amendments to the plans, see “Article 14 – Employee Share Unit Plan”, “Article 15 – Stock Option Plan” and “Article 16 – Restricted Share Plan”.

Further detail on the Company’s executive pay program and policies, and on decisions taken in 2018 are included in the following sections.

11.2 Compensation-Related Governance

(a) Risk Management Principles and Policies

In establishing the Company’s compensation policies, the Compensation Committee seeks to address compensation-related risks. Torex’s compensation programs:

- Are designed to work as part of a single compensation system. Each element of the program has its own purpose and is intended to work in conjunction with the other elements to encourage the responsible management of all aspects of the Company’s operations.
- Measure performance based on a portfolio of operational, financial, and stock price-related indicators.
- Incorporate judgment into the evaluation of performance against annual STIP goals rather than basing evaluations on a purely formulaic assessment against each individual objective that could give executives an incentive to maximize their short-term benefits to the detriment of the long-term value of the Company.
- Provide a balance between performance measured relative to peers/industry, and performance measured against pre-set internal objectives.
- Provide for equity awards to be made annually to ensure that executives remain exposed to the consequences of their decision making through their unvested equity-based incentives.
- Avoid excessive payouts to senior executives and other employees.
- Are reviewed regularly by the Compensation Committee for ongoing alignment with the Company’s business and compensation strategy and objectives, and with market and best practices for senior executive compensation design.

The Compensation Committee believes that the programs are balanced and do not motivate unnecessary or excessive risks. The Compensation Committee has not identified any risks from the Company’s compensation practices or policies that are likely to have a material adverse effect on the Company.

| Good Governance Practices | No Problematic Pay Practices |
|--|--|
| ✓ A broad array of indicators to measure short- and long-term incentive plan performance | ✗ No supplemental benefit arrangements |
| ✓ More than 50% of senior executive equity-based compensation is performance-based | ✗ No excessive perquisites |
| ✓ More than 75% of CEO compensation and ~65% of other NEO compensation (on average) is at risk | ✗ No excessive severance payments |
| ✓ Caps on short- and long-term incentive award payouts | ✗ No guaranteed STIP or other annual bonus payments |
| ✓ Directors and senior executives are subject to share ownership guidelines | ✗ No loans to directors or executives |
| ✓ Clawback and anti-hedging policies | ✗ No repricing of stock options |
| ✓ Independent Compensation Committee and compensation consultant | ✗ No automatic single-trigger vesting acceleration on equity awards upon change in control |

(b) Clawback Policy

The Board has adopted a clawback policy that allows it to require reimbursement of excess incentive compensation paid or granted to any officer, director, or employee, if:

1. The Company is required to restate its financial statements to correct a material error,
2. The officer, director, or employee engaged in intentional misconduct which directly or partially caused the need for the restatement or correction, and
3. The compensation paid to the officer, director, or employee would have been lower had it been based on the properly reported financial results (the difference being the "excess incentive compensation").

If these three events occur, the Board and the Compensation Committee will determine how to apply the policy to the situation. If the Board and Committee determine that the policy should be triggered, the Company will seek to claw back the excess incentive compensation paid or granted during or for the years subject to the restatement. The clawback policy may be applicable to cash and/or equity-based incentive compensation.

(c) Share Ownership Guidelines

To align the interests of the Company's directors and senior executives with those of shareholders, the Compensation Committee has adopted share ownership guidelines (the "**Guidelines**") applicable to directors and senior executive officers, as follows:

| Participant | Guideline Ownership Requirement |
|---|---------------------------------|
| Chief Executive Officer | 3X base salary |
| Chief Operating Officer and Chief Financial Officer | 1X base salary |
| Non-Executive Directors | 3X base annual cash retainer |

Common Shares owned outright and Common Shares issuable under vested restricted share units are included in assessing whether the guideline has been met. Stock options are not included in assessing guideline compliance. Covered participants have five years following their date of hire, appointment, or election to achieve the ownership levels and five years following a change in salary or base retainer, as applicable, to achieve the associated incremental ownership level.

For purposes of measuring guideline attainment, the value of eligible equity is measured as follows:

- For unredeemed RSUs, or Common Shares obtained through redemption of RSUs, the highest trading price subsequent to the grant date of a given RSU award
- For Common Shares obtained through the exercise of stock options, the higher of the market closing price on the date of exercise, and the highest trading price subsequent to the exercise date
- For other Common Shares, the greater of the price paid by the participant, and the highest trading price subsequent to the participant becoming an executive officer or director

Once the applicable relevant threshold is deemed to have been satisfied, the participant is deemed to have met their guideline requirement on an ongoing basis, provided that they do not dispose of shares which causes them to fail to meet the relevant threshold immediately following such disposition.

The Compensation Committee reviews the share ownership guidelines from time to time and recommends any changes to the Board for approval.

Torex's CEO and non-executive directors have met their ownership guideline requirements. Torex's Chief Operating Officer and Chief Financial Officer both joined the Company in 2018 and will have until 2023 to satisfy their guideline requirements:

| Participant | Guideline Value ⁽¹⁾ | Common Shares Held ⁽²⁾ | Vested RSUs Held ⁽²⁾ | Total Ownership Position | Value of Ownership Position Per Guidelines | Value of Ownership Position at Market Price ⁽²⁾ |
|-----------------------|--------------------------------|-----------------------------------|---------------------------------|--------------------------|--|--|
| Executives | | | | | | |
| Fred Stanford (CEO) | 2,271,900 | 160,526 | Nil | 160,526 | 5,032,262 | 2,025,838 |
| Steven Thomas (CFO) | 400,000 | 5,051 | Nil | 5,051 | 91,979 | 63,744 |
| Jody Kuzenko (COO) | 385,000 | Nil | Nil | Nil | Nil | Nil |
| Directors | | | | | | |
| A. Terrance MacGibbon | 225,000 | 103,350 | Nil | 103,350 | 2,826,644 | 1,304,277 |
| Andrew Adams | 225,000 | 89,450 | 22,803 | 112,253 | 3,411,886 | 1,416,633 |
| James Crombie | 225,000 | 32,656 | 11,212 | 43,868 | 1,352,686 | 553,614 |
| Frank Davis | 225,000 | 15,000 | 5,511 | 20,511 | 714,097 | 258,849 |
| David Fennell | 225,000 | 11,837 | 4,978 | 16,815 | 476,975 | 212,205 |
| Michael Murphy | 225,000 | Nil | 18,772 | 18,772 | 592,151 | 236,903 |
| William Shaver | 225,000 | 9,000 | 18,899 | 27,899 | 718,142 | 352,085 |
| Elizabeth Wademan | 225,000 | Nil | 19,610 | 19,610 | 428,917 | 247,478 |

Notes:

- (1) Based on 2018 base salary rates and annual retainers, as the case may be.
- (2) Common shares and vested RSUs held on May 6, 2019. Value based on the closing price of the Common Shares on the TSX on May 6, 2019 of \$12.62/share.

(d) Anti-Hedging Policy

The Company's insider trading policy further aligns the interests of shareholders, directors, and employees, by prohibiting directors and employees from purchasing financial instruments (including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in the market value of their holdings of Company stock.

(e) Independent Advice/Executive Compensation-Related Fees

The Compensation Committee retains independent advisors as it deems appropriate to assist it with its decision-making related to senior executive compensation. The Compensation Committee considers the information and recommendations provided by its advisor (and by management), but is ultimately responsible for its own decision-making. In 2018, the Compensation Committee retained Meridian Compensation Partners ("**Meridian**") to provide independent advice to the Compensation Committee. A summary of fees billed by Meridian for such services in 2017 and 2018 is as follows:

| | 2017 | 2018 |
|--|----------|----------|
| Executive Compensation Related Fees (\$) | \$47,759 | \$69,162 |
| All Other Fees (\$) | Nil | Nil |

11.3 Director Compensation

(a) Approach to Director Compensation

The purpose of the Company's compensation program for non-employee directors is to recruit and retain qualified individuals to oversee the Company's business on behalf of shareholders and make meaningful contributions to its success.

(b) Elements of the Director Pay Program

Compensation for non-executive directors is paid in Canadian dollars and has the following components:

- An annual cash retainer for Board service (the Board Chair receives a higher retainer)
- An additional retainer for chairing a Board committee
- An annual equity retainer, delivered as a combination of stock options and RSUs
- A meeting fee for each Board and committee meeting attended
- Other compensation as noted in the table below

The table below summarizes the current dollar value of these pay elements:

| Compensation Element | Value |
|---|-------------------|
| Annual Cash Retainer | \$75,000 |
| Board Chair Additional Annual Cash Retainer | \$100,000 |
| Committee Chair Retainers: | |
| • Audit Committee | \$20,000 |
| • Compensation Committee | \$15,000 |
| • Corporate Governance and Nominating Committee | \$15,000 |
| • Health and Safety Committee | \$15,000 |
| • Environment and Corporate Social Responsibility Committee | \$15,000 |
| Meeting Fees | \$1,000/meeting |
| Equity-Linked Compensation (stock options and RSUs) | \$150,000 |
| Other Compensation ⁽¹⁾ | \$2,000 (approx.) |

Notes:

- (1) "Other Compensation" refers to a health assessment that each director is entitled to receive.

Each director may elect to allocate equity-linked compensation across stock options and RSUs, subject to a maximum \$100,000 by grant-date value that may be allocated to stock options. Equity awards to directors are made under the Company's Stock Option Plan and RSU plan. Please see "Article 15 - Stock Option Plan" and "Article 16 - Restricted Share Plan" for more details on the respective plans.

Equity awards made to non-executive directors vest on the day they are granted.

Torex also reimburses directors for their travel and other expenses incurred for their attendance at Board and committee meetings.

Directors who are also employees of the Company are not compensated for their service as directors.

(c) Director Summary Compensation Table

The following table provides information regarding compensation earned by each non-executive director for the year ended December 31, 2018.

| Name (Non-Executive Directors) ⁽¹⁾ | Fees earned (\$) | Share-based awards ⁽²⁾ (\$) | Option-based awards ⁽²⁾ (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation ⁽³⁾ (\$) | Total (\$) |
|---|------------------|--|---|---|--------------------|--|------------|
| A. Terrance MacGibbon | 191,000 | 50,000 | 100,000 | Nil | N/A | 2,195 | 343,195 |
| Andrew Adams | 122,000 | 50,000 | 100,000 | Nil | N/A | 2,195 | 274,195 |
| James Crombie | 103,000 | 50,000 | 100,000 | Nil | N/A | Nil | 253,000 |
| Frank Davis | 115,000 | 150,000 | Nil | Nil | N/A | Nil | 265,000 |
| David Fennell | 111,750 | 50,000 | 100,000 | Nil | N/A | Nil | 261,750 |
| Michael Murphy | 109,500 | 50,000 | 100,000 | Nil | N/A | 1,950 | 261,450 |
| William Shaver | 123,500 | 100,000 | 50,000 | Nil | N/A | 2,380 | 275,880 |
| Elizabeth Wademan | 114,000 | 75,000 | 75,000 | Nil | N/A | 2,195 | 266,195 |

Notes:

- (1) No compensation was paid to Mr. Stanford in his capacity as a director of the Company. For a summary of the compensation paid to Mr. Stanford in his capacity as an executive officer of the Company, see "Section 11.5 - Summary and Other Compensation Tables".
- (2) The fair value of the options was estimated using a Black Scholes valuation model and the RSUs are valued based on the market price at the time of the grant. The closing price of the Common Shares on the TSX on the business day immediately preceding January 22, 2018 was \$12.46 per Common Share.
- (3) Directors are also entitled to health assessments.

(d) Director Equity Allocations

| Name (Non-Executive Directors) | Total Equity Value (\$) | RSU Allocation (\$) | RSUs ⁽¹⁾ (#) | Option Allocation (\$) | Options ⁽²⁾ (#) |
|--------------------------------------|-------------------------------|---------------------------|----------------------------|------------------------------|-------------------------------|
| A. Terrance MacGibbon | 150,000 | 50,000 | 4,013 | 100,000 | 20,223 |
| Andrew Adams | 150,000 | 50,000 | 4,013 | 100,000 | 20,223 |
| James Crombie | 150,000 | 50,000 | 4,013 | 100,000 | 20,223 |
| Frank Davis | 150,000 | 150,000 | 12,039 | Nil | Nil |
| David Fennell | 150,000 | 50,000 | 4,013 | 100,000 | 20,223 |
| Michael Murphy | 150,000 | 50,000 | 4,013 | 100,000 | 20,223 |
| William Shaver | 150,000 | 100,000 | 8,026 | 50,000 | 10,112 |
| Elizabeth Wademan | 150,000 | 75,000 | 6,019 | 75,000 | 15,167 |

Notes:

- (1) Based on the fair value of \$12.46 per RSU on the date of grant for awards to directors. The closing price of the Common Shares on the TSX on the business day immediately preceding January 22, 2018, the grant date, was \$12.46 per Common Share.
- (2) Based on the fair value of \$4.94 per option which is estimated using a Black Scholes model. Assumptions included a volatility of 63% and a simplified expected life of 2.5 years. May differ from accounting valuation for financial statement purposes. The closing price of the Common Shares on the TSX on the business day immediately preceding January 22, 2018, the grant date, was \$12.46 per Common Share.

(e) Outstanding Option-Based and Share-Based Awards and Value Vested During the Year

The following table shows all option-based and share-based awards outstanding as at December 31, 2018 for the non-executive directors. The table also provides the value of share-based awards vested in the year ended December 31, 2018.

| Name | Option-based Awards ⁽¹⁾ | | | | Share-based Awards | | | |
|-----------------------|---|----------------------------|------------------------|---|--|---|---|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options ⁽²⁾ (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested ⁽³⁾ (\$) | Market or payout value of vested share-based awards not paid out or distributed ⁽⁴⁾ (\$) | Value of RSUs vested during the year ⁽⁵⁾ (\$) |
| A. Terrance MacGibbon | 20,223 | 12.46 | 22-Jan-23 | 10,718 | Nil | Nil | Nil | 50,000 |
| | 18,953 | 13.50 | 14-Jan-21 | Nil | | | | |
| | 50,000 | 11.50 | 21-Apr-19 | 74,500 | | | | |
| Andrew Adams | 20,223 | 12.46 | 22-Jan-23 | 10,718 | Nil | Nil | 155,932 | 50,000 |
| | 10,342 | 27.22 | 11-Jan-22 | Nil | | | | |
| | 12,480 | 20.40 | 16-May-21 | Nil | | | | |
| | 18,953 | 13.50 | 14-Jan-21 | Nil | | | | |
| | 50,000 | 11.50 | 21-Apr-19 | 74,500 | | | | |
| James Crombie | 20,223 | 12.46 | 22-Jan-23 | 10,718 | Nil | Nil | 64,067 | 50,000 |
| | 10,342 | 27.22 | 11-Jan-22 | Nil | | | | |
| | 50,000 | 11.50 | 21-Apr-19 | 74,500 | | | | |
| Frank Davis | 6,240 | 20.40 | 16-May-21 | Nil | Nil | Nil | 71,588 | 150,000 |
| | 9,476 | 13.50 | 14-Jan-21 | Nil | | | | |
| David Fennell | 20,223 | 12.46 | 22-Jan-23 | 10,718 | Nil | Nil | 70,029 | 50,000 |
| | 7,756 | 27.22 | 11-Jan-22 | Nil | | | | |
| | 9,360 | 20.40 | 16-May-21 | Nil | | | | |
| | 50,000 | 11.50 | 21-Apr-19 | 74,500 | | | | |
| Michael Murphy | 20,223 | 12.46 | 22-Jan-23 | 10,718 | Nil | Nil | 261,749 | 50,000 |
| | 7,756 | 27.22 | 11-Jan-22 | Nil | | | | |
| | 50,000 | 11.50 | 21-Apr-19 | 74,500 | | | | |
| William Shaver | 10,112 | 12.46 | 22-Jan-23 | 5,359 | Nil | Nil | 151,983 | 100,000 |
| | 5,171 | 27.22 | 11-Jan-22 | Nil | | | | |
| | 5,002 | 32.02 | 15-Aug-21 | Nil | | | | |
| Elizabeth Wademan | 15,167 | 12.46 | Jan 22, 2023 | 8,039 | Nil | Nil | 137,837 | 75,000 |
| | 2,585 | 27.22 | 11-Jan-22 | Nil | | | | |
| | 5,002 | 32.02 | 15-Aug-21 | Nil | | | | |

Notes:

- (1) "Value of options vested during the year" is calculated by multiplying the total number of options vested during the year by the difference between the market price of the Common Shares on the TSX on the date of vesting and the exercise price of such options. As the stock options vest on the date of grant, and the exercise price is the closing price of the Common Shares on the TSX on the business day immediately preceding the grant date, the value of the stock options is 'nil'. Using a Black Scholes model, the fair value per option granted on January 22, 2018, is \$4.94. Assumptions included an assumed volatility of 63% and a simplified expected life of 2.5 years. May differ from accounting valuation for financial statement purposes. The closing price of the Common Shares on the TSX on the business day immediately preceding January 22, 2018, the grant date, was \$12.46 per Common Share.
- (2) Based on the difference in value between the exercise price of the options and the closing price of the Common Shares on the TSX on December 31, 2018 of \$12.99.
- (3) All RSUs granted to non-executive directors have vested.
- (4) The value of all undistributed share based awards reflected in this column has been calculated using the market value of the Common Shares on the TSX of \$12.99 per share at December 31, 2018.
- (5) "Value of RSUs vested during the year" is calculated by multiplying the total number of RSUs vested during the year by the market price of the Common Shares on the TSX on the business day immediately preceding the vesting date.

See also "Article 9 – Information about Director Nominees – Director Profiles" for additional information on Common Share and RSU holdings.

11.4 Compensation Discussion and Analysis ("CD&A")

(a) Named Executive Officers

In 2018, the Company's NEOs were:

- Mr. Fred Stanford - President and Chief Executive Officer ("**CEO**")
- Mr. Steven Thomas - Chief Financial Officer ("**CFO**") (*commencing on April 2, 2018*)
- Mr. Jeff Swinoga – former Chief Financial officer (*until January 12, 2018*)
- Mr. Jason Simpson – former Chief Operating Officer ("**COO**") (*until November 9, 2018*)
- Ms. Jody Kuzenko, COO (*commencing on October 29, 2018*)
- Mr. Bernie Loyer - Vice President, Projects

(b) Leadership Transitions in 2018

Mr. Swinoga stepped down from the CFO position as of January 12, 2018. The details of Mr. Swinoga's compensation related to his separation are found in the notes to the Summary Compensation Table that follows.

Mr. Simpson stepped down from the COO position as of November 9, 2018, and was succeeded by Ms. Kuzenko. Mr. Simpson did not receive severance compensation related to his departure, but he was allowed to receive a full bonus in respect of the Company's performance and his own individual performance in 2018. The vesting terms of Mr. Simpson's outstanding equity-based compensation awards were not adjusted from their original terms.

Mr. Thomas and Ms. Kuzenko received certain one-time compensation awards in conjunction with their hirings in 2018. The details of these awards are set out in the Summary Compensation Table and related notes.

(c) Compensation Policy and Pay Positioning

The Company's NEO compensation policy includes the following key principles:

- The overall purpose of the policy is to align NEO decision making with the interests of the Company's shareholders.
- Incentive compensation should recognize the quality of management's judgment in dealing with the obstacles that create variability in the Company's business environment.
- Rigid incentive systems in a highly variable business environment run a high risk of doing more harm than good by incenting management to take decisions that are not consistent with changing business realities. Accordingly, assessments of performance, particularly for short-term incentive compensation purposes, should not be based on pre-determined formulas that do not accommodate such changes.

- The policy should support an objective of attracting and retaining executives who are capable of successfully interpreting the complexity of the business environment in order to be able to make the quality decisions that advance shareholder interests.
- Compensation should be differentiated between roles of differing accountability and complexity.

The Company seeks to position NEO total compensation at approximately the 60th percentile of its peer group benchmarks by position. 2018 pay actions with respect to salaries and incentive compensation opportunities were generally taken with this positioning objective in mind.

(d) Oversight of the Executive Compensation Program

The Compensation Committee oversees the compensation of the NEOs. The Compensation Committee's responsibilities include, but are not limited to:

- Reviewing and recommending to the Board for approval the compensation and other benefits of the NEOs.
- Reviewing the goals and objectives of the NEOs for the next financial year of the Company.
- Evaluating the performance of the NEOs following the end of the financial year with input from the CEO on goals, objectives and performance of the NEOs other than the CEO.

In determining its recommendation for CEO compensation, the Compensation Committee considers the CEO's performance, the Company's performance, the compensation of other chief executive officers at comparable companies, other relevant factors including the CEO's self-assessment, and input from the Compensation Committee's independent advisor.

In determining its recommendation for other NEO compensation, the Compensation Committee considers the CEO's evaluation of each NEO's individual performance and pay recommendations, the Company's performance, the compensation of executives at comparable companies, input from the Compensation Committee's independent advisor, and other relevant factors. The Compensation Committee, as members of the Board and other Board committees, also receive presentations from and interact directly with the NEOs over the course of the year.

(e) Use of Market Data and Peer Group

The Compensation Committee reviews compensation elements for each NEO annually, taking into account each NEO's scope of responsibilities, experience, and individual performance. The Compensation Committee also compares NEO compensation levels, by component of pay and in total, to benchmark market data.

In 2017, with advice from Meridian, the Compensation Committee made minor revisions to the peer group that it used as an input to NEO compensation decision-making for 2018. The revised group was determined based on the following criteria:

- North American mining companies with an emphasis on gold, silver, and other precious metal mining companies;
- Within a reasonable size range of Torex (generally 1/3x to 3x Torex's size, based on total assets);
- In broadly comparable stages of development; and
- Ideally operating in broadly similar geographic locales to Torex's (i.e., primary operations in the Americas).

The 2018 peer group companies were:

| | | |
|--------------------------|-----------------------------------|---------------------------------|
| Alacer Gold Corp | Dundee Precious Metals Inc | NovaGold Resources Inc |
| Alamos Gold Inc | First Majestic Silver Corp | Pan American Silver Corp |
| Argonaut Gold Inc | Fortuna Silver Mines Inc | Pretium Resources Inc |
| B2Gold Corp | Guyana Goldfields Inc | Primero Mining Corp |
| Centerra Gold Inc | Hecla Mining Co | SEMAFO Inc |
| Coeur Mining, Inc | Kirkland Lake Gold Inc | SSR Mining Inc |
| Detour Gold Corp | McEwen Mining Inc | Tahoe Resources Inc |

For 2018, one peer – Stillwater Mining – was under acquisition and was therefore replaced in the group by Coeur Mining.

At the time the peer group was approved (in August 2017), Torex was positioned at the:

- 47th percentile of the group in terms of size by assets
- 52nd percentile in terms of size by revenue
- 50th percentile in terms of size by (six-month average) market cap

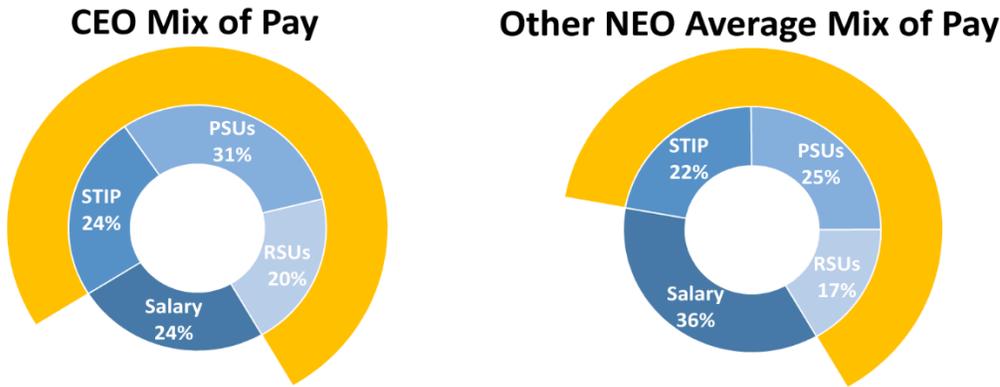
(f) Elements of Torex’s Compensation Program

The components of the Company’s compensation program are base salary, short-term incentive, long-term incentive, and benefits as set out in the table below:

| Compensation Element | Form | Performance Period | Purpose |
|---|--------|--------------------|---|
| Annual Compensation | | | |
| Base Salary | Cash | N/A | Fixed pay paid throughout the year that provides a baseline market competitive level of compensation to NEOs for the level of accountability and complexity inherent in their roles. |
| Short-Term Incentive (STIP) | Cash | 1 year | At-risk pay intended to provide a meaningful incentive to achieve the Company’s annual operational objectives. Executives are rewarded based on the achievement of specific mine-wide and individual goals. |
| Long-Term Incentive (LTI) Compensation | | | |
| Performance Share Units (PSUs) | Shares | 3 years | At-risk equity-linked pay that aligns NEO interests over the longer term with those of investors, by requiring superior relative TSR performance over each three-year performance period. |
| Restricted Share Units (RSUs) | Shares | 3 years | Equity-linked pay that vests after three years, which supports a longer-term focus for decision-making and aligns executive interests with those of shareholders. |
| Other Compensation | | | |
| Benefits and Perquisites | N/A | N/A | <p>Baseline employee benefits necessary to maintain market competitiveness and maintain executive health and well-being.</p> <p>NEOs generally are eligible for group benefit programs (medical, pharmacy, vision, life and AD&D insurance), on the same basis as other employees. Mr. Loyer participates in Torex’s U.S. group benefit plans for international rotator employees.</p> <p>The CEO receives a monthly car allowance of \$1,000 and the NEOs are entitled to annual health assessments.</p> <p>The Company does not have any pension or group retirement savings plans for its employees.</p> |

(g) Mix of Pay

2018 target compensation mix and at-risk pay for the CEO and other NEOs is shown in the charts below (based on 2018 base salaries, target STIP opportunities, and intended long-term award values in percentage of salary terms). More than 75% of CEO pay and nearly 65% of other NEO pay, at target, is “at risk” and subject to performance:



(h) Summary of NEO Target Compensation Values

2018 NEO target direct compensation (the sum of salary, STIP opportunity, and grant value of LTI awards) are summarized as follows (dollar values in \$CAD unless otherwise noted):

| Name | 2018 Salary | STIP Opportunity (% of Salary) | LTI Award (% of Salary) | LTI Allocation | | Target Direct Compensation |
|------------------------|-------------|--------------------------------|-------------------------|----------------|------|----------------------------|
| | | | | PSUs | RSUs | |
| Mr. Stanford | \$757,300 | 100% | 210% | 60% | 40% | \$3,104,930 |
| Mr. Simpson | \$478,278 | 70% | 150% | 60% | 40% | \$1,530,490 |
| Mr. Thomas | \$400,000 | 60% | 150% | 60% | 40% | \$1,240,000 |
| Ms. Kuzenko | \$385,000 | 70% | 150% | 60% | 40% | \$1,232,000 |
| Mr. Loyer ¹ | \$326,400 | 50% | 50% | 60% | 40% | \$652,800 |

(1) Values for Mr. Loyer are expressed in \$USD.

Mr. Swinoga did not participate in the Company's 2018 incentive pay programs. The details of his compensation for 2018 are found in the Summary Compensation Table and related notes that follow.

(i) 2018 Base Salaries

The Compensation Committee adjusted base salaries for 2018 based on: 1) the Committee's review of benchmark compensation market data prepared by its independent advisor in 2017; 2) an assessment of each NEO's experience, seniority, and individual performance (particularly through the months when the ELG Complex was under blockade); 3) movements in local market due to merit or cost of living considerations.

(j) 2018 Short-Term Incentive Plan

STIP bonuses are paid based on performance against a series of performance objectives. Each of the NEOs has a target STIP opportunity expressed as a percentage of base salary and allocated between "Corporate" and "Individual" objectives. (The CEO's allocation is 85% to Corporate Objectives and 15% to Individual Objectives; for other executives the allocation is 75%/25%.)

STIP payouts may range from 0% to 200% of target, depending on performance for the year. However, a payout in excess of 100% of target would typically require extraordinary Company or individual performance, and would only be made based on an exercise of positive discretion by the Compensation Committee in its judgment.

The STIP metrics and weightings for 2018, and actual performance assessments, were as follows:

| | Performance Measure | Weighting | Goals and Performance Assessment |
|-----------|-------------------------------|--|---|
| Corporate | Safety | 15% | <ul style="list-style-type: none"> ▪ No fatalities ▪ Lost time injury frequency rate (LTIFR) <2/million hours worked ▪ Assessment: <i>Performance Exceeded Target.</i> No fatalities, and actual LTIFR of 0.98 |
| | Environment | 10% | <ul style="list-style-type: none"> ▪ No reportable spills (1,000 litres or more that report to the river or reservoir) ▪ Assessment: <i>Performance Met Target.</i> No reportable spills |
| | Production (2018) | 35% | <ul style="list-style-type: none"> ▪ Produce between 325,000 to 350,000 ounces of gold ▪ Assessment: <i>Performance Exceeded Target.</i> 353,947 ounces of gold were produced |
| | Production (Prepare for 2019) | 15% | <ul style="list-style-type: none"> ▪ Strip 18 million tonnes of waste ▪ Achieve processing plant throughput of 14kt/day ▪ SART plant producing copper precipitate by July 1, 2018 ▪ Sub-Sill region producing an average of 850 tonnes per day by end of year ▪ Assessment: <i>Overall, Performance Met Target.</i> <ul style="list-style-type: none"> ▪ 28 million tonnes of waste were stripped ▪ Processing plant throughput was at 13kt/day by year-end, with further optimization planned ▪ The SART plant objective was met ▪ Sub-Sill region produced at over 1,000 t/d by year-end |
| | Cost Control | 15% | <ul style="list-style-type: none"> ▪ Total Cash Costs ("TCC") of \$620 - \$640/ounce ▪ All-in Sustaining Costs ("AISC") of \$940 - \$975/ounce ▪ Capital expenditures <\$121 million ▪ Assessment: <i>Overall, Performance Slightly Below Target.</i> <ul style="list-style-type: none"> ▪ TCC was \$646/ounce ▪ AISC was \$964/ounce ▪ Capital expenditures were \$126 million |
| | Set up for Growth | 10% | <ul style="list-style-type: none"> ▪ Publish the Technical Report on the ELG Complex Life of Mine Plan and Media Luna PEA, by July 2018 ▪ Drill 37,000 infill metres at Media Luna ▪ 20,000 metres of exploration and infill drilling for the ELG underground mine by year-end 2018 ▪ Assessment: <i>Overall, Performance Met Target.</i> <ul style="list-style-type: none"> ▪ The Technical Report was released slightly later than planned, in September 2019. This was due in part to the introduction of the Muckahi technology, which was not planned at the start of the year. ▪ A total of 28,000 infill metres were completed at Media Luna. The original drilling plan needed revision after drilling began. ▪ 20,000 metres of exploration and infill drilling completed for the ELG underground mine. |
| | Individual Objectives | Specific performance objectives set at the start of the year for each NEO based on their scope of responsibilities | |

NEO STIP payouts are determined by the Compensation Committee, with input from the CEO. As noted above under "Section 11.1 - Executive Summary", the Compensation Committee does not follow a strictly formulaic approach to determining bonus attainment. Instead, the Compensation Committee examines degree of attainment against the performance goals listed above, the overall operational performance of the Company, and any mitigating or offsetting factors, prior to making its determinations as to actual bonus payouts.

In early 2019, the Compensation Committee considered the Company's performance against the 2018 STIP goals in light of the following factors:

- The senior executive team's performance in managing very difficult circumstances with the blockade during the first quarter, and the consequences of the blockade for the rest of the year.
- Notwithstanding the blockade, the record gold production levels for the year and the Company's excellent safety and environmental performance.
- Good adaptation to the challenges posed by the various drilling projects.
- The introduction of the Muckahi Mining System, which offers considerable potential value, notwithstanding it not being one of the formal STIP objectives for 2018.

After examining all of these factors, the Committee determined to award annual bonuses to the NEOs at 100% of target opportunities. The dollar values of the STIP payouts are included in the Summary Compensation Table. The STIP payouts for Mr. Thomas and Ms. Kuzenko were pro-rated to reflect their respective hire dates.

(k) Long-Term Incentive Plan

The purpose of the Company's long-term incentive program is to provide a meaningful incentive to achieve the Company's annual operational objectives through decisions that are consistent with creating long-term value to support the Company's share price.

In support of this objective, the Company delivers long-term incentive awards to the NEOs and other senior executives via two vehicles:

- **Performance Share Units (PSUs)** linked to the Company's relative total shareholder return over a three-year performance period (60% weighting by value). PSUs must be earned in order to vest, and have no "floor" level of payout (i.e., they can pay out at 0% of the number of share units granted).
- **Restricted Share Units (RSUs)** that vest based on the passage of time (40% weighting by value). RSU awards vest at the end of a three-year period.

Executive PSU and RSU awards are made under Torex's Employee Share Unit Plan ("**ESU Plan**") and are intended to be settled with shares from treasury shortly after vesting; however, the ESU Plan allows for the settlement of the PSUs or RSUs for cash, with the consent of the Company. The Compensation Committee intends to make equity-based awards to the NEOs annually, to help maintain ongoing alignment between NEO compensation and the shareholder experience. Please see "Article 14 - Employee Share Unit Plan" for more details on this plan.

The Long-Term Incentive plan has two key features:

- The 60% weighting to PSUs, which must be earned in order to vest (i.e., they do not vest based solely on the passage of time), is aligned with market trends and best practice.
- The relative TSR performance metric is well-aligned with shareholder interests. The number of PSUs that vest is determined based on whether Torex outperforms other gold mining companies in its performance peer group. This moderates the effect of gold price on PSU payouts, provides a significant reward for executives only if the Company outperforms its performance peer group, and ensures that a change in the price of gold alone cannot create high payout values.

RSUs were selected as the other vehicle for the program, because they provide a suitable balance against the higher-risk/reward properties of the PSU vehicle, and support ongoing retention of key executives while preserving alignment with shareholders.

Under the current program, PSUs will cliff-vest at the end of a three-year performance period, based on performance relative to the performance peer group, as follows:

| 3-Year Relative TSR Percentile Rank | # of PSUs Earned (% of Target Award) |
|-------------------------------------|--------------------------------------|
| 90th Percentile or Greater | 200% |
| 60th Percentile | 100% |
| 30th Percentile | 50% |
| Below 30th Percentile | 0% |

Payouts will be interpolated for any performance ranking that falls between the stated goals above.

The 60th percentile performance requirement to earn a full “target” payout of shares is a higher hurdle than typical market practice, but the Compensation Committee concluded that setting the “target” performance requirement at that level represented an appropriate level of outperformance relative to peers.

For the 2018 PSU awards, performance will be measured against a gold mining subset of the Company’s executive compensation peer group companies noted above, as follows:

| | | |
|--------------------------|-------------------------------|------------------------------|
| Alacer Gold Corp | Detour Gold Corp | Pretium Resources Inc |
| Alamos Gold Inc | Guyana Goldfields Inc | Primero Mining Corp |
| Argonaut Gold Inc | Kirkland Lake Gold Inc | SEMAFO Inc |
| B2Gold Corp | McEwen Mining Inc | |
| Centerra Gold Inc | NovaGold Resources Inc | |

In January 2018, the Compensation Committee recommended, and the Board approved, regular cycle LTI grants to certain of the NEOs, in the following amounts:

| Executive | PSUs (60% Weight) | RSUs (40% Weight) |
|--------------|-------------------|-------------------|
| Mr. Stanford | 63,683 | 42,455 |
| Mr. Swinoga | Nil | Nil |
| Mr. Simpson | 32,689 | 21,792 |
| Mr. Loyer | 9,265 | 6,177 |

The PSUs will be earned based on relative TSR performance for the three-year period ending December 31, 2020, and will cliff-vest, to the extent earned, shortly after the end of the performance period. TSR will be measured based on the 60-day volume-weighted average share price (“VWAP”) immediately preceding the first and last days of the performance period (i.e., January 1, 2018 and December 31, 2020), and will incorporate reinvestment of any dividends. The RSUs have a three-year grant term ending on December 31, 2020 and will cliff-vest shortly after the end of the grant term.

Mr. Thomas and Ms. Kuzenko did not receive long-term awards on the same schedule as the other NEOs. Instead, they received certain one-time compensation awards in conjunction with their hirings in 2018. The details of these awards are set out in the Summary Compensation Table and related notes.

In early 2019, the PSUs granted in 2016 vested following the completion of the three-year performance period ending December 31, 2018. As noted above, Torex’s TSR performance for that period ranked at the 42nd percentile of the peers included in the 2016 PSU performance peer group. This translated to a payout factor of 69% of target (that is, for every 100 PSUs granted, 69 would ultimately be earned and vest).

A summary of the 2016 – 2018 PSUs granted versus earned is as follows:

| Executive | PSUs Granted | PSUs Vested |
|----------------------------|--------------|-------------|
| Mr. Stanford | 54,305 | 37,650 |
| Mr. Simpson | 26,325 | 18,251 |
| Mr. Swinoga ⁽¹⁾ | 17,063 | 7,886 |
| Mr. Thomas ⁽²⁾ | 21,125 | 14,646 |
| Ms. Kuzenko ⁽³⁾ | 1,681 | 1,165 |
| Mr. Loyer | 9,449 | 6,551 |

- 1) Mr. Swinoga forfeited 5,688 unvested PSUs upon ceasing his employment with the Company.
- 2) For Mr. Thomas, the PSU award was earned over the one-year performance period ending December 31, 2018.
- 3) For Ms. Kuzenko, the 2016 – 2018 PSUs granted were pro-rated to reflect the commencement of her employment, in October 2018.

The dollar values and details of these grants are included in the Summary Compensation Table and related notes that follow.

11.5 Summary and Other Compensation Tables

The following table provides information regarding compensation earned by the NEOs for the years ended December 31, 2016, 2017 and 2018.

| Name and principal position | Year | Salary (\$) | Share-based awards ⁽¹⁾ (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|---|------|-------------|--|--------------------------|---|---------------------------|--------------------|-----------------------------|-------------------------|
| | | | | | Annual incentive plans ⁽²⁾ | Long-term incentive plans | | | |
| Fred Stanford ⁽³⁾ President and Chief Executive Officer | 2018 | 757,300 | 1,322,479 ⁽⁴⁾ | Nil | 757,300 | Nil | N/A | 14,380 ⁽⁷⁾ | 2,851,459 |
| | 2017 | 652,500 | 1,452,198 ⁽⁵⁾ | Nil | 652,500 | Nil | N/A | 14,095 ⁽⁷⁾ | 2,771,293 |
| | 2016 | 537,876 | 2,898,066 ⁽⁶⁾ | Nil | 492,157 | Nil | N/A | 16,273 ⁽⁷⁾ | 3,944,372 |
| Steven Thomas ⁽⁸⁾ Chief Financial Officer | 2018 | 300,000 | 1,391,693 ⁽⁴⁾ | Nil | 180,164 | Nil | N/A | Nil | 1,871,857 |
| | 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Jeff Swinoga ⁽⁹⁾ Former Chief Financial Officer | 2018 | 12,531 | Nil | Nil | Nil | Nil | N/A | 397,501 | 410,032 |
| | 2017 | 361,998 | 456,283 ⁽⁵⁾ | Nil | 98,485 | Nil | N/A | 2,195 ⁽⁷⁾ | 918,961 |
| | 2016 | 354,900 | 910,585 ⁽⁶⁾ | Nil | 196,970 | Nil | N/A | 2,045 ⁽⁷⁾ | 1,464,500 |
| Jason Simpson ⁽¹⁰⁾ Former Chief Operating Officer | 2018 | 475,630 | 678,833 ⁽⁴⁾ | Nil | 334,795 | Nil | N/A | Nil | 1,489,258 |
| | 2017 | 468,900 | 703,976 ⁽⁵⁾ | Nil | 328,230 | Nil | N/A | 2,095 ⁽⁷⁾ | 1,503,201 |
| | 2016 | 365,040 | 1,404,878 ⁽⁶⁾ | Nil | 236,363 | Nil | N/A | 2,045 ⁽⁷⁾ | 2,008,326 |
| Jody Kuzenko ⁽¹¹⁾ Chief Operating Officer | 2018 | 68,177 | 681,414 ⁽⁴⁾ | Nil | 47,255 | Nil | N/A | Nil | 796,846 |
| | 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Bernie Loyer ⁽¹²⁾ Vice President, Projects | 2018 | 445,275 | 192,407 ⁽⁴⁾ | Nil | 222,637 | Nil | N/A | 32,741 ⁽¹³⁾ | 893,060 |
| | 2017 | 403,169 | 262,757 ⁽⁵⁾ | Nil | 201,584 | Nil | N/A | 30,238 ⁽¹³⁾ | 897,748 |
| | 2016 | 408,449 | 504,251 ⁽⁶⁾ | Nil | 188,908 | Nil | N/A | 40,462 ⁽¹³⁾ | 1,142,070 |

Notes:

- (1) Figures in this column represent the value of RSUs issued under the RSU Plan and RSUs and PSUs issued under the ESU Plan.
- (2) Annual cash bonuses for 2018, 2017, and 2016 were paid in February 2019, February 2018 and February 2017, respectively, with the exception of Mr. Swinoga's cash bonus for 2017 which was paid in January 2018 (see also note 9 below).
- (3) No compensation was paid to Mr. Stanford in his capacity as a director.
- (4) LTI compensation awards for 2018 of RSUs and PSUs under the ESU Plan for a three-year performance period commencing January 1, 2018 to December 31, 2020 for NEOs other than Mr. Thomas and Ms. Kuzenko. The effective date of the grant was January 22, 2018. Please see "Compensation Discussion and Analysis - Long-Term Incentive Plan". Based on the fair value of \$12.46 per RSU or PSU on January 22, 2018, the date the awards were granted. The closing price of the Common Shares on the TSX on the business day immediately preceding the grant date was \$12.46 per Common Share. For financial reporting purposes, the fair value of each RSU is \$12.46, and the fair value for each PSU is \$9.18 which is estimated using a Monte Carlo valuation model, which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.
Mr. Thomas and Ms. Kuzenko did not receive long-term awards on the same schedule as the other NEOs.
On April 2, 2018, in connection with his hiring, Mr. Thomas was awarded 95,556 PSUs and 80,385 RSUs. Of these awards, 45,512 PSUs and 30,341 RSUs were awarded for the performance period 2018 - 2020 with the same 60%/40% weighting used in the regular LTI program for NEOs. In addition, Mr. Thomas was awarded 21,125 PSUs and 21,125 RSUs using a truncated one-year performance period through December 31, 2018 and 28,919 PSUs and 28,919 RSUs using a truncated two-year performance period through to December 31, 2019. The awards for the performance periods ending December 2018 and December 2019 are "make-whole" awards to replace a portion of the unvested equity-based compensation value that he forfeited upon leaving his prior employer. The closing price of the Common Shares on the TSX on the business day immediately preceding the grant date was \$7.91 per Common Share. For financial reporting purposes, the fair value of each RSU is \$7.91, and the fair value for each PSU is \$9.18 which is estimated using a Monte Carlo valuation model, which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.
On November 21, 2018, in connection with her hiring, Ms. Kuzenko was awarded a combination of 35,306 PSUs and 23,538 RSUs. The PSUs were granted in respect of the 2016 - 2018, 2017 - 2019, and 2018 - 2020 performance periods, with the number of PSUs granted adjusted ratably to reflect the amount of time remaining in each of the three performance periods, as of Ms. Kuzenko's hire date. The RSUs were granted to preserve the same 60%/40% allocation between PSUs and RSUs that is used in the regular LTI program, for each of the three PSU award tranches. The closing price of the Common Shares on the TSX on the business day immediately preceding the grant date was \$11.58 per Common Share. For financial reporting purposes, the fair value of each RSU is \$11.58, and the fair value for each PSU is \$9.18 which is estimated using a Monte Carlo valuation model, which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.
LTI compensation awards for Mr. Swinoga and Mr. Simpson reflect the full number of PSUs and RSUs granted to them and have not been adjusted to reflect PSUs and RSUs subsequently forfeited upon leaving the Company.
- (5) LTI compensation awards for 2017 of RSUs and PSUs under the ESU Plan for a three-year performance period commencing January 1, 2017 to December 31, 2019. The effective date of the grant was January 11, 2017. Please see "Compensation Discussion and Analysis - Long-Term Incentive Plan". Based on the fair value of \$27.95 per RSU or PSU on January 11, 2017, the date the awards were granted. The closing price of the Common Shares on the TSX on the grant date was \$27.95 per Common Share. For financial reporting purposes, the fair value of each RSU is \$27.95, and the fair value for each PSU is \$41.65 which is estimated using a Monte Carlo valuation model, which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.
- (6) LTI compensation awards for 2016 of RSUs and PSUs under the ESU Plan for a three-year performance period commencing January 1, 2016 to December 31, 2018. In February 2016, the Compensation Committee approved, in principle, LTI awards to the NEOs. However, these grants were deferred until the first quarterly meeting of the Board after the ESU Plan was approved by shareholders, and so were actually made in August 2016. The effective date of the grant was August 15, 2016. Based on the fair value of \$32.02 per RSU or PSU on August 15, 2016, the date the awards were granted. The closing price of the Common Shares on the TSX on the business day immediately preceding the grant date was \$32.02 per Common Share. For financial reporting purposes, the fair value of each RSU is \$32.02, and the fair value for each PSU is \$45.62 which is estimated using a Monte Carlo valuation model, which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.
- (7) All other compensation includes a car allowance of \$12,000 per year for Mr. Stanford. Each NEO is entitled to an annual health assessment; Mr. Stanford had a health assessment in 2018, Messrs. Stanford, Swinoga and Simpson had a health assessment in 2016 and 2017. Also in 2016, Mr. Stanford received a commemorative coin marking the inauguration of the ELG Mine.
- (8) Mr. Thomas joined the Company as Chief Financial Officer on April 2, 2018.
- (9) Mr. Swinoga ceased employment with the Company effective January 12, 2018 (the "Termination Date"). In accordance with a separation agreement, Mr. Swinoga received unpaid base salary owing and pro-rated unused vacation entitlements up to the Termination Date, an amount equal to one times his annual base salary in effect on the Termination Date, and a cash bonus for 2017 of \$98,485.
- (10) Mr. Simpson ceased employment with the Company effective November 9, 2018.
- (11) Ms. Kuzenko joined the Company as Chief Operating Officer on October 29, 2018.
- (12) Salary and annual incentive plan awards are paid in United States dollars and have been converted to Canadian dollars based on the exchange rate reported by the Bank of Canada, for December 31, 2018 of US\$1.00 = 1.3642, December 31, 2017 of US\$1.00 = \$1.2599, and December 31, 2016 of US\$1.00 = \$1.3427, as applicable.
- (13) Mr. Loyer is entitled to a housing allowance. Mr. Loyer's housing allowance for 2016 was paid in January 2017 and amounted to US\$30,135. His housing allowance for 2017 and 2018 was US\$24,000.

Incentive Plan Awards

(a) Outstanding Share-Based Awards and Option-Based Awards

The following table provides information regarding all incentive plan awards for each NEO outstanding as of December 31, 2018.

| Name | Option-based Awards ⁽¹⁾ | | | | Share-based Awards | | |
|--|---|----------------------------|------------------------|---|--|---|---|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options ⁽²⁾ (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested ⁽³⁾ (\$) | Market or payout value of vested share-based awards not paid out or distributed ⁽⁴⁾ (\$) |
| Fred Stanford President and Chief Executive Officer | 50,000 | 11.50 | April 21, 2019 | 74,500 | 248,603 | 3,229,353 | Nil |
| Steven Thomas Chief Financial Officer | Nil | N/A | N/A | N/A | 175,941 | 2,285,474 | Nil |
| Jeff Swinoga Former Chief Financial Officer ⁽⁵⁾ | 28,920 | 11.40 | January 12, 2019 | 45,983 | 24,399 | 316,943 | Nil |
| Jason Simpson Former Chief Operating Officer ⁽⁵⁾ | Nil | N/A | N/A | N/A | 78,825 | 1,023,937 | Nil |
| Jody Kuzenko Chief Operating Officer | Nil | N/A | N/A | N/A | 58,844 | 764,384 | Nil |
| Bernie Loyer, Vice President, Projects | 12,500 | 11.40 | August 5, 2020 | 19,875 | 40,591 | 527,277 | Nil |

Notes:

- (1) Options vested in tranches of 1/3, with 1/3 of the options vesting on the date of grant, 1/3 of the options vesting on the first anniversary of the date of grant and 1/3 of the options vesting on the second anniversary of the date of grant.
- (2) Based on the difference in value between the exercise price of the options and the closing price of the Common Shares on the TSX on December 31, 2018 of \$12.99.
- (3) Assuming an adjustment factor of 1.0 for the PSUs.
- (4) The value of all undistributed share based awards reflected in this column has been calculated using the market value of the Common Shares on the TSX of \$12.99 per share at December 31, 2018.
- (5) In accordance with Mr. Swinoga's employment agreement, the expiry date of his vested stock options was extended to January 12, 2019, one year after he ceased employment with the Company. In accordance with the ESU Plan, Messrs. Swinoga and Simpson continue to hold a pro rata portion of their Share Units based on the number of complete months of service from the first day of the performance period or grant term until their separation date, as applicable, for each grant of Share Units.

(b) Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each NEO for the year ended December 31, 2018.

| Name | Option-based Awards – Value vested during the year (\$) | Share-based Awards – Value vested during the year ⁽¹⁾ (\$) | Non-Equity Incentive Plan Compensation – Value earned during the year (\$) |
|--|---|---|--|
| Fred Stanford President and Chief Executive Officer | Nil | 11,230 | 757,300 |
| Steven Thomas Chief Financial Officer | Nil | Nil | 180,164 |
| Jeff Swinoga Former Chief Financial Officer | Nil | Nil | Nil |
| Jason Simpson Former Chief Operating Officer | Nil | Nil | 334,795 |
| Jody Kuzenko Chief Operating Officer | Nil | Nil | 47,255 |
| Bernie Loyer, Vice President, Projects | Nil | Nil | 222,637 |

Notes:

- (1) Based on the number of RSUs vested during the year, multiplied by the closing price of the Common Shares on the TSX on the date prior to vesting.

11.6 Termination and Change of Control Benefits

The Company has entered into employment agreements (the “**Employment Agreements**”) with each of the NEOs, which agreements include provisions relating to: voluntary termination; death, retirement or permanent disability; termination of employment for cause; and a Triggering Event (as defined below) following a Change of Control (as defined below) (commonly referred to as a double trigger). The terms are as follows:

(a) Voluntary Termination

A NEO may terminate their employment with the Company with thirty days written notice and shall receive payment of any outstanding base salary. See also “Article 14 - Employee Share Unit Plan” regarding PSUs and RSUs following a voluntary termination of employment.

If the NEO terminates their employment after: (a) being relieved of their duties (for reasons other than termination for cause or termination for disability/death/retirement) or a material change in their duties; (b) any reduction in their salary or any material reduction in benefits or any other form of remuneration; or (c) any material breach by the Company of any material provisions of their Employment Agreement, the Company shall provide:

- any unpaid base salary owing up to the date of termination;
- pro-rated unused vacation entitlements up to the date of termination;
- an amount equal to one times the NEO’s annual base salary in effect at the date such notice of termination is given (other than in the case of Mr. Stanford, which amount is two times annual base salary);
- an amount equal to one times the average of the cash bonuses paid to the NEO for the two most recently completed years (other than in the case of Mr. Stanford, which is two times the average of the cash bonuses paid); and
- that any unvested options previously granted shall continue to vest for a period of six months subsequent to any notice of resignation given by the NEO or notice of termination (other than in the case of Mr. Stanford, for whom all unvested options and RSUs would vest for one year following the date of notice of such termination).

None of the NEOs have unvested options or RSUs under the Stock Option Plan and RSU Plan. See also “Article 14 - Employee Share Unit Plan” regarding PSUs and RSUs following termination of employment without cause.

(b) Termination by the Company for Disability/Death/Retirement

The employment of the NEO will automatically terminate, without notice or pay in lieu of notice, upon the death or retirement of the NEO.

The Company may terminate the employment of the NEO by giving written notice, if the NEO becomes permanently disabled.

In the event of permanent disability, death or retirement the Company shall provide to the NEO:

- any unpaid base salary owing up to the date of termination;
- pro-rated unused vacation entitlements up to the date of termination;
- in lieu of their annual bonus for the year in which termination of employment occurs, a lump sum payment in an amount equal to the average of the cash bonuses paid to the NEO for the two most recently completed years; and
- that any unvested options previously granted shall continue to vest and be exercisable as provided for in the Stock Option Plan (other than in the case of Mr. Stanford, where any unvested options or RSUs previously granted shall continue to vest as provided in the Stock Option, RSU Plan and ESU Plan and all options previously granted shall continue to be exercisable as provided for in the Stock Option Plan).

None of the NEOs have unvested options or RSUs under the Stock Option Plan and RSU Plan. See also "Article 14 - Employee Share Unit Plan" regarding PSUs and RSUs following termination of employment for disability, death or retirement.

(c) Termination for Cause

The Company may terminate a NEO's employment for cause without notice or payment in lieu of notice.

In the event of termination for cause, a NEO receives payment of:

- any unpaid base salary owing up to the date of termination; and
- pro-rated unused vacation entitlements up to the date of termination.

All unexercised options that have been granted to the NEO prior to receipt by the NEO of notice of termination, shall not be exercisable and shall immediately be deemed to be null and void. In addition, the NEO will forfeit all PSUs and RSUs granted under the ESU Plan.

(d) Termination without Cause or Triggering Event following Change of Control

The summary below outlines the compensation payable to NEOs in the event of termination of employment by the Company without cause, or the resignation by the NEO following (i) a material reduction of the NEO's duties, level of responsibility or reporting level, (ii) any reduction of base salary, (iii) any material reduction of benefits or other remuneration (other than discretionary benefits or remuneration such as bonuses, option grants or RSU grants) or (iv) relocation of the principal office of the NEO that increases the NEO's commute above a specified threshold or outside of a specified geographic area (each, including termination of employment without cause, a "**Triggering Event**") within 24 months of the change of control of the Company (a "**Change of Control**").

A Change of Control is deemed to occur upon:

- a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company and another corporation or by any person and its joint actors and affiliates (collectively, a "**Group**"), as such terms are used or defined in the *Securities Act* (Ontario), and whether directly or indirectly, resulting in the acquisition of the Common Shares which, when added to all other Common Shares at the time held by such corporation or person and its joint actors and affiliates, totals for the first time 40% of the outstanding Common Shares; or
- any person or Group acting jointly or in concert succeeding in having a sufficient number of its nominees elected to the Board such that such nominees, when added to any existing director remaining on the Board after such election who can be considered to be a nominee of such person or Group, will constitute the majority of the Board; or
- the Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

The provisions in place for the NEOs upon a Triggering Event provide that a NEO receives:

- any unpaid base salary owing up to the date of termination;
- pro-rated unused vacation entitlements up to the date of termination;
- an amount equal to one times the NEO's annual base salary in effect at the date the notice of termination is given (other than in the case of Mr. Stanford, which is two times annual base salary);
- an amount equal to one times the average of the cash bonuses paid to the NEO for the two most recently completed years (other than in the case of Mr. Stanford, which is two times the average of the cash bonuses paid);
- other than Mr. Loyer, at the request of the NEO, the Company shall provide outplacement services to a maximum cost of \$10,000 (other than in the case of Mr. Stanford where the Company shall pay him a lump sum of \$25,000 in lieu of outplacement services); and
- upon a Triggering Event that occurs within a 24-month period following a Change of Control (being a double trigger, Change of Control **and** a Triggering Event):
 - (i) all options that have been granted to the NEO and all RSUs granted under the RSU Plan, prior to the Change of Control shall automatically vest and if not yet exercised, shall continue to be exercisable by the NEO in the same manner and on the same terms that existed prior to the actual notice of termination;
 - (ii) under the ESU Plan, any surviving, successor or acquiring company ("**AcquireCo**") shall assume any outstanding RSUs and PSUs (the "**Share Units**") or substitute similar share units for the outstanding Share Units. If the ESU Plan remains or is assumed by AcquireCo:
 - a. all of the RSUs and PSUs and related dividend share units will vest immediately prior to the NEO's termination date;
 - b. the PSUs will vest using an adjustment factor determined by the Board, based on performance to the end of the year prior to the holder's termination date, however, if the performance period for the vested PSUs commenced less than one year prior to the NEO's termination date, the PSUs will be redeemed using an adjustment factor of 1.0.

If AcquireCo does not assume the outstanding Share Units under the ESU Plan or substitute similar share units for the outstanding Share Units, or if the Board otherwise determines in its sole discretion: (a) the ESU Plan will be terminated effective immediately prior to the Change of Control (the Company shall give written notice to all participants of the ESU Plan advising of such termination); (b) all RSUs will vest and shall be redeemed as of the termination date of the ESU Plan; and (c) the Board will determine the number of PSUs that will vest using an adjustment factor determined in the discretion of the Board and all vested PSUs will be redeemed as of the termination date of the ESU Plan.

The Employment Agreements provide that following termination, the NEO may not disclose any confidential information about the Company unless: (i) the NEO has the consent of the Company; (ii) it is required by law; or (iii) it is or becomes a matter of public knowledge.

The Employment Agreements provide that the NEOs will not for one year after they cease to be an employee, directly or indirectly, whether alone or jointly with others, offer employment to or endeavour to entice away from the Company any person employed by the Company at the time of termination or interfere with such employees' employment relationships with the Company.

The following are the estimated incremental payments, payables and benefits, assuming a Triggering Event took place on December 31, 2018, which was within 24 months of a Change of Control:

| Name | Aggregate base salary (\$) | Aggregate bonus (\$) | Options/RSUs/PSUs ⁽¹⁾⁽²⁾ (\$) | Other benefits (\$) | Total (\$) |
|------------------------------|----------------------------|----------------------|--|---------------------|------------|
| Fred Stanford | 1,514,600 | 1,409,800 | 3,229,353 | 25,000 | 6,178,753 |
| Steven Thomas | 400,000 | 180,164 | 2,285,474 | 10,000 | 2,875,638 |
| Jeff Swinoga ⁽³⁾ | N/A | N/A | N/A | N/A | N/A |
| Jason Simpson ⁽⁴⁾ | N/A | N/A | N/A | N/A | N/A |
| Jody Kuzenko | 385,000 | 47,255 | 764,384 | 10,000 | 1,206,639 |
| Bernie Loyer ⁽⁵⁾ | 445,275 | 212,111 | 527,277 | Nil | 1,184,663 |

Notes:

- (1) Based on the closing price of the Common Shares on the TSX on December 31, 2018 of \$12.99.
- (2) Assuming an adjustment factor of 1.0 for the PSUs.
- (3) Mr. Swinoga ceased employment with the Company on January 12, 2018.
- (4) Mr. Simpson ceased employment with the Company on November 9, 2018.
- (5) Salary and annual incentive plan awards are paid in United States dollars. Figures have been converted to Canadian dollars based on the exchange rate for December 31, 2018, as reported by the Bank of Canada, of US\$1.00 = \$1.3642.

ARTICLE 12 SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2018. A description of the significant terms of each of the equity compensation plans of the Company follows the table below:

| Plan Category | Number of securities to be issued upon exercise of outstanding options and rights ⁽¹⁾ | Weighted-average price of outstanding options and rights ⁽²⁾ (\$) | Number of securities remaining available for future issuance under equity compensation plans ⁽³⁾⁽⁴⁾ |
|---|--|--|--|
| Equity compensation plans approved by securityholders | 1,788,370 | 13.31 for options N/A for RSUs and PSUs | 4,410,615 |
| Equity compensation plans not approved by securityholders | Nil | N/A | N/A |
| Total | 1,788,370 | | 4,410,615 |

Notes:

- (1) Represents the number of Common Shares reserved for issuance upon redemption of 533,983 outstanding PSUs and 372,664 outstanding RSUs under the ESU Plan, 70,299 outstanding RSUs under the RSU Plan and exercise of 811,424 outstanding options under the Stock Option Plan. Assumes an adjustment factor of 1.0 for PSUs issued under the ESU Plan.
- (2) The weighted average exercise price for all outstanding options and rights is the weighted average exercise price of the Options outstanding under the Stock Option Plan. There is no exercise price associated with the PSUs and RSUs under the ESU Plan or the RSUs under the RSU Plan.
- (3) Based on the maximum aggregate number of Common Shares that were available for issuance under the ESU Plan, Stock Option Plan and the RSU Plan, collectively, as at December 31, 2018 of 6,198,985 (which maximum reserve is based on 7.3% of the number of issued and outstanding Common Shares as at December 31, 2018 of 84,917,606). On May 7, 2019, the Board approved an amendment to each of the ESU Plan, Stock Option Plan and the RSU Plan reducing the maximum number of Common Shares that may be reserved for issuance pursuant to such plans from 7.3% to 6.6% of the issued and outstanding Common Shares from time to time.
- (4) Represents approximately 5.2% of the issued and outstanding Common Shares as at December 31, 2018, on a non-diluted basis.

**ARTICLE 13
BURN RATE**

| Plan Category | 2016 | 2017 | 2018 |
|---|------------------------|------------|------------|
| Stock Option Plan Grants | 112,837 ⁽¹⁾ | 43,952 | 126,394 |
| RSU Plan Grants | 216,101 ⁽¹⁾ | 28,472 | 46,149 |
| ESU Plan Grants ⁽²⁾ | | | |
| • RSUs | 113,648 | 71,482 | 224,273 |
| • PSUs ⁽²⁾ | 170,473 | 107,225 | 311,385 |
| Total Securities Granted | 613,059 | 251,131 | 708,201 |
| Basic Weighted Average Shares Outstanding | 79,096,487 | 79,796,545 | 84,365,072 |
| Burn Rate – Stock Option Plan Grants | 0.14% | 0.06% | 0.15% |
| Burn Rate – RSU Plan Grants | 0.27% | 0.04% | 0.05% |
| Burn Rate – ESU Plan Grants | 0.36% | 0.22% | 0.63% |

Notes:

- (1) Includes 47,382 stock options and 183,016 RSUs in respect of 2015 equity based compensation which was granted in 2016.
- (2) The Employee Share Unit Plan was implemented in 2016. The adjustment factor is up to 2.0 on the PSUs. The burn rate is based on an adjustment factor of 1.0.

**ARTICLE 14
EMPLOYEE SHARE UNIT PLAN**

In 2016, shareholders approved the ESU Plan pursuant to which the Board may, from time to time, determine those eligible employees and officers of the Company (an “**Eligible Person**”) who will receive a grant of restricted share units (“**Restricted Units**”) and/or performance share units (“**PSUs**”, together with Restricted Units, are collectively referred to as “**Share Units**”).

The purpose of the ESU Plan is to provide a meaningful incentive to achieving the Company’s annual operational objectives, and other short term needs, through decisions that are consistent with creating long term value to support the Company’s share price.

The ESU Plan is administered by the Compensation Committee (provided the Board has delegated the administration to such committee), which has the sole and absolute discretion to: recommend to the Board the employees of the Company to whom grants of Share Units should be made and the number of Share Units to be granted; interpret and administer the ESU Plan; recommend to the Board conditions to the vesting of Share Units; set, waive, and amend performance targets; recommend to the Board amending the list of performance peers as may be appropriate; and make any other determinations that the Compensation Committee deems necessary or desirable for the administration of the ESU Plan. Any decision of the Compensation Committee with respect to the administration and interpretation of the ESU Plan will be conclusive and binding on the ESU Participants (as defined below).

The Board may award Share Units to any Eligible Person (an “**ESU Participant**”) in its sole discretion. Non-executive directors of the Company are not eligible to participate in the ESU Plan. Each Share Unit granted to an ESU Participant under the ESU Plan will be credited to the ESU Participant’s share unit account. From time to time, an ESU Participant’s share unit account will be credited with dividend share units in the form of additional PSUs (“**Dividend PSUs**”) or additional Restricted Units (“**Dividend Restricted Units**”, and together with Dividend PSUs are collectively referred to as “**Dividend Share Units**”), as applicable, in respect of outstanding PSUs or Restricted Units, as applicable, on each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Such Dividend PSUs and Dividend Restricted Units will be computed as the amount of the dividend declared and paid per Common Share multiplied by the number of PSUs and Restricted Units, as applicable, recorded in the ESU Participant’s share unit account on the date for the payment of such dividend, divided by the Market Value as at the dividend payment date. Dividend Share Units are not paid out until the underlying vested Restricted Unit is redeemed.

“**Market Value**” for these purposes means the closing trading price of the Common Shares on the TSX, or such other stock exchange on which the Common Shares are then listed, on the trading day immediately preceding the date as at which Market Value is determined. Canadian ESU Participants may elect at any time to redeem vested Share Units on any date or dates after the date the Share Units become vested and on or before the expiry date, subject to extension in the case of a blackout period (unless the ESU

Participant elects to redeem the Share Units on the condition that they receive the Share Unit Amount (as defined below)). An ESU Participant who does not elect an early redemption date as specified under the ESU Plan will have vested Share Units redeemed on their expiry date. The expiry date for Share Units will be determined by the Board for each applicable grant.

The Company will redeem each Share Unit elected to be redeemed by an ESU Participant on the applicable redemption date by:

- issuing to the ESU Participant the number of Common Shares equal to one Common Share for each whole vested Share Unit elected to be redeemed and delivering either (i) such number of Common Shares less the number of Common Shares with a Market Value equal to the amount of all income taxes and statutory amounts required to be withheld (“**Applicable Withholdings**”), or (ii) subject to the consent of the Company, such number of Common Shares, provided the ESU Participant has provided for payment to the Company of all or a portion of the amount equal to the Applicable Withholdings;
- at the election of the ESU Participant and subject to the consent of the Company, paying the ESU Participant an amount in cash (the “**Share Unit Amount**”) equal to: (i) the number of vested Share Units elected to be redeemed multiplied by (ii) the Market Value minus (iii) Applicable Withholdings; or
- at the election of the ESU Participant, a combination of Common Shares and cash, subject to the consent of the Company.

Rights respecting Share Units and Dividend Share Units are not transferable or assignable other than by will or the laws of descent and distribution. No financial assistance will be provided by the Company to any ESU Participant in connection with any award of Share Units.

Each Restricted Unit will vest on the date or dates designated in the applicable grant agreement or such earlier date as is provided for in the ESU Plan or is determined by the Board, conditional on the satisfaction of any additional vesting conditions established by the Board. Each PSU will vest on the date or dates designated in the applicable grant agreement or such earlier date as is provided in the ESU Plan or is determined by the Board, conditional on the satisfaction of any additional vesting conditions established by the Board. The number of PSUs that will vest on a vesting date will be the number of PSUs and Dividend PSUs scheduled to vest on such vesting date multiplied by the applicable adjustment factor. The adjustment factor will be determined based on the Company’s market performance, as described in the applicable grant agreement.

On May 7, 2019, in accordance with the amendment provisions in the ESU Plan, the Board approved certain amendments to the ESU Plan, including an amendment to reduce the aggregate number of Common Shares that may be reserved for issuance under the ESU Plan and all other Share Compensation Arrangements from 7.3% to 6.6%. “**Share Compensation Arrangements**” for these purposes means the ESU Plan and any other security-based compensation arrangements implemented by the Company including stock option plans, employee stock purchase plans, share distribution plans, stock appreciation right plans, restricted share plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, pre-existing or otherwise.

Accordingly, pursuant to the terms of the ESU Plan: (a) the number of Common Shares reserved for issuance pursuant to Share Units and all other Share Compensation Arrangements, at any time, may not exceed 6.6% of the total number of Common Shares then outstanding; (b) the aggregate number of Common Shares issuable to insiders pursuant to Share Units and all other Share Compensation Arrangements, at any time, may not exceed 6.6% of the total number of Common Shares then outstanding; and (c) the aggregate number of Common Shares issued to insiders pursuant to Share Units and all other Share Compensation Arrangements, in respect of a one year period, may not exceed 6.6% of the total number of Common Shares then outstanding.

Based on the 85,266,759 Common Shares outstanding as at May 6, 2019, the Company may reserve up to 5,627,606 Common Shares for issuance pursuant to its ESU Plan and all other Share Compensation Arrangements.

Under the ESU Plan, Common Shares reserved for issuance pursuant to Share Units that are surrendered, terminated or cancelled without having been redeemed will again be available for issuance under the ESU Plan (and other Share Compensation Arrangements) and Common Shares underlying Share Units that are redeemed for cash will not again be available for issuance under the ESU Plan.

If an ESU Participant's employment is terminated by the Company for cause, the ESU Participant will forfeit all rights, title and interest with respect to Share Units and the related Dividend Share Units, including Vested Share Units.

If an ESU Participant's employment is terminated by the Company without cause or the ESU Participant resigns, a pro rata portion of the ESU Participant's unvested PSUs and Dividend PSUs will vest immediately prior to the ESU Participant's termination date, based on the number of complete months from the first day of the performance period to the applicable termination date divided by the number of months in the performance period. However, the vested PSUs will not be redeemed until the end of the performance period based on the adjustment factor applicable to the performance period. Similarly, if the ESU Participant's employment is terminated by the Company without cause, a pro rata portion of the ESU Participant's unvested Restricted Units and Dividend RSUs will vest immediately prior to the ESU Participant's termination date, based on the number of months from the first day of the grant term to the termination date divided by the number of months in the grant term. The ESU Participant's vested Restricted Units will be redeemed at the end of the grant term.

If an ESU Participant's employment is terminated by the disability of the ESU Participant, a *pro rata* portion of the ESU Participant's PSUs and Restricted Units and related Dividend PSUs and Dividend Restricted Units, as applicable, will vest immediately prior to the date of such event. For PSUs, the *pro rata* portion will be based on the number of complete months from the first day of the performance period to the date of the ESU Participant's disability divided by the number of months in the performance period. The ESU Participant's vested PSUs will be redeemed at the end of the performance period based on the adjustment factor applicable to the performance period. For Restricted Units, the *pro rata* portion will be based on the number of complete months from the first day of the grant term to the date of the ESU Participant's disability divided by the number of months in the grant term. The ESU Participant's vested Restricted Units will be redeemed at the end of the grant term.

If an ESU Participant's employment is terminated by the death of the ESU Participant, a *pro rata* portion of the ESU Participant's PSUs and Restricted Units and related Dividend PSUs and Dividend Restricted Units, as applicable, will vest immediately prior to the date of death. For PSUs, the *pro rata* portion will be based on the number of complete months from the first day of the performance period to the date of the ESU Participant's death divided by the number of months in the performance period. The ESU Participant's vested PSUs will be redeemed as soon as practical following the date of the ESU Participant's death using the adjustment factor determined by the Board, which will be based on performance to the end of the year prior to the ESU Participant's date of death, provided that if the performance period for the vested PSUs commenced less than one year prior to the ESU Participant's date of death, the PSUs will be redeemed using an adjustment factor of 1.0. For Restricted Units, the *pro rata* portion will be based on the number of complete months from the first day of the grant term to the date of the ESU Participant's death divided by the number of months in the grant term. The ESU Participant's vested Restricted Units will be redeemed as soon as practical following the date of the ESU Participant's death.

If the employment of an ESU Participant is terminated by the Company without cause or if the ESU Participant resigns in circumstances constituting constructive termination, in each case, within 24 months following a Change of Control (as such term is defined under the ESU Plan) which includes, among other things the acquisition of 40% or more of the Common Shares, or the election of a number of nominees to the Board that constitute a majority of the Board, all of the ESU Participant's Share Units and related Dividend Share Units as applicable will vest immediately prior to the ESU Participant's termination date. The PSUs will vest using an adjustment factor determined by the Board, which will be based on performance to the end of the year prior to the ESU Participant's termination date, provided that if the performance period for the vested PSUs commenced less than one year prior to the ESU Participant's termination date, the PSUs will be redeemed using an adjustment factor of 1.0.

The Board may amend, suspend or terminate the ESU Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX), if any, that require the approval of shareholders or any governmental or regulatory body. The Board may make a number of amendments to the ESU Plan without seeking shareholder approval, including: (a) any amendment to the vesting provisions of the ESU Plan or any grant agreement (provided that any amendment to the vesting provisions that would extend the term to the benefit of an insider would not be permitted without shareholder approval); (b) amendments to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Company, the ESU Plan or the shareholders; (c) any amendment to permit conditional redemption; (d) amendments of a "housekeeping" nature; (e) amendments respecting administration of the ESU Plan; and (f) any other amendments not requiring shareholder approval, including amendments in connection with a Change of Control to assist ESU Participants to participate in such event. However, shareholder approval (by a majority of votes cast) will be required for:

- increases to the number or percentage of Common Shares issuable under the ESU Plan;
- any amendment expanding the categories of Eligible Person which would have the potential of broadening or increasing insider participation, including without limitation the participation of non-employee directors;
- the addition of any other provision which results in ESU Participants receiving Common Shares while no cash consideration is received by the Company;
- amendments which would permit awards to be transferred or assigned other than for normal estate planning purposes;
- amendments to the amending provision within the ESU Plan; and
- amendments required to be approved by shareholders under applicable law.

On January 9, 2019 (with a further clarifying amendment approved May 7, 2019), in accordance with the amendment provisions in the ESU Plan, the Board amended the ESU Plan to permit a conditional redemption of vested Share Units. While the ESU Plan provides that if an expiry date or a redemption date falls within, or within two days of blackout period, such date shall be automatically extended to the tenth business day following the end of the blackout period, the ESU Plan was amended to make an exception for an ESU Participant to elect to redeem vested Shares Units on the condition that such ESU Participant receive the Share Unit Amount in respect of such vested Share Units on or before a date specified by the Company for such purpose, and the Company has agreed, in which case the expiry date or the redemption date, as the case may be, of such vested Share Units will not be extended.

In addition, to assist with the efficient administration of the ESU Plan and in accordance with the amendment provisions of the ESU Plan, the Board approved the following amendments on May 7, 2019:

- The definition of "Market Value" was changed to mean the closing price of the Common Shares on the trading day immediately preceding the date as at which the Market Value is determined;
- If an Expiry Date or a Redemption Date (each as defined in the ESU Plan) falls on a day that is not a business day, it shall be automatically extended to the next business day;
- With the consent of the Company, the ESU Participant may pay all or a portion of the Applicable Withholdings to the Company and retain the relevant number of Common Shares on the redemption of the vested Share Units; and
- Clarifying changes were made to the definitions of Redemption Date, Redemption Notice and Vesting Date, to the first paragraph of Section 3.3 regarding Redemption Notice, and to Sections 4.3 and 5.2 regarding Termination for Cause.

The Board may amend or modify any outstanding Share Unit in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended. No new awards of Share Units may be made under the ESU Plan after April 29, 2026, being the tenth anniversary of the ESU Plan's effective date.

As at May 6, 2019, there were 383,525 Restricted Units and 560,837 PSUs outstanding under the ESU Plan.

ARTICLE 15 STOCK OPTION PLAN

The purpose of the Stock Option Plan is to secure for the Company and the Company's shareholders the benefits of incentives inherent in share ownership by directors, key employees and consultants of the Company who, in the judgment of the Board, will be largely responsible for its future growth and success.

The Stock Option Plan provides that options to purchase Common Shares may be granted to directors, key employees or consultants of the Company or a subsidiary of the Company, as determined by the Board or a committee thereof, at a price to be fixed by the Board, but, in any event, shall not be less than the closing price of the Common Shares on the Toronto Stock Exchange on the trading day immediately preceding the day of the grant of the option. The Common Shares subject to each option shall become purchasable at such time or times as may be determined by the Board and each option shall expire at a date determined by the Board, but in no case will such date be more than five years from the date of grant of the option. Any Common Shares not purchased by exercise of an option prior to the expiry date of the option may thereafter be reallocated in accordance with the provisions of the Stock Option Plan.

The Stock Option Plan further provides that if an optionee ceases to be employed or ceases to be a director while holding an option which has not been fully exercised, such optionee may exercise the option, to the extent that the optionee is entitled to exercise the option, for up to 90 days thereafter (or such longer period as may be required by law or may be determined by the Board) or prior to the expiry date of the option, whichever is sooner. In the case of an optionee being dismissed from employment or service for cause, the option will terminate on the date of such dismissal. All options granted under the Stock Option Plan will be non-transferable and non-assignable.

On May 7, 2019, in accordance with the amendment provisions in the Stock Option Plan, the Board amended the Stock Option Plan to reduce the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan and all other Share Compensation Arrangements from 7.3% to 6.6% of the issued and outstanding Common Shares from time to time. Accordingly, pursuant to the Stock Option Plan, the aggregate number of Common Shares that may be reserved for issuance to insiders under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 6.6% of the issued and outstanding Common Shares from time to time. In addition, the aggregate number of options that may be granted to insiders within a one-year period under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 6.6% of the issued and outstanding Common Shares from time to time.

In addition, to assist with the efficient administration of the ESU Plan and in accordance with the amendment provision of the Stock Option Plan, the Board approved the following amendments to the Stock Option Plan on May 7, 2019

- The definition of "Market Value" was changed to mean the closing price of the Common Shares on the trading day immediately preceding the date as at which the Market Value is determined;
- If an Expiry Date (as defined in the Stock Option Plan) falls on a day that is not a business day, it shall be automatically extended to the next business day; and
- The addition of references to "applicable subsidiary" in Section 3.9 regarding Income Taxes.

The Board and/or any committee of the Board to which such tasks are delegated, may modify or terminate the Stock Option Plan at any time. Subject to receipt of requisite shareholder and regulatory approval, the Board may make amendments to the Stock Option Plan to: (a) amend the number of securities issuable under the plan; (b) increase the limits imposed on non-employee directors; (c) change the definition of "Participants" which would have the potential of narrowing or broadening or increasing insider participation; (d) add any form of financial assistance under the plan; (e) amend a financial assistance provision which is more favourable to participants; (f) reduce the exercise price of outstanding options or reissue any options; (g) extend the term of an outstanding option; (h) permit options to be transferable or assignable, other than for estate settlement; (i) add a cashless exercise feature, payable in cash or securities which does not provide for a full deduction in the number of underlying securities from the plan; (j) add deferred or RSUs or any other provision which results in participants receiving securities while no cash consideration is received by the Company; (k) make amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to participants, especially to insiders of the Company, at the expense of the Company and its existing shareholders; and (l) amend the amendment provisions. The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Stock Option Plan that are not of the type

contemplated above, including, without limitation: (i) amendments of a housekeeping nature; (ii) the addition of or a change to vesting provisions of a security or the plan; (iii) a change to the termination provisions of a security or the plan which does not entail an extension beyond the original expiry date; and (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the plan reserve.

As at May 6, 2019, there were options outstanding to purchase 390,392 Common Shares.

ARTICLE 16 RESTRICTED SHARE PLAN

In connection with the acquisition of the Morelos Gold Property, and the Board's discussions with prospective new members for the Board and management, the Board decided that it was desirable to have a broader range of incentive plans (including the RSU Plan) in place to attract, retain and motivate directors, key employees and consultants of the Company.

The following is a summary of some of the key terms of the RSU Plan. The RSU Plan provides that RSUs may be granted by the Board or a committee of the Board, which administers the RSU Plan (the "**Committee**"), to directors, key employees and consultants of the Company as a discretionary payment in consideration of past or future services to the Company.

The number of RSUs awarded will be credited to the participant's account effective on the grant date of the RSUs. An RSU represents a right to receive one Common Share issued from treasury on the later of: (a) the date which is the first day after a restricted period as determined by the Compensation Committee ("**Restricted Period**"); and (b) a date determined by an eligible participant that is after the Restricted Period but is no later than the participant's retirement date or termination date (a "**Deferred Payment Date**"). Subject to the approval of the RSU Plan Amendments at the Meeting, the Board would be permitted to extend a Deferred Payment Date beyond the participant's retirement date or termination date, with the consent of such participant. Vesting for RSUs occurs on the date which is the first day after a Restricted Period. The Compensation Committee may also make the vesting of RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants. Participants seeking to set a Deferred Payment Date may do so by giving the Company at least 15 days' notice prior to the expiration of the Restricted Period (which was 30 days' notice before being amended by the Board on May 7, 2019 in accordance with the amendment provisions of the RSU Plan).

On May 7, 2019, in accordance with the amendment provisions of the RSU Plan, the Board amended the RSU Plan to reduce the maximum number of Common Shares that may be reserved for issuance pursuant to the RSU Plan and all other Share Compensation Arrangements from 7.3% to 6.6% of the issued and outstanding Common Shares from time to time. Accordingly, pursuant to the RSU Plan the maximum number of Common Shares issuable to insiders, at any time, pursuant to the RSU Plan and all other Share Compensation Arrangements is 6.6% of the total number of Common Shares then outstanding. In addition, the maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the RSU Plan and any other Share Compensation Arrangements is 6.6% of the total number of Common Shares then outstanding.

RSUs are not assignable. In the event of a participant's retirement or termination during a Restricted Period, any RSUs automatically terminate, unless otherwise determined by the Compensation Committee. If a participant's retirement or termination occurs after the Restricted Period and prior to any Deferred Payment Date, any RSUs shall be satisfied by the Company issuing the applicable Common Shares or, subject to the agreement of the Company, the Company paying the "RSA Amount" (as a result of the amendments to the RSU Plan on May 7, 2019). Subject to the approval of the RSU Plan Amendments at the Meeting, the Board would be permitted to extend a Deferred Payment Date beyond the participant's retirement date or termination date, with the consent of such participant. In the event of death or disability, such RSUs shall be immediately satisfied and Common Shares issued or, subject to the agreement of the Company, the Company paying the "RSA Amount" (as a result of the amendments to the RSU Plan on May 7, 2019). In the event that any cash dividend or other cash distribution is paid by the Company on the Common Shares, a participant's RSU account will be credited with additional RSUs that are subject to the same terms and conditions, including the Restricted Period and the Deferred Payment Date, as the RSUs in respect of which the additional RSUs were credited.

In the event of a change of control of the Company as defined in the RSU Plan, all RSUs shall be immediately settled with Common Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date.

The Compensation Committee may from time to time in the absolute discretion of the Compensation Committee (without shareholder approval) amend, modify and change the provisions of the RSU Plan, including, without limitation:

- amendments of a house keeping nature;
- the change to the Restricted Period of any RSU; and
- any amendments required by the TSX or any other stock exchange on which the Common Shares are then listed in order to allow the RSU Plan to become effective.

However, other than as set out above, any amendment, modification or change to the provisions of the RSU Plan which would:

- materially increase the benefits of the holder under the RSU Plan to the detriment of the Company and its shareholders;
- increase the number of Common Shares, other than by virtue of the adjustment provisions and of the RSU Plan, which may be issued pursuant to the RSU Plan;
- increase the limits on non-employee directors; or
- materially modify the requirements as to eligibility for participation in the RSU Plan,

which shall only be effective upon such amendment, modification or change being approved by the Shareholders of the Company. Any amendment, modification or change of any provision of the RSU Plan, shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

As permitted by the amendment provisions of the RSU Plan, effective January 24, 2019, the Board amended the RSU Plan to provide an election for holders of RSUs to request to be paid an amount (the “**RSA Amount**”) equal to: (A) the number of Common Shares the holder would otherwise be entitled to receive in accordance with the RSU Plan multiplied by (B) the Market Value, minus (C) the Applicable Withholdings. Any such election is conditional on obtaining the consent of the Company. On May 7, 2019, the Board approved amendments to the RSU Plan to permit the Company to settle RSUs by the payment of the RSA Amount in circumstances of retirement or termination after the Restricted Period and in connection with the death or disability of a participant.

In addition, to assist with the efficient administration of the RSU Plan and in accordance with the amendment provisions of the RSU Plan, the Board approved the following amendments to the RSU Plan on May 7, 2019:

- The definition of “Market Value” was changed to mean the closing price of the Common Shares on the trading day immediately preceding the date as at which the Market Value is determined;
- If a Deferred Payment Date falls within a blackout period, the Deferred Payment Date shall be automatically extended to the first business day following the end of the blackout period, unless the Company has agreed and a participant elects to redeem RSUs on the condition that such participant receive the RSR Amount on or before a date specified by the Company for such purpose;
- If a Deferred Payment Date falls on a day that is not a business day, it shall be automatically extended to the next business day; and
- Clarifying changes to add reference to the “RSR Amount” to Section 2.04 regarding Record Keeping, to clarify the previous amendment to Section 3.02 and to add reference to the Participant’s agreement to Section 3.03.

As at May 6, 2019, there were 101,785 RSUs outstanding.

ARTICLE 17 INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company’s directors or executive officers, nor any associate of such director or executive officer is as at the date hereof, or has been, during the year ended December 31, 2018, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

**ARTICLE 18
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed elsewhere herein, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

**ARTICLE 19
ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on www.sedar.com. Additional financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for the year ended December 31, 2018, which can be found on SEDAR at www.sedar.com or on the Company's website at www.torexgold.com. Shareholders may also request these documents from the General Counsel and Corporate Secretary of the Company by phone at (416) 203-7431 or by e-mail at Mary.Batoff@torexgold.com.

**ARTICLE 20
DIRECTORS' APPROVAL**

The contents of this management information circular and the sending thereof to the shareholders of the Company have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

"Fred Stanford" (signed)
Fred Stanford
President and Chief Executive Officer

Toronto, Ontario
May 7, 2019

**SCHEDULE A
EMPLOYEE SHARE UNIT PLAN**

**ARTICLE 1
INTERPRETATION AND ADMINISTRATIVE PROVISIONS**

1.1 Purpose

The purpose of the Plan is to provide a meaningful incentive to achieving the Company's annual operational objectives, and other short term needs, through decisions that are consistent with creating long term value to support the Company's share price.

1.2 Definitions

For the purposes of the Plan, the following terms have the following meanings:

"Adjustment Factor" means the Adjustment Factor set out in the Grant Agreement for an award of Performance Share Units.

"Affiliate" means any entity that is an "affiliate" as defined in the Securities Act.

"Applicable Withholdings" means all income taxes and statutory amounts required to be withheld by the Company in respect of any Share Unit Amounts.

"Associate" where used to indicate a relationship with any person or company, is as defined in the Securities Act.

"Board" means the board of directors of the Company.

"Canadian Participant" means any Participant who is not a U.S. Participant and who is a Canadian resident for income tax purposes.

"Cause" when used in relation to the termination of employment, includes any matter that would constitute lawful cause for dismissal from employment at common law and any matter included as "cause" or "Cause" in an employment agreement between the Company or any Affiliate of the Company and the dismissed employee.

"Code" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder.

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

- (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company and another corporation or by any person and its joint actors and affiliates (collectively, the "Group"), as such terms are used or defined in the Securities Act, and whether directly or indirectly, resulting in the acquisition of the Common Shares which, when added to all other Common Shares at the time held by such corporation or person and its joint actors and affiliates, totals for the first time 40% of the outstanding Common Shares;
- (b) any person or Group acting jointly or in concert succeeding in having a sufficient number of its nominees elected as directors such that such nominees, when added to any existing director remaining after such election, who can be considered to be a nominee of such person or Group, will constitute the majority of the Board; or
- (c) the Board adopt a resolution to the effect that a Change of Control has occurred or is imminent.

“Committee” means the Board or if the Board so determines, the committee of the Board authorized to administer the Plan including any compensation committee of the Board.

“Common Share” means a common share of the Company.

“Company” means Torex Gold Resources Inc.

“Disability” means the termination of the Participant’s employment due to disability in accordance with an employment agreement between the Company or any Affiliate of the Company and the dismissed employee.

“Dividend Performance Share Unit” has the meaning set out in Section 3.2.

“Dividend Restricted Share Unit” has the meaning set out in Section 3.2.

“Dividend Share Unit” means a Dividend Performance Share Unit or a Dividend Restricted Share Unit.

“Eligible Person” means any employee of the Company and any of its Affiliates and includes any such person who is on a leave of absence authorized by the Company or an Affiliate of the Company (which shall include all statutory leaves of absence).

“Expiry Date” means the Expiry Date set out in the Grant Agreement.

“Grant Agreement” means an agreement substantially in the form set out as Schedule A, in the case of Performance Share Units, and substantially in the form set out as Schedule B, in the case of Restricted Share Units, each as amended by the Committee from time to time.

“Grant Date” means the date the Board completes all requisite actions required to approve the grant of a Share Unit.

“Grant Term” has the meaning set out in the Grant Agreement for Restricted Share Units.

“Insider” means: (i) an insider as defined in the Securities Act, other than a person who is an Insider solely by virtue of being a director or senior officer of an Affiliate; and (ii) an Associate of any person who is an insider by virtue of (i).

“Market Value” of the Common Shares means the closing price of the Common Shares on the Stock Exchange on the trading day immediately preceding the date as at which the Market Value is determined. In the event that the Common Shares are not then listed and posted for trading on any Stock Exchange, the Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion.

“Participant” means any Eligible Person to whom a Share Unit is granted.

“Performance Peers” means the companies approved by the Board from time to time for the determination of the relative total shareholder return.

“Performance Period” has the meaning set out in the Grant Agreement for Performance Share Units.

“Performance Share Unit” means a right granted to an Eligible Person to receive, upon redemption, as set out in this Plan, a Common Share or, at the election of the Participant and subject to the Company’s consent, the Share Unit Amount, based on the achievement of the performance criteria set out in the applicable Grant Agreement.

“Plan” means the employee share unit plan described herein, as amended from time to time.

“Redemption Date” means the date, if any, elected by a Canadian Participant pursuant to Section 3.3 or, with respect to a U.S. Participant, in accordance with Section 2.2 of the Special Appendix for U.S. Taxpayers attached hereto.

“Redemption Notice” means the notice referred to in Section 3.3 and substantially in the form set out as Schedule C, as amended from time to time.

“Restricted Share Unit” means a right granted to an Eligible Person to receive, upon redemption, as set out in the Plan, a Common Share or, at the election of the Participant and subject to the Company’s consent, the Share Unit Amount.

“Securities Act” means the *Securities Act* (Ontario), as amended from time to time.

“Share Compensation Arrangement” means this Plan and any other security based compensation arrangements implemented by the Company including stock option plans, employee stock purchase plans, share distribution plans, stock appreciation right plans, restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, pre-existing or otherwise.

“Share Unit” means a Performance Share Unit or a Restricted Share Unit.

“Share Unit Account” means the notional account maintained for each Participant to which Share Units are credited.

“Share Unit Amount” has the meaning set out in Section 3.4.

“Stock Exchange” means the Toronto Stock Exchange or such other stock exchange on which the Common Shares are then listed.

“Termination Date” means the date a Participant ceases to be an Eligible Person and does not include any period of statutory, contractual or reasonable notice of termination of employment or any period of salary continuance or deemed employment.

“U.S. Participant” means any Participant who is a United States citizen or United States resident alien as defined for purposes of Code Section 7701(b)(1)(A) or other Participant for whom the compensation under this Plan would be subject to income tax under the Code.

“Vested Performance Share Unit” has the meaning set out in Section 4.2.

“Vested Restricted Share Unit” has the meaning set out in Section 5.1.

“Vested Share Unit” means a Vested Performance Share Unit or a Vested Restricted Share Unit.

“Vesting Date” means the date or dates designated in the Grant Agreement, or such earlier date as is provided for in the Plan, in an employment agreement between the Company or an Affiliate of the Company and a Participant, or as determined by the Board.

Where the context so requires, words importing the singular number include the plural and *vice versa*, and words importing the masculine gender include the feminine and neuter genders.

1.3 Effective Date of Plan

The effective date of the Plan is April 29, 2016.

1.4 Common Shares Reserved for Issuance

- (a) The aggregate number of Common Shares reserved for issuance pursuant to this Plan and all other Share Compensation Arrangements shall not exceed 6.6% of the outstanding Common Shares from time to time, provided that Common Shares reserved for issuance pursuant to Share Units which are cancelled or terminated without having been redeemed will again be available for issuance under this Plan (and other Share Compensation Arrangements) and also provided that Common Shares underlying Share Units that are redeemed for cash will not again be available for issuance under this Plan (or other Share Compensation Arrangements).
- (b) The aggregate number of Common Shares issuable to Insiders pursuant to Share Rights and all other Share Compensation Arrangements, at any time, shall not exceed 6.6% of the total number of Common Shares then outstanding.
- (c) The aggregate number of Common Shares issued to Insiders pursuant to Share Rights and all other Share Compensation Arrangements, within a one year period, shall not exceed 6.6% of the total number of Common Shares then outstanding.

ARTICLE 2 ADMINISTRATION

2.1 Administration of the Plan

This Plan shall be administered by the Committee which has the discretion to: (i) recommend to the Board grants of Share Units to Eligible Persons; (ii) interpret and administer the Plan; (iii) establish, amend and rescind any rules and regulations relating to the Plan; (iv) recommend to the Board the conditions to the vesting of Share Units; (v) set, waive and amend performance targets; (vi) recommend to the Board amending the list of Performance Peers; and (vii) make any other determinations or recommendations that the Committee deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan, in the manner and to the extent the Committee deems, in its discretion, necessary or desirable. Any decision of the Committee with respect to the administration and interpretation of the Plan shall be conclusive and binding on the Participants.

2.2 Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

2.3 Taxes and Other Source Deductions

The Company shall be authorized to deduct from any amount to be paid or credited hereunder any Applicable Withholdings in such manner as the Company determines, to the extent such Applicable Withholdings are not satisfied through the sale of Common Shares as provided in Section 3.4.

ARTICLE 3 SHARE UNITS

3.1 Awards of Share Units

The Board may grant Share Units to Eligible Persons in its sole discretion. The award of a Share Unit to an Eligible Person at any time shall neither entitle such Eligible Person to receive nor preclude such Eligible Person from receiving a subsequent grant of Share Units.

3.2 Crediting of Share Units and Dividend Share Units

Share Units granted to a Participant shall be credited to the Participant's Share Unit Account on the Grant Date. Each grant of Share Units must be confirmed by a Grant Agreement signed by the Company and the Participant. From time to time, a Participant's Share Unit Account shall be credited with Dividend Share Units in the form of additional Performance Share Units ("**Dividend Performance Share Units**") in respect of outstanding Performance Share Units or Restricted Share Units ("**Dividend Restricted Share Units**") in respect of outstanding Restricted Share Units on each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Such Dividend Share Units shall be computed as:

- (a) the amount of the dividend declared and paid per Common Share multiplied by the number of Performance Share Units and Restricted Share Units, as applicable, recorded in the Participant's Share Unit Account on the date for the payment of such dividend, divided by
- (b) the Market Value of a Common Share as at the dividend payment date.

3.3 Redemption Notice

Participants may elect a redemption date (the "**Redemption Date**") for their Vested Share Units which shall be before the Expiry Date by giving a written notice (a "**Redemption Notice**") to the Company in the form set out as Schedule C. If the Participant does not elect a Redemption Date in respect of an award of Share Units, the Share Units shall be redeemed on the Expiry Date.

Notwithstanding the foregoing: (a) in the event that an Expiry Date, or a Participant elects to redeem Vested Share Units on a Redemption Date other than the Expiry Date and such date falls within, or within two days of the end of a trading blackout imposed by the Company (the "**Blackout Period**"), the Expiry Date or the Redemption Date, as the case may be, of such Vested Share Units shall be automatically extended to the tenth business day following the end of the Blackout Period, unless the Company has agreed and a Participant elects to redeem Vested Shares Units on the condition that such Participant receive the Share Unit Amount in respect of such Vested Share Units on or before a date specified by the Company for such purpose, in which case the Expiry Date or the Redemption Date, as the case may be, of such Vested Share Units shall not be extended; and (b) in the event that an Expiry Date or a Redemption Date falls on a date that is not a business day, the Expiry Date or the Redemption Date, as the case may be, shall be automatically extended to the next business day.

3.4 Redemption of Share Units

The Company shall redeem the Vested Share Units on the earlier of the Redemption Date selected by the Participant, the Expiry Date and the date determined in accordance with Article 4, in the case of Performance Share Units, and Article 5, in the case of Restricted Share Units, by: (i) issuing to the Participant the number of Common Shares equal to one Common Share for each whole Vested Share Unit redeemed and delivering to the Participant either (A) such number of Common Shares; less the number of Common Shares with a Market Value equal to the Applicable Withholdings; or (B) subject to the consent of the Company, such number of Common Shares, provided the Participant has provided for payment to the Company of all or a portion of the Applicable Withholdings; or (ii) at the election of the Participant and subject to the consent of the Company, the Company paying to the Participant an amount (the "**Share Unit Amount**") equal to: (A) the number of Vested Share Units redeemed multiplied by (B) the Market Value minus (C) Applicable Withholdings; or (iii) a combination of (i) and (ii). In the case of a redemption under (i), the number of Common Shares with a Market Value equal to the Applicable Withholdings shall be sold by the Company on behalf of the Participant and the net proceeds of such sale remitted by the Company to the appropriate taxation authorities. The Common Shares shall be issued and/or the Share Unit Amount shall be paid as a lump-sum by the Company within ten business days of the date the Vested Share Units are redeemed pursuant to this Section 3.4.

3.5 Effect of Redemption of Share Units.

A Participant shall have no further rights respecting any Vested Share Unit which has been redeemed in accordance with this Plan.

3.6 Reporting of Share Units

Statements of the Share Unit Accounts will be made available to Participants at least annually.

ARTICLE 4 PERFORMANCE SHARE UNITS

4.1 Vesting Date

Performance Share Units shall vest on the applicable Vesting Date, conditional on the satisfaction of any additional vesting conditions established by the Committee from time to time. Dividend Performance Share Units shall vest at the same time and in the same proportion as the associated Performance Share Units.

4.2 Performance Vesting

The number of Performance Share Units which vest on a Vesting Date (each, a “**Vested Performance Share Unit**”) is the number of Performance Share Units and Dividend Performance Share Units scheduled to vest on such Vesting Date multiplied by the Adjustment Factor.

4.3 Termination for Cause

If the employment of a Participant is terminated by the Company for Cause, the Participant shall forfeit all right, title and interest with respect to Performance Share Units, including Vested Performance Share Units, and the related Dividend Share Units, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant.

4.4 Resignation and Termination Without Cause

If the employment of a Participant is terminated due to resignation by the Participant or by the Company without Cause, a *pro rata* portion of the Participant’s unvested Performance Share Units and related Dividend Share Units shall vest immediately prior to the Participant’s Termination Date, based on the number of complete months from the first day of the Performance Period to the Termination Date divided by the number of months in the Performance Period, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant’s Vested Performance Share Units shall be redeemed at the end of the Performance Period using the Adjustment Factor determined for the Performance Period.

4.5 Disability of a Participant

If the employment of a Participant is terminated by the Disability of the Participant, a *pro rata* portion of the Participant’s unvested Performance Share Units and related Dividend Share Units shall vest immediately prior to the date of the Participant’s Disability, based on the number of complete months from the first day of the Performance Period to the date of the Participant’s Disability divided by the number of months in the Performance Period, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant’s Vested Performance Share Units shall be redeemed at the end of the Performance Period and the Adjustment Factor determined for the Performance Period.

4.6 Death of a Participant

If the employment of a Participant is terminated by the death of the Participant, a *pro rata* portion of the Participant’s unvested Performance Share Units and related Dividend Share Units shall vest immediately prior to the date of the Participant’s death, based on the number of complete months from the first day of

the Performance Period to the date of the Participant's death divided by the number of months in the Performance Period, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant's Vested Performance Share Units shall be redeemed as soon as practical following the date of the Participant's death using the Adjustment Factor determined by the Committee which shall be based on performance to the end of the year prior to the Participant's date of death, provided that if the Performance Period for the Vested Performance Share Units commenced less than one year prior to the Participant's date of death, the Performance Share Units will be redeemed using an Adjustment Factor of 1.0.

4.7 Termination following a Change of Control

Notwithstanding anything in this Article 4 to the contrary, if the employment of a Participant is terminated by the Company without Cause or if the Participant resigns in circumstances constituting constructive termination, in each case, within 24 months following a Change of Control, all of the Participant's Performance Share Units and related Dividend Share Units shall vest immediately prior to the Participant's Termination Date, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant's Vested Performance Share Units shall be redeemed as soon as practical following the Participant's Termination Date using the Adjustment Factor determined by the Committee, which shall be based on performance to the end of the year prior to the Participant's Termination Date, provided that if the Performance Period for the Vested Performance Share Units commenced less than one year prior to the Participant's Termination Date, the Performance Share Units will be redeemed using an Adjustment Factor of 1.0.

ARTICLE 5 RESTRICTED SHARE UNITS

5.1 Vesting Date

Each Restricted Share Unit shall vest (and become a "**Vested Restricted Share Unit**") on the Vesting Date, conditional on the satisfaction of any additional vesting conditions established by the Committee or the Board from time to time. Dividend Restricted Share Units shall vest at the same time and in the same proportion as the associated Restricted Share Units.

5.2 Termination for Cause

If the employment of a Participant is terminated by the Company for Cause, the Participant shall forfeit all right, title and interest with respect to Restricted Share Units, including Vested Restricted Share Units, and the related Dividend Share Units, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant.

5.3 Resignation and Termination Without Cause

If the employment of a Participant is terminated due to resignation by the Participant or by Company without Cause, a *pro rata* portion of the Participant's unvested Restricted Share Units and related Dividend Share Units shall vest immediately prior to the Participant's Termination Date, based on the number of months from the first day of the Grant Term to the Termination Date divided by the number of months in the Grant Term, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant's Vested Restricted Share Units shall be redeemed at the end of the Grant Term.

5.4 Disability of a Participant

If the employment of a Participant is terminated by the Disability of the Participant, a *pro rata* portion of the Participant's unvested Restricted Share Units and related Dividend Share Units shall vest immediately prior to the Participant's Disability based on the number of complete months from the first day of the Grant Term to the date of the Participant's Disability divided by the number of months in the Grant Term, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant's Vested Restricted Share Units shall be redeemed at the end of the Grant Term.

5.5 Death of a Participant

If the employment of a Participant is terminated by the death of the Participant, a *pro rata* portion of the Participant's unvested Restricted Share Units and related Dividend Share Units shall vest immediately prior to the date of the Participant's death based on the number of complete months from the first day of the Grant Term to the date of death divided by the number of months in the Grant Term, subject to the provisions of any employment agreement between the Company, or any Affiliate of the Company, and the Participant. The Participant's Vested Restricted Share Units shall be redeemed as soon as practical following the date of the Participant's death.

5.6 Termination Following a Change of Control

Notwithstanding anything in this Article 5 to the contrary, if the employment of a Participant is terminated by the Company without Cause or if the Participant resigns in circumstances constituting constructive termination, in each case, within 24 months following a Change of Control, all of the Participant's Restricted Share Units and related Dividend Share Units shall vest immediately prior to the Participant's Termination Date and shall be redeemed as soon as practical following the Termination Date.

ARTICLE 6 GENERAL

6.1 Capital Adjustments

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to shareholders, or any other change in the capital of the Company affecting the Common Shares and subject to the rules, regulations and policies of the Stock Exchange, the Board will make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change (for the purpose of preserving the value of the Share Units), with respect to: (i) the number or kind of shares or other securities on which the Share Units and Dividend Share Units are based; and (ii) the number of Share Units and Dividend Share Units; provided, however, that no substitution or adjustment will obligate the Company to issue or sell fractional shares.

6.2 Amendment, Suspension, or Termination of Plan

No new awards may be made under this Plan after the 10th anniversary of the Effective Date. The Board may amend, suspend or terminate the Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the Stock Exchange), if any, that require the approval of shareholders or any governmental or regulatory body.

The Board may from time to time, in its absolute discretion and without the approval of the shareholders of the Company, make the following amendments to this Plan or any Share Unit:

- (a) any amendment to the vesting provisions of this Plan and any Grant Agreement, including to accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of a Share Unit (provided that any amendment to the vesting provisions that would extend the term to the benefit of an Insider will not be permitted without shareholder approval);
- (b) any amendment to this Plan or a Share Unit as necessary to comply with applicable law or the requirements of the applicable Stock Exchange or any other regulatory body having authority over the Company, this Plan or the shareholders of the Company;
- (c) any amendment to this Plan and any Grant Agreement to permit the conditional redemption of any Share Unit;
- (d) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of this Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of this Plan, correct any grammatical or typographical errors or amend the definitions in this Plan regarding administration of the Plan;

- (e) any amendment respecting the administration of this Plan; and
- (f) any other amendment that does not require the approval of the shareholders of the Company including, for greater certainty, an amendment in connection with a Change of Control to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential event or to obtain the advantage of holding the underlying Common Shares during such event; and to terminate, following the successful completion of such event, on such terms as it sees fit, the Share Units not redeemed prior to the successful completion of such event.

Shareholder approval will be required for the following amendments:

- (g) increases to the number of Common Shares issuable under this Plan, including an increase to a fixed maximum number of Common Shares, or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
- (h) any amendment expanding the categories of Eligible Person, including without limitation, the participation of non-employee directors;
- (i) the addition of any other provision which results in participants receiving Common Shares, while no cash consideration is received by the Company;
- (j) amendments to this Section 6.2 or to Section 6.6; and
- (k) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Toronto Stock Exchange).

If this Plan is terminated, the provisions of this Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of this Plan, will continue in effect as long as a Share Unit or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to this Plan or the Share Units it would be entitled to make if this Plan were still in effect.

Subject to the rules, regulations and policies of the Stock Exchange, the Board may amend or modify any outstanding Share Unit in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended.

6.3 Non-Exclusivity

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

6.4 Unfunded Plan

To the extent any individual holds any rights under this Plan, such rights (unless otherwise determined by the Committee) shall be no greater than the rights of an unsecured general creditor of the Company.

6.5 Successors and Assigns

This Plan shall be binding on all successors and assigns of the Company and each Participant, including without limitation, the legal representative of a Participant, or any receiver or trustee in bankruptcy or representative of the creditors of the Company or a Participant.

6.6 Transferability of Awards

Rights respecting Share Units and Dividend Share Units shall not be transferable or assignable by the Participant other than by will or the laws of descent and distribution.

6.7 Effect of Change of Control

Notwithstanding any other provision of this Plan, in the event of a Change of Control, any surviving, successor or acquiring entity shall assume any outstanding Share Units or shall substitute similar share units for the outstanding Share Units. If the surviving, successor or acquiring entity does not assume the outstanding Share Units or substitute similar share units for the outstanding Share Units, or if the Committee or the Board otherwise determines in its sole discretion, the Company shall give written notice to all Participants advising that this Plan shall be terminated effective immediately prior to the Change of Control and all Restricted Share Units shall be deemed to be Vested Restricted Share Units and a specified number of outstanding Performance Share Units shall be deemed to be Vested Performance Share Units and shall be redeemed as of the termination date of this Plan. The number of Performance Share Units that are deemed to be Vested Performance Share Units shall be determined in the discretion of the Committee or the Board using an Adjustment Factor determined in the discretion of the Committee or the Board.

6.8 No Special Rights

Nothing contained in this Plan or in any Share Unit or Dividend Share Unit will confer upon any Participant any right to the continuation of the Participant's employment by the Company, its Affiliate, as applicable, or interfere in any way with the right of the Company, or its Affiliate, as applicable, at any time to terminate that employment or to increase or decrease the compensation of the Participant. Share Units and Dividend Share Units shall not be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares, nor shall any Participant be considered the owner of Common Shares by virtue of his or her ownership of Share Units or Dividend Share Units.

6.9 Other Employee Benefits

The amount of any compensation deemed to be received by a Participant as a result of the redemption of any Share Unit will not constitute compensation with respect to which any other employee benefits of that Participant are determined, including, without limitation, benefits under any bonus, pension, profit-sharing, insurance or salary continuation plan, except as otherwise specifically determined by the Committee.

6.10 Tax Consequences

It is the responsibility of the Participant to complete and file any tax returns which may be required under Canadian, U.S. or other applicable jurisdiction's tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. The Company and its Affiliates shall not be held responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

6.11 No Liability

The Company and its Affiliates shall not be liable to any Participant for any loss resulting from a decline in the market value of any Common Shares.

Approved by the Board: April 29, 2016.

Approved by the shareholders: June 9, 2016.

Amendments approved by the Board: January 9, 2019 and May 7, 2019.

SCHEDULE A

**TOREX GOLD RESOURCES INC.
EMPLOYEE SHARE UNIT PLAN**

GRANT AGREEMENT FOR PERFORMANCE SHARE UNITS

[Name of Employee] (the “**Participant**”)

Pursuant to the Employee Share Unit Plan (the “**Plan**”) of Torex Gold Resources Inc. (the “**Company**”) effective April 29, 2016 and in consideration of services provided to the Company or its Affiliates by the Participant, the Company hereby grants to the Participant _____ Performance Share Units under the Plan.

All capitalized terms not defined in this Grant Agreement have the meaning set out in the Plan. No cash or other compensation shall at any time be paid in respect of any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan.

The Adjustment Factor for the Performance Share Units is determined based on total shareholder return relative to the Performance Peers (defined below) (the “**Relative TSR Performance**”), as set out on the table below and the Relative TSR Performance Adjustment Factor is determined as follows:

[to be inserted]

The Committee will determine the methodology for assessing Relative TSR Performance from time to time, in its discretion, and the Board shall have discretion to make changes to the group of companies approved by the Board from time to time for the determination of the relative total shareholder return (the “**Performance Peers**”).

The Vesting Date for this award is December 31, **[year]**. The Performance Period for the award is January 1, **[year]** to December 31, **[year]**. The Expiry Date of the award is **[Specify Date]**, or such earlier date as is determined by the Committee or the Board at any time prior to the initial Expiry Date.

The Performance Share Units and any related Dividend Performance Share Units are subject to the terms and conditions of the Plan, a copy of which has been provided to the Participant, and all of which are incorporated into and form a part of this Grant Agreement. For greater certainty, the Participant authorizes the sale of a sufficient number of Common Shares to pay Applicable Withholdings on the redemption of any Performance Share Units.

DATED _____, **[year]**.

TOREX GOLD RESOURCES INC.

By: _____
Name:
Title:

I agree to the terms and conditions set out herein and confirm and acknowledge that I have not been induced to enter into this agreement or acquire any Performance Share Units by expectation of employment or continued employment with the Company or any Affiliate of the Company.

Name:

SCHEDULE B

**TOREX GOLD RESOURCES INC.
EMPLOYEE RESTRICTED SHARE UNIT PLAN**

GRANT AGREEMENT FOR RESTRICTED SHARE UNITS

[Name of Employee] (the “Participant”)

Pursuant to the Employee Share Unit Plan (the “Plan”) of Torex Gold Resources Inc. (the “Company”) effective April 29, 2016 and in consideration of services provided to the Company or its Affiliates by the Participant, the Company hereby grants to the Participant _____ Restricted Share Units under the Plan.

All capitalized terms not defined in this Grant Agreement have the meaning set out in the Plan. No cash or other compensation shall at any time be paid in respect of any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan.

The Vesting Date(s) for this award are: **[to be inserted]**. The Grant Term for this award is January 1, **[year]**, to December 31, **[year]**. The Expiry Date for the award is **[Specify Date]**, or such earlier date as is determined by the Committee or the Board at any time prior to the initial Expiry Date.

Subject to any provisions to the contrary in an Election Notice, the Company and the Participant understand and agree that the granting and redemption of these Restricted Share Units and any related Dividend Restricted Share Units are subject to the terms and conditions of the Plan, a copy of which has been provided to the Participant, and all of which are incorporated into and form a part of this Grant Agreement. For greater certainty, the Participant authorizes the sale of a sufficient number of Common Shares to pay Applicable Withholdings on the redemption of any Restricted Share Units.

DATED _____, **[year]**.

TOREX GOLD RESOURCES INC.

By: _____
Name:
Title:

I agree to the terms and conditions set out herein and confirm and acknowledge that I have not been induced to enter into this agreement or acquire any Restricted Share Units by expectation of employment or continued employment with the Company or any Affiliate of the Company.

Name:

SCHEDULE C

**TOREX GOLD RESOURCES INC.
EMPLOYEE SHARE UNIT PLAN**

REDEMPTION NOTICE

To: Torex Gold Resources Inc. (the "**Company**")

Pursuant to the Employee Share Unit Plan (the "**Plan**") of the Company effective April 29, 2016, the undersigned hereby elects to redeem:

- o _____ of the undersigned's Vested Performance Share Units and related Dividend Performance Share Units; and/or
- o _____ of the undersigned's Vested Restricted Share Units and related Dividend Restricted Share Units

on _____.
[date]

The undersigned elects to redeem:

- o _____% of the Vested Share Units and related Dividend Share Units by receiving the Share Unit Amount, subject to the consent of the Company.

All capitalized terms not defined in this Redemption Notice have the meanings set out in the Plan. No cash or other compensation shall at any time be paid in respect of any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan.

The undersigned understands and agrees that the granting and redemption of these Restricted Share Units are subject to the terms and conditions of the Plan which are incorporated into and form a part of this Redemption Notice.

DATED _____

Name: _____

SPECIAL APPENDIX

Special Provisions Applicable Solely to US Participants

TOREX GOLD RESOURCES INC. EMPLOYEE SHARE UNIT PLAN

This Special Appendix sets forth special provisions of Plan that apply to US Participants that are subject to Section 409A and for the avoidance of doubt, shall override any provisions of the Plan to the extent of any inconsistency. Except as otherwise specific herein, terms defined in the Plan and used herein shall have the meanings set forth in the Plan document, as amended from time to time.

1. Definitions

For purposes of this Special Appendix:

“Change of Control” means a Change of Control within the meaning of the Plan provided it constitutes a change in control within the meaning of Section 409A of the Code.

“Disability” means a Disability within the meaning of the Plan provided it meets the requirements of “disability” as defined in Section 409A of the Code.

“Section 409A” means Section 409A of the Code.

“Separation From Service” shall mean that employment or service with the Company and any entity that is to be treated as a single employer with the Company for purposes of United States Treasury Regulation Section 1.409A-1(h) terminates such that it is reasonably anticipated that no further services will be performed.

“Specified Employee” means a US Participant who meets the definition of “specified employee,” as defined in Section 409A(a)(2)(B)(i) of the Code.

2. Compliance with Section 409A

2.1 In General. Notwithstanding any provision of the Plan to the contrary, it is intended that any payments under the Plan either be exempt from or comply with Section 409A, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Each US Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Participant in connection with the Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A), and neither the Company nor any Subsidiary of the Company shall have any obligation to indemnify or otherwise hold such US Participant (or any beneficiary) harmless from any or all of such taxes or penalties.

2.2 Election to Defer Settlement of Performance Share Units and Restricted Share Units. For the avoidance of doubt and notwithstanding anything to the contrary in Section 3, 4, or 5 of the Plan or otherwise, any US Participant that wishes to defer the settlement of such US Participant’s award of Performance Share Units or Restricted Share Units must specify the Redemption Date for his or her Performance Share Units or Restricted Share Units (i) within thirty (30) days following the receipt an award of Share Units under the Plan with respect to awards made in 2016, and (ii) prior to the end of the fiscal year prior to the year in which the award of the Shares Units will be granted with respect to awards (if any) issued in 2017 or later years.

2.3 Default Settlement of Performance Share Units and Restricted Share Units. If any US Participant fails to timely elect a Redemption Date in accordance with this Special Appendix then any and all (i) Performance Share Units issued the US Participant shall be redeemed within seventy-five (75) days following the date on which the Performance Period lapses and (ii) Restricted Share Units issued to the US Participant shall be redeemed within seventy-five (75) days following the end of the Grant Term, except as otherwise provided below in Section 2.4.

2.4 Special Termination Events and/or Change of Control. Notwithstanding the provisions of the Plan, Section 2.3 of this Special Appendix, the Participant's elected Redemption Date or anything else to the contrary:

- (a) where the US Participant's Separation from Service occurs as a result of resignation by the Participant or by the Company without Cause prior to the end of the Performance Period or Grant Term, any Performance Share Units and/or Restricted Share Units that vest in accordance with Sections 4.4 or 5.3 of the Plan (or Sections 4.6 or 5.5 if such Separation from Service occurs within 24 months following a Change of Control), shall be redeemed within seventy-five (75) days following the end of the Performance Period and/or Grant Term applicable to the award.
- (b) where the US Participant's Separation from Service occurs as a result of resignation by the Participant or by the Company without Cause at any time following the end of the Performance Period or Grant Term but prior to the Redemption Date applicable to the award, any Performance Share Units and/or Restricted Share Units that have vested in accordance with terms of the Plan shall be redeemed within seventy-five (75) days following such Separation from Service.
- (c) where the US Participant's Termination Date occurs as a result of the Participant's Disability prior to the end of the Performance Period or Grant Term, any Performance Share Units and/or Restricted Share Units that vest in accordance with Sections 4.5 or 5.4 of the Plan (or Section 4.6 or 5.5 if within 24 months following a Change of Control), shall be redeemed within seventy-five (75) days following the end of the Performance Period and/or Grant Term applicable to the award.
- (d) where the US Participant's Termination Date occurs as a result of Participant's Disability at any time following the end of the Performance Period or Grant Term but prior to the Redemption Date, any Performance Share Units and/or Restricted Share Units that have vested in accordance with terms of the Plan shall in all events be redeemed within seventy-five (75) days following such Termination Date.
- (e) where the US Participant's Termination Date occurs as a result of the Participant's death prior to the Redemption Date, any Performance Share Units and/or Restricted Share Units that vest in accordance with Sections 4.6 or 5.4 of the Plan, shall be redeemed immediately notwithstanding the Performance Period and/or Grant Term applicable to the award and in all events not later than seventy-five (75) days following such Termination Date.

2.5 Distributions to Specified Employees. Solely to the extent required by Section 409A, any payment in respect of Performance Share Units or Restricted Shares Units which is subject to Section 409A and which has become payable on or following Separation from Service to any US Participant who is determined to be a Specified Employee shall not be paid before the date which is six months after such Specified Employee's Separation from Service (or, if earlier, the date of death of such Specified Employee). Following any applicable six month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.

3. Amendment of Appendix

Notwithstanding Section 5 of the Plan, the Board shall retain the power and authority to amend or modify this Special Appendix to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A. Such amendments may be made without the approval of any US Participant and shall be made in a manner designed to maintain, to the maximum extent practicable, the original intent and economic benefit to the U.S. Participant without materially increasing the cost to the Company.

SCHEDULE D

**TOREX GOLD RESOURCES INC.
EMPLOYEE SHARE UNIT PLAN**

**REDEMPTION NOTICE
FOR US PARTICIPANTS**

I, _____, do hereby elect to have a Redemption Date of calendar year _____ in respect of the **[Performance Share Units/Restricted Share Units]** (including any accumulated dividend/distribution equivalents) granted to me pursuant to the Grant Agreement dated **[specify date]**, and otherwise in accordance with the special provisions of the Special Appendix to the Plan applicable to US Participants.

This election shall be irrevocable.

All capitalized terms not defined in this Redemption Notice have the meaning set out in the Plan. No cash or other compensation shall at any time be paid in respect of any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan or on account of damages relating to any Share Units or Dividend Share Units which have been forfeited or terminated under the Plan.

The undersigned understands and agrees that the granting and redemption of Performance Share Units and Restricted Share Units are subject to the terms and conditions of the Plan which are incorporated into and form a part of this Redemption Notice

Employee/Officer Name

Date

Employee/Officer Signature

Witness

Date

**SCHEDULE B
INCENTIVE STOCK OPTION PLAN**

**ARTICLE I
INTRODUCTION**

1.1 Purpose of Plan

The purpose of the Plan is to secure for the Company and its shareholders the benefits of incentives inherent in the share ownership by the directors, key employees and consultants of the Company and its Subsidiaries who, in the judgment of the Board, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Company.

1.2 Definitions

- (a) **"Associate"** when used to indicate a relationship with any person or company, is as defined in the Securities Act.
- (b) **"Board"** means the board of directors of the Company.
- (c) **"Committee"** means the Board or if the Board so determines in accordance with Section 3.08 of the Plan, the committee of the Board authorized to administer the Plan including any compensation committee of the Board.
- (d) **"Cashless Exercise Right"** has the meaning ascribed thereto in Section 2.7(b).
- (e) **"Common Shares"** means the common shares of the Company to be issued from treasury.
- (f) **"Company"** means Torex Gold Resources Inc., a company continued under the laws of Ontario.
- (g) **"Consultant"** means a person providing consulting services to the Company or any of its Subsidiaries.
- (h) **"Consultant Company"** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (i) **"Director"** means a director of the Company or any of its Subsidiaries.
- (j) **"Eligible Person"** means any Employee, Director or Consultant of the Company or any of its Subsidiaries.
- (k) **"Exchange"** means the Toronto Stock Exchange or any other stock exchange on which the Common Shares are listed.
- (l) **"In-The-Money Amount"** has the meaning ascribed thereto in Section 1.2(m).
- (m) **"Insider"** means: (i) an insider as defined in the Securities Act, other than a person who is an Insider solely by virtue of being a director or senior officer of an Affiliate; and (ii) an Associate of any person who is an insider by virtue of (i).
- (n) **"Insider"** has the meaning ascribed thereto in the Securities Act other than a person who is an Insider solely by virtue of being a director or senior officer of a Subsidiary of the Company and any Associate of an Insider.

- (o) **“Market Value”** means the closing price of the Common Shares on the Exchange, or another stock exchange where the majority of the trading volume and value of the Common Shares occurs, on the trading day immediately preceding the relevant date.
- (p) **“Net Number of Shares”** means in respect of Options in relation to which the Optionee has exercised the Cashless Exercise Right pursuant to Section 2.7(b)(i), the number of Common Shares calculated in accordance with the following formula:

$$\text{Net Number of Shares} = \frac{\text{In-The-Money Amount}}{\text{MV}}$$

Where:

In-The-Money Amount is equal to $(A \times MV) - (A \times EP)$

Amount

A is the total number of Common Shares in respect of which the Optionee has surrendered Options pursuant to the Cashless Exercise Right

MV is the Market Value

EP is the exercise price of the Options surrendered

- (q) **“non-employee director”** means a director of the Company who is not also an officer of the Company;
- (r) **“Option”** means an option granted under the terms of the Plan.
- (s) **“Option Commitment”** means the notice of grant of an Option delivered by the Company hereunder to an Optionee substantially in the form of Exhibit A hereto.
- (t) **“Option Period”** means the period during which an Option may be exercised.
- (u) **“Optionee”** means a Participant to whom an Option has been granted under the terms of the Plan.
- (v) **“Participant”** means, in respect of the Plan, an Optionee who elects to participate in the Plan.
- (w) **“Plan”** means this Incentive Stock Option Plan established and operated pursuant to Article II hereof.
- (x) **“Securities Act”** means the *Securities Act* (Ontario), as amended from time to time.
- (y) **“Share Compensation Arrangement”** means the Plan and any other security based compensation arrangements implemented by the Company including other stock option plans, employee stock purchase plans, share distribution plans, stock appreciation right plans, restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, pre-existing or otherwise.
- (z) **“Subsidiary”** has the meaning ascribed thereto in the Securities Act.
- (aa) **“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time.
- (bb) **“Tax Obligation”** means the amount equal to the Company’s applicable withholding obligation.

**ARTICLE II
STOCK OPTION PLAN**

2.1 Participation

Options to purchase Common Shares may be granted hereunder to Eligible Persons.

2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Company and any other factors which it may deem proper and relevant.

2.3 Exercise Price

The exercise price per Share shall be determined by the Board at the time the Option is granted, but, in any event, shall not be less than the closing price of the Common Shares on the Exchange on the trading day immediately preceding the day of the grant of the Option.

2.4 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Common Shares that it shall designate, subject to the provisions of the Plan. The date of each grant of Options shall be determined by the Board when the grant is authorized.

2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and upon delivery of the Option Commitment to the Optionee by the Company the Optionee shall have the right to purchase the Common Shares underlying the Option at the exercise price set out therein, subject to any provisions as to the vesting of the Option.

2.6 Terms of Options

The periods within which Options may be exercised and the number of Common Shares which may be issuable upon the exercise of Options in any such period shall be determined by the Board at the time of granting the Options provided, however, that all Options must be exercisable during a period not extending beyond five years from the date of the Option grant.

Notwithstanding the foregoing: (i) in the event that the expiry of an Option Period falls within, or within two (2) days of, a trading blackout period imposed by the Company (the "**Blackout Period**"), the expiry date of such Option Period shall be automatically extended to the 10th business day following the end of the Blackout Period; and (ii) in the event that the expiry of an Option Period falls on a day that is not a business day, the expiry date of such Option Period shall be automatically extended to the next business day.

2.7 Exercise of Option

(a) Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Company of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Common Shares to be purchased. Certificates for such Common Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

(b) Notwithstanding anything to the contrary contained herein, in lieu of exercising the Option pursuant to Section 2.7(a) above, the Optionee shall have the right (the “**Cashless Exercise Right**”) (but not the obligation), at any time and from time to time during the term of an Option, by indicating same in the written notice of exercise, to surrender all or part of the Option to the Company in consideration of a payment of the In-The-Money Amount. The Optionee may elect to have the Company satisfy the payment of the In-The-Money Amount by:

- (i) delivering to the Optionee the Net Number of Shares; or
- (ii) delivering to the Optionee:
 - (A) the Net Number of Shares, less
 - (B) such number of Common Shares as is equal to the Tax Obligation divided by the Market Value and such Common Shares shall be sold on behalf of the Optionee and the net proceeds of such sale remitted by the Company to the appropriate taxation authorities.

Upon exercise by an Optionee of the Cashless Exercise Right, the Company shall deliver to the Optionee such Common Shares issuable pursuant to Section 2.7(b)(i) or Section 2.7(b)(ii), as applicable, within a reasonable time following the receipt of such notice and, where the Optionee is subject to the Tax Act in respect of the Option, the Company shall make the election provided for in subsection 110(1.1) of the Tax Act (if applicable). The number of Common Shares actually issued pursuant to this Section 2.7(b) will be deducted from the total number of Common Shares reserved for issuance under the Plan and all other Share Compensation Arrangements pursuant to Section 3.1.

2.8 Vesting

Options granted pursuant to the Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board. For greater certainty and notwithstanding any other term of this Plan, the Board has the sole discretion to amend, abridge or otherwise eliminate the vesting schedule of any Option or of all Options.

2.9 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options.

2.10 Death of Optionee

If an Optionee ceases to be an Eligible Person due to his death, any Option held by such Optionee at the date of death shall be exercisable by the Optionee’s legal heirs or personal representatives. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise.

2.11 Termination of Employment

If an Optionee ceases to be an employee or other Eligible Person, other than as a result of termination with cause, or ceases to act as a Director, any Option held by such Optionee at the effective date thereof shall be exercisable only to the extent that the Optionee is entitled to exercise the Option and only for 90 days thereafter (or such longer period as may be prescribed by law) or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise. In the case of an Optionee being dismissed from employment for cause, all Options held by such Optionee shall immediately terminate and shall no longer be exercisable as of the date of such dismissal.

2.12 Effect of Take-Over Bid

If a bona fide offer (the “**Offer**”) for Common Shares is made to the Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror exercising control over the Company within the meaning of the Securities Act, then the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Common Shares received upon such exercise (the “**Optioned Shares**”) pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or
- (c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror in respect thereof;

then at the discretion of the Board, the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Company and reinstated as authorized but unissued Common Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Company under this Section, the Company shall refund the exercise price to the Optionee for such Optioned Shares.

2.13 Effect of Reorganization, Amalgamation, Merger. etc.

If there is a consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a transfer of all or substantially all of the assets of the Company to another entity, at the discretion of the Board, upon the exercise of an Option under the Plan, the holder thereof shall be entitled to receive any securities, property or cash which the Optionee would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Optionee had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted as applicable by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan. Notwithstanding any other term of this Plan, the Board has the sole discretion to amend, abridge or eliminate any vesting schedule or otherwise amend the conditions of exercise so that any such Option may be exercised in whole or in part by the Optionee so as to entitle the Optionee to purchase Common Shares prior to the effective date of such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, or to receive any securities, property or cash which the Optionee would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Optionee had exercised his Option immediately prior to the applicable record date or event.

2.14 Adjustment in Common Shares Subject to the Plan

If there is any change in the Common Shares through or by means of a declaration of stock dividends of Common Shares or consolidations, subdivisions or reclassifications of the Common Shares, or otherwise, the number of Common Shares subject to any Option, and the exercise price thereof and the maximum number of Common Shares which may be issued under the Plan in accordance with Section 3.1 (a) shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan. An adjustment under Section 2.13 or 2.14 (the “**Adjustment Provisions**”) will take effect at the time of the event giving rise to the adjustment, and the Adjustment Provisions are cumulative. The Company will not be required to issue fractional Common Shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by

the Company. If any questions arise at any time with respect to the exercise price or number of Common Shares deliverable upon exercise of an Option in connection with any of the events set out in Sections 2.12, 2.13 or 2.14, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants 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 III GENERAL

3.1 Maximum Number of Common Shares

- (a) The aggregate number of Common Shares reserved for issuance pursuant to this Plan and all other Share Compensation Arrangements to all Participants shall not exceed 6.6% of the issued and outstanding Common Shares from time to time, provided that if any Options granted under the Plan are cancelled or terminated in accordance with the Plan without being exercised then the Common Shares subject to those Options will again be available to be granted under the Plan (and other Share Compensation Arrangements).
- (b) The aggregate number of Common Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement to Insiders shall not exceed 6.6% of the Common Shares outstanding from time to time.
- (c) The aggregate number of Options which may be granted pursuant to this Plan or any other Share Compensation Arrangement to Insiders within a one-year period shall not exceed 6.6% of the Common Shares outstanding from time to time.
- (d) The aggregate number of securities granted under all Share Compensation Arrangements to any one non-employee director in respect of any one-year period shall not exceed a maximum value of:
 - (i) in the case of Options granted under this Plan, Cdn.\$100,000 worth of Options; and
 - (ii) in the case of securities granted under all Share Compensation Arrangements, Cdn.\$150,000 worth of securities.

The value of Options or other securities granted under all Share Compensation Arrangements shall be determined using a generally accepted valuation model.

- (e) For the purposes of Section 3.1(d), the aggregate number of securities granted under all Share Compensation Arrangements shall be calculated without reference to:
 - (i) the initial securities granted under the Share Compensation Arrangements to a person who was not previously an Insider of the Company, upon such person becoming or agreeing to become a director of the Company. However, the aggregate number of securities granted under all Share Compensation Arrangements in this initial grant to any one non-employee director shall not exceed a maximum value of Cdn. \$150,000 worth of securities; and
 - (ii) the securities granted under the Share Compensation Arrangements to a director who was also an officer of the Company at the time of grant but who subsequently became a non-employee director.

3.2 Transferability

Options are not assignable or transferable by the Optionee other than by will or by the applicable laws of descent. During the lifetime of an Optionee, all Options may only be exercised by the Optionee.

3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Company or any Subsidiary, or interfere in any way with the right of the Company or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Company with respect to any of the Common Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the issuance of the Common Shares by the Company.

3.5 Record Keeping

The Company shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

3.6 Necessary Approvals

The Plan shall be effective only upon the approval of both the Board and the shareholders of the Company by ordinary resolution. The obligation of the Company to sell and deliver Common Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Common Shares are listed for trading which may be required in connection with the authorization, issuance or sale of such Common Shares by the Company. If any Common Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Common Shares shall terminate and any exercise price paid by an Optionee to the Company shall be returned to the Optionee.

3.7 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

3.8 Delegation to Committee

All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and as determined by resolution of the Board, be exercised by a committee of the Board comprised of not less than three Directors that are independent as defined in National Instrument 52-110, including any compensation committee of the Board.

3.9 Income Taxes

For certainty and notwithstanding any other provision of the Plan, the Company or any applicable subsidiary may take such steps as it considers necessary or appropriate for the deduction or withholding of any income taxes or other amounts which the Company or applicable subsidiary is required by any law, or regulation of any governmental authority whatsoever, to deduct or withhold in connection with the Plan, including, without limiting the generality of the foregoing, (a) withholding of all or any portion of any amount otherwise owing to a Participant; (b) the suspension of the issue of Common Shares to be issued under the Plan, until such time as the Participant has paid to the Company an amount equal to any amount which the Company or applicable subsidiary is required to deduct or withhold by law with respect to such taxes or other amounts; and/or (c) withholding and causing to be sold, by it as an agent on behalf of a Participant, such number of Common Shares as it determines to be necessary to satisfy the withholding obligation. By participating in the Plan, the Participant consents to such sale and authorizes the Company or applicable subsidiary to effect the sale of such Common Shares on behalf of a Participant and to remit the appropriate amount to the applicable governmental authorities. The Company

or applicable subsidiary shall not be responsible for obtaining any particular price for the Common Shares nor shall the Company be required to issue any Common Shares under the Plan unless the Participant has made suitable arrangements with the Company or applicable subsidiary to fund any withholding obligation.

3.10 Amendment, Modification or Termination of Plan

Subject to the shareholder and regulatory approvals set forth under Sections 3.10(a) and (b) below, the Board may, from time to time, amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Optionee, in any manner adversely affect his rights under any Option theretofore granted under the Plan.

(a) The Board may, subject to receipt of shareholder and regulatory approval, make the following amendments to the Plan:

- (i) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
- (ii) any increase to the limits imposed on non-employee directors in Sections 3.1(d) or 3.1(e);
- (iii) any change to the definition of "Participants" which would have the potential of narrowing or broadening or increasing insider participation;
- (iv) the addition of any form of financial assistance;
- (v) any amendment to a financial assistance provision which is more favourable to Participants;
- (vi) any reduction to the exercise price of outstanding Options or the cancellation and reissuance of any Options or other entitlements under the Plan;
- (vii) any amendment that extends the term of an outstanding Option;
- (viii) any amendment that would permit Options to be transferable or assignable, other than in connection with estate settlement;
- (ix) any addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction in the number of underlying securities from the Plan;
- (x) the addition of deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Company;
- (xi) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to Participants, especially to Insiders of the Company, at the expense of the Company and its existing shareholders; and
- (xii) any amendment to this Section 3.10.

(b) The Board may, subject to receipt of regulatory approval, where required, in its sole discretion, make all other amendments to the Plan that are not of the type contemplated in subparagraph 3.10(a) above, including, without limitation:

- (i) amendments of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of a security or the Plan;
- (iii) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date; and
- (iv) the addition or amendment of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

(c) Notwithstanding the provisions of Section 3.10(b), the Company shall additionally obtain shareholders approval in respect of amendments to the Plan that are contemplated pursuant to Section 3.10(b) to the extent such approval is required by any applicable law or regulations.

3.11 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

3.12 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

3.13 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

Approved by the Board on February 18, 2008.

Approved by the shareholders of the Company on April 18, 2008.

Amended by the Board on October 26, 2009.

Approved by shareholders of the Company on November 26, 2009.

Amended by the Board on January 25, 2012.

Approved by shareholders of the Company on April 27, 2012.

Amended by the Board on August 14, 2014.

Amended by the Board on January 13, 2015.

Amended by the Board on June 10, 2015.

Approved by shareholders of the Company on June 23, 2015.

Amended by the Board on April 29, 2016.

Approved by the shareholders of the Company on June 9, 2016.

Amended by the Board on May 7, 2019.

EXHIBIT A

TOREX GOLD RESOURCES INC.

INCENTIVE STOCK OPTION PLAN

OPTION COMMITMENT

Notice is hereby given that, effective this ____ day of _____ (the "**Effective Date**"), Torex Gold Resources Inc. (the "**Company**") has granted to _____, an Option to acquire _____ common shares (the "**Common Shares**") up to 5:00 p.m. Toronto Time on the _____ day of _____ (the "**Expiry Date**") at an exercise price of Cdn. \$ _____ per Common Share.

The Option may be exercised/surrendered as follows:



The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Incentive Stock Option Plan, the terms and conditions of which are hereby incorporated herein. All terms not otherwise defined herein shall have the meanings ascribed thereto in the Company's Incentive Stock Option Plan.

To exercise or surrender your Option, as the case may be, you must either:

- (A) deliver a written notice specifying the number of Common Shares you wish to acquire, together with a certified cheque or bank draft payable to the Company for the aggregate exercise price, to the Company,

OR

- (B) in the event you elect to exercise the Cashless Exercise Right, deliver a written notice specifying the number of Common Shares in respect of which such surrender relates and agree to have the Company satisfy the payment of the In-The-Money Amount by:

- (1) delivering to you the Net Number of Shares, calculated in accordance with the following formula:

$$\text{Net Number of Shares} = \frac{\text{In-The-Money Amount}}{\text{MV}}$$

Where:

In-The-Money is equal to $(A \times MV) - (A \times EP)$

Amount

A is the total number of Common Shares in respect of which the Optionee has surrendered Options pursuant to the Cashless Exercise Right

MV is the Market Value

EP is the exercise price of the Options surrendered;

OR

- (2) delivering to you:
 - (a) the Net Number of Shares, less
 - (b) such number of Common Shares as is equal to the Tax Obligation divided by the Market Value and such Common Shares shall be sold on your behalf and the net proceeds of such sale remitted by the Company to the appropriate taxation authorities.

The Common Shares so acquired will be issued by the Company's transfer agent as soon as practicable thereafter.

Torex Gold Resources Inc.

Authorized Signatory

**SCHEDULE C
RESTRICTED SHARE PLAN**

**ARTICLE ONE
DEFINITIONS AND INTERPRETATION**

Section 1.01 **Definitions:** For purposes of this Restricted Share Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

“Act” means the *Business Corporations Act* (Ontario) or its successor, as amended from time to time.

“Associate” where used to indicate a relationship with any person or company, is as defined in the Securities Act;

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

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

- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company and another corporation or by any person and its joint actors and affiliates (collectively, the **“Group”**), as such terms are used or defined in the Securities Act, and whether directly or indirectly, resulting in the acquisition of the Common Shares which, when added to all other Common Shares at the time held by such corporation or person and its joint actors and affiliates, totals for the first time 40% of the outstanding Common Shares;
- (ii) any person or Group acting jointly or in concert succeeding in having a sufficient number of its nominees elected as directors such that such nominees, when added to any existing director remaining after such election, who can be considered to be a nominee of such person or Group, will constitute the majority of the Board; or
- (iii) the Board adopt a resolution to the effect that a Change of Control has occurred or is imminent;

“Committee” means the Board or if the Board so determines in accordance with Section 2.03 of the Restricted Share Plan, the committee of the Board authorized to administer the Restricted Share Plan including any compensation committee of the Board;

“Common Shares” means the common shares of the Company to be issued from treasury;

“Company” means Torex Gold Resources Inc., a corporation continued under the Act;

“Deferred Payment Date” for a Participant means the date after the Restricted Period which is the earlier of (i) the date to which the Participant has elected to defer receipt of Restricted Shares; and (ii) the Participant’s Retirement Date or such other date determined by the Board with the consent of the Participant;

“Designated Affiliate” means an entity that is an “affiliate” as defined in the Securities Act that has been designated by the Committee for purposes of the Restricted Share Plan from time to time;

“Director” means a director of the Company;

“Eligible Contractors” means individuals, other than Eligible Directors or Eligible Employees that (i) are engaged to provide on a bona fide basis consulting, technical, management or other services to the Company or any Designated Affiliates under a written contract between the Company or the Designated Affiliate and the individual or a company of which the individual consultant is an employee and (ii) in the reasonable opinion of the Committee, spent or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Affiliate;

“Eligible Directors” means the Directors and the directors of any Designated Affiliate of the Company from time to time;

“Eligible Employees” means employees, including officers, whether Directors or not, and including both full-time and part-time employees, of the Company or any Designated Affiliate of the Company;

“Employment Agreement” means an employment agreement between a Participant and the Company or a Designated Affiliate;

“Insider” means: (i) an insider as defined in the Securities Act, other than a person who is an Insider solely by virtue of being a director or senior officer of an Affiliate; and (ii) an Associate of any person who is an insider by virtue of (i).

“Market Value” of the Common Shares means the closing price of the Common Shares on the Stock Exchange on the trading day immediately preceding the date as at which the Market Value is determined. In the event that the Common Shares are not then listed and posted for trading on any Stock Exchange, the Market Value shall be the fair market value of the Common Shares as determined by the Board in their sole discretion;

“non-employee Eligible Director” means an Eligible Director of the Company who is not also an officer of the Company;

“Participant” means each Eligible Director, Eligible Contractor, and Eligible Employee to whom Restricted Share Rights are granted;

“Restricted Period” means any period of time during which a Restricted Share Right is not exercisable and the Participant holding such Restricted Share Right remains ineligible to receive Restricted Shares as determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time and for any reason as determined by the Board, including but not limited to circumstances involving death or disability of a Participant;

“Restricted Share Plan” means the restricted share plan described herein;

“Restricted Share Rights” has such meaning as ascribed to such term in Section 3.02 of the Restricted Share Plan;

“Restricted Shares” means the Common Shares issuable in satisfaction of Restricted Share Rights;

“Retirement” in respect of a Participant means the Participant ceasing to be an Eligible Employee, Eligible Director or Eligible Contractor after attaining a stipulated age in accordance with the Company’s normal retirement policy or earlier with the Company’s consent;

“Retirement Date” means the date that a Participant ceases to be an Eligible Employee, Eligible Director or Eligible Contractor;

“RSR Amount” has the meaning set out in Section 3.02.

“Securities Act” means the *Securities Act* (Ontario), as amended from time to time;

“Share Compensation Arrangement” means the Restricted Share Plan and any other security based compensation arrangements implemented by the Company including stock option plans, employee stock purchase plans, share distribution plans, stock appreciation right plans, other restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, pre-existing or otherwise;

“Stock Exchange” means the Toronto Stock Exchange or such other stock exchange on which the Common Shares are then listed; and

“Termination” means: (i) in the case of an Eligible Employee, the termination of the employment of the Eligible Employee with or without cause by the Company or a Designated Affiliate or cessation of employment of the Eligible Employee with the Company or a Designated Affiliate as a result of resignation or otherwise other than the Retirement of the Eligible Employee; (ii) in the case of an Eligible Director, the removal of or failure to re-elect the Eligible Director as a director of the Company or a Designated Affiliate; (iii) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Company or a Designated Affiliate.

Section 1.02 **Headings:** The headings of all articles, sections, and paragraphs in the Restricted Share Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Restricted Share Plan.

Section 1.03 **Context, Construction:** Whenever the singular or masculine are used in the Restricted Share Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

Section 1.04 **References to this Restricted Share Plan:** The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Restricted Share Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

Section 1.05 **Canadian Funds:** Unless otherwise specifically provided, all references to dollar amounts in the Restricted Share Plan are references to lawful money of Canada.

ARTICLE TWO PURPOSE AND ADMINISTRATION OF THE RESTRICTED SHARE PLAN

Section 2.01 **Purpose of the Restricted Share Plan:** The Restricted Share Plan provides for the acquisition of Common Shares by Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of employees, directors and consultants of the Company and its Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Company and its Designated Affiliates, it being generally recognized that restricted share plans aid in attracting, retaining and encouraging employees, consultants and directors due to the opportunity offered to them to acquire a proprietary interest in the Company.

Section 2.02 **Administration of the Restricted Share Plan:** The Restricted Share Plan shall be administered by the Committee and the Committee shall have full authority to administer the Restricted Share Plan including the authority to interpret and construe any provision of the Restricted Share Plan and to adopt, amend and rescind such rules and regulations for administering the Restricted Share Plan as the Committee may deem necessary in order to comply with the requirements of the Restricted Share Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Company. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Restricted Share Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of the Restricted Share Plan and of the rules and regulations established for administering the Restricted Share Plan. All costs incurred in connection with the Restricted Share Plan shall be for the account of the Company.

Section 2.03 **Delegation to Committee:** All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and as determined by resolution of the Board, be exercised by a committee of the Board comprised of not less than three Directors that are independent as defined in National Instrument 52-110, including any compensation committee of the Board.

Section 2.04 **Record Keeping:** The Company shall maintain a register of accounts in which shall be recorded:

- (a) the name and address of each Participant in the Restricted Share Plan;
- (b) the number of Restricted Share Rights granted to each Participant under the Restricted Share Plan; and
- (c) the number of Restricted Shares issued to each Participant or the RSR Amount paid to each Participant under the Restricted Share Plan.

Section 2.05 **Determination of Participants and Participation:** The Board shall from time to time determine the Participants who may participate in the Restricted Share Plan. The Board shall from time to time determine the Participants to whom Restricted Share Rights shall be granted and the provisions and restrictions with respect to such grant(s), all such determinations to be made in accordance with the terms and conditions of the Restricted Share Plan, and the Board may take into consideration the present and potential contributions of and the services rendered by the particular Participant to the success of the Company and any other factors which the Board deems appropriate and relevant. The Board may require that a Participant who is subject to the taxation laws of a country other than Canada obtain independent legal advice and/or enter into a tax indemnity agreement with the Company prior to receiving a grant of Restricted Share Rights.

Section 2.06 **Maximum Number of Common Shares:**

- (a) The aggregate number of Common Shares reserved for issuance pursuant to Restricted Share Plan and all other Share Compensation Arrangements to all Participants shall not exceed 6.6% of the issued and outstanding Common Shares from time to time, provided that if any Restricted Share Rights granted under the Plan are cancelled or terminated in accordance with the Restricted Share Plan without being settled by issuance of Restricted Shares then the Common Shares subject to those Restricted Share Rights will again be available to be granted under the Restricted Share Plan (and other Share Compensation Arrangements).
- (b) The aggregate number of Common Shares issuable to Insiders pursuant to Restricted Share Rights and all other Share Compensation Arrangements, at any time, shall not exceed 6.6% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to Insiders pursuant to Restricted Share Rights and all other Share Compensation Arrangements, within a one year period, shall not exceed 6.6% of the total number of Common Shares then outstanding.
- (c) The aggregate number of securities granted under all Share Compensation Arrangements to any one non-employee Eligible Director in respect of any one-year period shall not exceed a maximum value of Cdn.\$150,000 worth of securities. The value of securities granted under all Share Compensation Arrangements shall be determined using a generally accepted valuation model.
- (d) For the purposes of Section 2.06(c), the aggregate number of securities granted under all Share Compensation Arrangements shall be calculated without reference to:
 - (i) the initial securities granted under the security based compensation arrangements to a person who was not previously an Insider of the Company, upon such person becoming or agreeing to become a director of the Company. However, the aggregate number of securities granted under all security based compensation arrangements of the Company in this initial grant to any one non-employee Eligible Director shall not exceed a maximum value of Cdn.\$150,000 worth of securities; and

- (ii) the securities granted under the security based compensation arrangements to a director who was also an officer of the Company at the time of grant but who subsequently became a non-employee Eligible Director.
- (e) For purposes of this Section 2.06, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Restricted Share Rights.

ARTICLE THREE RESTRICTED SHARE PLAN

Section 3.01 Restricted Share Plan: A Restricted Share Plan is hereby established for Eligible Employees, Eligible Directors and Eligible Contractors.

Section 3.02 Participants: The Board shall have the right to grant, to any Participant, rights (“**Restricted Share Rights**”) to acquire from the Company any number of fully paid and non-assessable Common Shares in consideration of past services to the Company or as an incentive for future services, subject to the Restricted Share Plan and with such provisions and restrictions as the Committee may determine. Each Restricted Share Right entitles the holder: (i) to receive one Restricted Share, without payment of additional consideration, at the end of the Restricted Period or, if applicable, at a later Deferred Payment Date, without any further action on the part of the holder of the Restricted Share Right other than as required by and in accordance with this Article Three, or, subject to the agreement of the Company; (ii) elect to be paid an amount in cash (the “**RSR Amount**”) equal to: (A) the number of Restricted Share Rights to be received in accordance with this Article Three multiplied by (B) the Market Value, minus (C) the applicable withholdings; or (iii) a combination of (i) and (ii). For certainty, the Participant shall be entitled to receive Common Shares unless the Participant wishes to receive a cash payment in lieu of Common Shares and the Company agrees to settle the Restricted Share Rights with a cash payment of the RSR Amount.

Notwithstanding the foregoing: (a) in the event that a Deferred Payment Date falls within a trading blackout imposed by the Company (the “**Blackout Period**”), the Deferred Payment Date shall be automatically extended to the first business day following the end of the Blackout Period, unless the Company has agreed and a Participant elects to redeem Restricted Share Rights on the condition that such Participant receive the RSR Amount in respect of such Restricted Share Rights on or before a date specified by the Company for such purpose, in which case the Deferred Payment Date of such Restricted Share Rights shall not be extended; and (b) in the event that a Deferred Payment Date falls on a date that is not a business day, the Deferred Payment Date shall be automatically extended to the next business day.

Section 3.03 Restricted Share Right Grant Letter: Each grant of a Restricted Share Right under the Restricted Share Plan shall be evidenced by a Restricted Share Right Grant Letter issued to the Participant by the Company and agreed to by the Participant. Such Restricted Share Right Grant Letter shall be subject to all applicable terms and conditions of the Restricted Share Plan and may be subject to any other terms and conditions which are not inconsistent with the Restricted Share Plan and which the Board deems appropriate for inclusion in a Restricted Share Right Grant Letter. The provisions of Restricted Share Right Grant Letters issued under the Restricted Share Plan need not be identical.

Section 3.04 Restricted Period: In connection with the grant of Restricted Share Rights to a Participant, the Board shall determine the Restricted Period applicable to such Restricted Share Rights. In addition, at the sole discretion of the Board, at the time of grant, the Restricted Share Rights may be subject to performance conditions to be achieved by the Company or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such Restricted Share Rights to entitle the holder thereof to receive the underlying Restricted Shares.

Section 3.05 Deferred Payment Date: A Participant may elect to defer the receipt of all or any part of such Participant’s entitlement to Restricted Shares until one or more Deferred Payment Dates.

Section 3.06 Prior Notice of Deferred Payment Date: A Participant who elects to set a Deferred Payment Date must give the Company written notice of the Deferred Payment Date(s) not later than fifteen (15) days prior to the expiration of the Restricted Period. For certainty, Participants shall not be permitted to give any such notice after the day which is 15 days prior to the expiration of the Restricted Period and a notice once given may not be changed or revoked without the consent of the Board.

Section 3.07 Retirement or Termination during Restricted Period: Subject to Section 3.11 and the provisions of any Employment Agreement, in the event of the Retirement or Termination of a Participant during the Restricted Period, any Restricted Share Rights held by the Participant shall immediately terminate and be of no further force or effect, provided that the Board has the absolute discretion to waive such termination.

Section 3.08 Retirement or Termination after Restricted Period: In the event of the Retirement or Termination of the Participant following the Restricted Period and prior to a Deferred Payment Date, the Company shall satisfy each Restricted Share Right then held by the Participant as provided in Section 3.02 forthwith if the Deferred Payment Date is the Participant's Retirement Date or such later Deferred Payment Date if the date has been extended with the consent of the Board as contemplated in the definition of "Deferred Payment Date", subject to the provisions of any Employment Agreement.

Section 3.09 Payment of Dividends: In the event that any cash dividend or other cash distribution is paid by the Company on the Common Shares, a Participant's Restricted Share Rights account will be credited with additional Restricted Share Rights. The number of such additional Restricted Share Rights will be calculated by dividing the cash dividends or other cash distribution that would have been paid to the Participant if the Restricted Share Rights recorded in his or her account as at the date of payment for the cash dividend or other cash distribution had been Common Shares, by the Market Value on such payment date. The additional Restricted Share Rights credited to a Participant's account will be subject to the same terms and conditions, including the Restricted Period and the Deferred Payment Date, as the Restricted Share Rights in respect of which the additional Restricted Share Rights were credited.

Section 3.10 Death or Disability of Participant: In the event of the termination of the Participant's employment with the Company, or a Designated Affiliate, due to disability in accordance with the provisions of any Employment Agreement or death of a Participant, the Restricted Period will be deemed to be over and any Restricted Share Rights held by the Participant shall be satisfied forthwith by the Company as provided in Section 3.02, subject to the provisions of any Employment Agreement.

Section 3.11 Change of Control: In the event of a Change of Control, all Restricted Share Rights outstanding shall be immediately settled by issuance of Restricted Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date.

ARTICLE FOUR WITHHOLDING TAXES

Section 4.01 Withholding Taxes: The Company or any Designated Affiliate of the Company may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Company or any Designated Affiliate of the Company is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Restricted Share Right or Common Share, including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Common Shares to be issued under the Restricted Share Plan, until such time as the Participant has paid the Company or any Designated Affiliate of the Company for any amount which the Company or Designated Affiliate of the Company is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Committee may adopt administrative rules under the Plan, which provide for the automatic sale of Restricted Shares (or a portion thereof) in the market upon the issuance of such shares under the Restricted Share Plan for and on behalf of a Participant to satisfy withholding obligations under the Plan.

**ARTICLE FIVE
GENERAL**

Section 5.01 **Term of the Restricted Share Plan:** The Restricted Share Plan shall remain in effect until it is terminated by the Board.

Section 5.02 **Amendment of Restricted Share Plan:** The Board may from time to time in its absolute discretion (without shareholder approval) amend, modify and change the provisions of the Restricted Share Plan, including, without limitation:

- (i) amendments of a house keeping nature;
- (ii) the change to the Restricted Period of any Restricted Share Right;
- (iii) any amendments required by the Stock Exchange in order to make the Restricted Share Plan effective.

However, other than as set out above, any amendment, modification or change to the provisions of the Restricted Share Plan which would:

- (a) materially increase the benefits of the holder under the Restricted Share Plan to the detriment of the Company and its shareholders;
- (b) increase the number of Common Shares, other than by virtue of Section 5.06 of the Restricted Share Plan, which may be issued pursuant to the Restricted Share Plan;
- (c) increase the limits imposed on non-employee Eligible Directors in Sections 2.06(c) or 2.06(d); or
- (d) materially modify the requirements as to eligibility for participation in the Restricted Share Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company. Any amendment, modification or change of any provision of the Restricted Share Plan shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

Section 5.03 **Non-Assignable:** Except as otherwise may be expressly provided for under the Restricted Share Plan or pursuant to a will or by the laws of descent and distribution, no Restricted Share Right and no other right or interest of a Participant is assignable or transferable.

Section 5.04 **Rights as a Shareholder:** No holder of any Restricted Share Rights shall have any rights as a shareholder of the Company by virtue of holding Restricted Share Rights. Subject to Section 3.09 and Section 5.06, no holder of any Restricted Share Rights shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for shareholders of the Company.

Section 5.05 **No Contract of Employment:** Nothing contained in the Restricted Share Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Company or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Company or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in the Restricted Share Plan by a Participant shall be voluntary.

Section 5.06 **Adjustment in Number of Shares Subject to the Restricted Share Plan:** In the event there is any change in the Common Shares, whether by reason of a dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Board in:

- (a) the number of Common Shares available under the Restricted Share Plan; and
- (b) the number of Common Shares subject to any Restricted Share Rights.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of the Restricted Share Plan.

Section 5.07 **No Representation or Warranty:** The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Restricted Share Plan.

Section 5.08 **Compliance with Applicable Law:** If any provision of the Restricted Share Plan or any Restricted Share Right contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 5.09 **Interpretation:** This Restricted Share Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.

Approved by the Board: October 26, 2009, with Restricted Share Plan effective February 24, 2010.

Approved by the shareholders: November 26, 2009, April 27, 2012, June 23, 2015 and June 9, 2016.

Amendments approved by the Board: May 8, 2013, June 10, 2015, April 29, 2016, January 24, 2019 and May 7, 2019.

SCHEDULE D MANDATE OF THE BOARD OF DIRECTORS

PURPOSE

The Board of Directors (the “**Board**”) of Torex Gold Resources Inc. (the “**Corporation**”) is responsible for the supervision of the management of the business and affairs of the Corporation. The Board should manage the responsibilities and obligations set out below, either directly or through committees of the Board, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Health and Safety Committee and the Environment and Corporate Social Responsibility Committee. The Board will, however, retain the oversight function and ultimate responsibility for the supervision of the management of the business and affairs of the Corporation.

COMPOSITION

The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Corporation. At least two-thirds of the directors will be “independent” directors within the meaning of applicable securities laws, instruments, rules and policies and regulatory requirements (collectively “**Applicable Laws**”).

The directors of the Corporation will be elected at the annual meeting of the shareholders of the Corporation and shall serve until no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

MEETINGS

The Board shall have at least four regularly scheduled meetings in each financial year of the Corporation.

The Chairman of the Board (the “**Chairman**”), the President and Chief Executive Officer (the “**CEO**”) and the Lead Director of the Board (the “**Lead Director**”), if any, are responsible for the agenda for each meeting of the Board. Prior to each Board meeting, the Chairman and the CEO should discuss agenda items for the meeting with the Lead Director, if any. Materials for each meeting should be distributed to the Board in advance of the meeting.

Directors are expected to attend at least three quarters of all meetings of the Board held in each financial year of the Corporation and to adequately review meeting materials in advance of each meeting.

The independent directors (in this context, meaning directors who are not also senior officers or are not independent within the meaning of Applicable Laws) should hold an *in camera* session without the non-independent directors and any senior officers present at each meeting of the Board, unless such a session is not considered necessary by the independent directors present. The Chairman, if independent, and if not independent, the Lead Director if any, should chair the *in camera* sessions.

BOARD COMMITTEES

The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a mandate that is approved by the Board, setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board.

RESPONSIBILITIES

Oversight of Management and the Board

The Board is responsible for the appointment, and replacement, of senior officers of the Corporation. The Board should ensure that appropriate succession planning, including the appointment, training and monitoring of the senior officers and members of the Board, is in place.

The Board is responsible for satisfying itself as to the integrity of the CEO and the other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Corporation.

The Board should annually consider what additional skills and competencies would be helpful to the Board, with the Corporate Governance and Nominating Committee being responsible for identifying specific candidates for consideration for appointment to the Board.

If the Chairman is not independent within the meaning of Applicable Laws and a Lead Director is required, or is considered desirable by the Board, the Corporate Governance and Nominating Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for appointing the Lead Director.

Through the Compensation Committee, the Board should review the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and should review the compensation of the Senior Executives (as defined in the Compensation Committee Mandate) to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Corporation. Any recommended changes in the compensation of the directors and/or the compensation of the Senior Executives shall be submitted to the Board for consideration.

The Board should review and assess, or delegate such review and assessment to an appropriate committee of the Board, the policies (the “Policies”) of the Corporation previously approved by the Board, from time to time, including without limitation: (a) the Code of Conduct and Business Ethics; (b) Whistleblower Policy; (c) Disclosure Policy; (d) Insider Trading Policy; (e) Anti-Bribery and Anti-Corruption Policy; (f) Majority Voting Policy; (g) Share Ownership Policy; (h) Diversity Policy; (i) Mandatory Retirement Policy; (j) Say on Pay Advisory Vote Policy; (k) Clawback of Incentive Compensation Policy and, (l) the Monetary Authority Policy. If such review and assessment is delegated to a committee of the Board, such committee shall submit any proposed amendments to a Policy to the Board for consideration.

The Board should act in an advisory capacity to the senior officers of the Corporation in all matters concerning the interests and management of the Corporation.

Financial Matters

The Board is responsible for reviewing the financial and underlying operational performance of the Corporation.

The Board should review and approve the annual audited financial statements, management’s discussion and analysis, press release and other financial information related to such annual audited financial statements, budgets and forecasts, annual information form and management information circular of the Corporation.

The Board delegates to the Audit Committee the review and approval of the quarterly unaudited financial statements, the management’s discussion and analysis and press release and other financial disclosure related thereto. If requested by the Audit Committee, the Board should review and approve the quarterly unaudited financial statements and the management’s discussion and analysis, press release and other financial disclosure related thereto.

The Board should annually review, together with the Audit Committee, the directors’ and officers’ third-party liability insurance, and other insurance, of the Corporation.

The Board, primarily through the Audit Committee, should monitor and ensure the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and the financial reporting procedures of the Corporation.

The Board is responsible for considering, and if established, reviewing from time to time, a dividend policy for the Corporation.

Business Strategy

The Board has primary responsibility for the strategic direction of the Corporation, including the long-range and short-range goals, plans and policies of the Corporation. The Board will provide advice, counsel and mentorship to the CEO with respect to matters of strategic significance and will contribute to the development of the strategic direction of the Corporation by approving, at least annually, a strategic

plan and budget developed and proposed by the senior officers, subject to any changes required by the Board. The strategic plan and budget should take into account the business opportunities and business risks of the Corporation. The Board will review with the senior officers from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these factors on the strategic direction of the Corporation. The Board will review and approve the financial objectives, plans and actions of the Corporation, including significant capital allocations and expenditures.

The Board is responsible for ensuring that procedures are in place to appropriately manage the principal business risks of the Corporation.

The Board should monitor corporate performance against the approved strategic plan and budget, including assessing operating results, to evaluate whether the business of the Corporation is being appropriately managed.

The Board is responsible for reviewing and approving all material transactions affecting the Corporation not contemplated in the strategic plan and budget approved by the Board.

Communications and Reporting to Shareholders

The Board is responsible for overseeing the continuous disclosure program of the Corporation, with a view to satisfying itself that adequate procedures are in place to ensure that material information is disclosed in accordance with Applicable Laws.

The Board will ensure that the Corporation has a disclosure policy which includes a framework for investor relations and public disclosure.

Corporate Governance

The Corporate Governance and Nominating Committee will recommend, and the Board will establish, the Board's approach to corporate governance.

The Board is responsible for assessing at least annually its own effectiveness in fulfilling this mandate and shall assess from time to time this mandate, as well as the mandate of each committee (considering, among other things, the recommendations of the applicable committee).

The Board is responsible for evaluating the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of Applicable Laws.

The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct and should ensure that adequate procedures are in place to monitor compliance with the Code of Business Conduct and Ethics of the Corporation. Only the Board may grant waivers of the Code of Business Conduct and Ethics which would be to the benefit of any director or senior officer.

General

The Board is responsible for performing such other functions as are prescribed by law, including all Applicable Laws.

The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Corporation.

Except in exceptional circumstances, draft minutes of each meeting of the Board shall be circulated to the Board for review within 14 days of the date of such meeting.

FEEDBACK

The Board welcomes input and comments from shareholders of the Corporation relating to this mandate. Such input and comments may be sent to the Board at the head office address of the Corporation.

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