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# TORO RESOURCES CORP.

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## MANAGEMENT INFORMATION CIRCULAR

### GENERAL PROXY INFORMATION

#### SOLICITATION OF PROXIES

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of management of Toro Resources Corp. (the "Corporation") for use at the annual and special meeting of shareholders of the Corporation (the "Meeting") to be held on Thursday, December 13, 2012, at 9:30 a.m. (Vancouver time), or any adjournment thereof, at Suite 600 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5 for the purposes set out in the accompanying notice of meeting (the "Notice of Meeting").

The solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally, by telephone or other telecommunication by the directors, officers and certain employees of the Corporation at nominal cost. Banks, brokers, custodians, nominees and fiduciaries will be requested to forward the proxy soliciting materials to beneficial owners, and the Corporation will reimburse such persons for reasonable out-of-pocket expenses incurred by them in this connection. The expenses of soliciting proxies, including the cost of preparing, assembling and mailing this proxy material to shareholders, will be borne by the Corporation.

All information in this Circular is given as at November 16, 2012, unless otherwise indicated.

In this Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

#### Q&A ON PROXY VOTING

**Q: What am I voting on?**

A: Shareholders are voting on: (i) the election of directors to the board of directors of the Corporation (the "**Board**") for the forthcoming year; (ii) the appointment of auditors for the Corporation for the forthcoming year and the authorization of the directors of the Corporation to fix their remuneration and the terms of their engagement; and (iii) the ratification and approval of the Corporation's existing stock option plan (the "**Stock Option Plan**").

**Q: Who is entitled to vote?**

A: Shareholders as of the close of business on November 8, 2012 (the "**Record Date**") are entitled to vote at the Meeting and at any adjournments thereof. Each Common Share is entitled to one vote on those items of business identified in the Notice of Meeting.

**Q: How do I vote?**

A: There are several ways you can vote your Shares if you are a registered shareholder:

- (i) By attending the Meeting and voting;
- (ii) *By mail or fax*: complete, date and sign the enclosed form of proxy and return it to the Transfer Agent by fax within North America at 1-866-249-7775 (toll-free); or outside North America at

416-263-9524 (not toll-free), or by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;

- (iii) *By phone:* using a touch-tone phone to transmit voting choices to 1-866-732-8683. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed form of proxy for the toll-free number, the Shareholder's account number and the proxy access number; or
- (iv) By using the internet through the website of the Corporation's transfer agent's website, [www.investorvote.com](http://www.investorvote.com); provided that you follow the instructions that appear on the screen and refer to the enclosed form of proxy for the holder's account number and the proxy access number.

In all cases please ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

If your Shares are held in the name of a nominee, please refer to the answer to the question "*What if my Shares are held through a brokerage account?*" to determine how you may vote your Shares.

**Q: What if I plan to attend the Meeting and vote in person?**

A: If you are a registered shareholder and plan to attend the Meeting on December 13, 2012 and wish to vote your Shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the Corporation's transfer agent, Computer Share Investor Services, upon arrival at the Meeting. If your Shares are held in the name of a nominee and you wish to attend the Meeting, refer to the answer to the question "*What if my shares are held through a brokerage account?*" for voting instructions.

**Q: Who is soliciting my proxy?**

A: **The enclosed form of proxy is being solicited by management of the Corporation** and the associated costs will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made personally, by telephone or other telecommunication by the directors, officers and certain employees of the Corporation.

**Q: What happens if I sign the form of proxy enclosed with this Circular?**

A: Signing the enclosed form of proxy gives authority to William Galine, President and a director of the Corporation, or failing him, Ronald Atlas, Chief Financial Officer and a director of the Corporation, respectively, or to another person you have appointed, to vote your Shares at the Meeting.

**Q: Can I appoint someone other than these representatives to vote my Shares?**

A: Yes. **Write the name of this person, who need not be a shareholder of the Corporation, in the blank space provided in the form of proxy and return the proxy to the Corporation's transfer agent.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your Shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of Computershare Investor Services Inc.

**Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. A registered shareholder who executes and returns a proxy has the power to revoke it (to the extent that it has not been exercised) by depositing a written statement to that effect executed by the shareholder or his, her or its attorney duly authorized in writing or by electronic signature or by transmitting, by telephonic or electronic means, a revocation that is signed by electronic signature, or, if the shareholder is a

corporation, by written instrument executed (under corporate seal if so required by the rules and laws governing the corporation) by a duly authorized signatory of such corporation:

- (i) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. If such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy;
- (ii) with the Corporation's registrar and transfer agent, Computershare Investor Services Inc., by mail or by hand delivery at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof; or
- (iii) in any other manner permitted by law.

A registered shareholder who has revoked a proxy may submit another form of proxy bearing a later date and duly depositing the same as described above in the answer to the question "*How do I Vote?*".

A non-registered holder may revoke a voting instruction or a waiver of the right to receive the meeting materials or a waiver of the right to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on any such revocation that is not received by the intermediary well in advance of the Meeting.

**Q: How will my Shares be voted if I give my proxy?**

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder must vote your Shares accordingly. If you have not specified on the form of proxy how you want your Shares to be voted on a particular issue, then your proxyholder can vote your Shares as he or she sees fit. **IN THE ABSENCE OF SUCH DIRECTIONS, HOWEVER, YOUR SHARES WILL BE VOTED IN FAVOUR OF: (I) THE ELECTION OF MANAGEMENT'S NOMINEES FOR DIRECTORS NAMED IN THIS CIRCULAR; (II) THE APPOINTMENT OF AUDITORS; AND (III) THE RE-APPROVAL OF THE STOCK OPTION PLAN.**

**Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: **The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.**

As of the date of this Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q: How many Shares are entitled to vote?**

A: As of the date hereof, there are 23,448,636 Common Shares issued and outstanding. Each shareholder has one vote for each Common Share held at the close of business on November 8, 2012.

**Q: How will the votes be counted?**

A: Unless otherwise required by law, each question brought before the Meeting is determined by a majority of votes cast on the question. In the case of equal votes, the Chairman of the Meeting is not entitled to a second or casting vote.

**Q: Who counts the votes?**

A: The Corporation's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**Q: What if my Shares are held through a brokerage account?**

A: If Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered in the name(s) of the Shareholder's broker or agent of that broker (an "**Intermediary**"). Other Intermediaries include, but are not limited to, banks, trust companies, securities dealers, and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans. An Intermediary, in turn, may register Shares in the name of a clearing agency, such as CDS & Co., the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms, or under the name of Cede & Co., which is the nominee for The Depository Trust Company, a depository for many United States brokerage firms and custodian banks.

Intermediaries are required to forward copies of proxy-related materials ("**AGM Materials**") to all Non-Registered Shareholders to seek voting instructions to ensure that all Company shareholders have the opportunity to direct the voting of their Shares. Non-Registered Shareholders have the opportunity to either:

- (a) receive a form of proxy that has already been signed by the Intermediary (usually, by a stamped, facsimile signature) that is restricted to the actual number of Shares owned by the Non-Registered Shareholder, but that is otherwise incomplete. Because the form of proxy has already been signed by the Intermediary, it does not need to be signed by the Non-Registered Shareholder. The completed and signed proxy must then be deposited with the Transfer Agent in the manner described below; or
- (b) receive a voting instruction form (a "**VIF**"), which form is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder, constitutes voting instructions that the Intermediary must follow. In order for the VIF to be considered a valid proxy authorization, the Non-Registered Shareholder must: (i) affix to the VIF the label provided that contains bar-code and other information; (ii), properly complete the VIF; and (iii) return the VIF to the Intermediary or its service company, typically Broadridge Financial Solutions, Inc.

An "**objecting beneficial owner**" or an "**OBO**" is a beneficial, Non-Registered Shareholder who has objected to its name being made known to the Corporation, while a "**non-objecting beneficial owner**" or a "**NOBO**" is a beneficial, Non-Registered Shareholder who has not objected to this information being available to the Corporation. The Corporation may obtain a list of NOBO Shareholders from Intermediaries and distribute AGM Materials directly to such NOBOs.

## **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

The authorized capital of the Corporation consists of an unlimited number of Common Shares without par value. As of the date of this Circular, 23,448,636 Common Shares were issued and outstanding. Each Common Share is entitled to one vote. The Corporation will prepare or cause to be prepared, a list of shareholders (the "**Shareholders List**") entitled to receive notice of the Meeting not later than ten days after the Record Date. At the Meeting, the holders of Common Shares shown on the Shareholders List will be entitled to one vote per Common Share held shown opposite their names on the Shareholders List.

The outstanding Common Shares are listed for trading on the TSX Venture Exchange (the "TSX-V") under the symbol TRK.

At the close of business on November 8, 2012, 23,448,636 Common Shares were issued and outstanding. To the knowledge of our directors and officers, there are no persons or companies who or which beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of our Common Shares on that date.

As of the date hereof, the directors and executive officers of the Corporation, as a group, owned beneficially, directly or indirectly, or exercised control or direction over, approximately 3,162,166 Common Shares, representing approximately 13% of the outstanding Common Shares.

## VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein, except where stated to be a special resolution of the shareholders, in which case a two-thirds (2/3) majority of affirmative votes is required to be cast at the Meeting in order to pass a special resolution.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. FINANCIAL STATEMENTS

The consolidated audited financial statements of the Corporation for the year ended June 30, 2012, together with the report of the auditors thereon, will be presented to the shareholders at the Meeting for their review and consideration.

### B. ELECTION OF DIRECTORS

The Articles of the Corporation provide that the Corporation shall have a minimum of three and a maximum of that number of directors as may be fixed or changed from time to time by majority approval from the shareholders. Accordingly, shareholders will be asked to set the number of directors at five and to elect five directors at the Meeting. Each director elected will hold office until the next annual meeting or until his successor is appointed, unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) (the "BCA") and the Articles of the Corporation.

All of the nominees are currently members of the Board and have been since the dates indicated below. Management does not contemplate that any of the nominees will be unable to serve as a director. **However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The persons named in the enclosed form of proxy intend to vote FOR the election of all of the nominees whose names are set forth below unless otherwise instructed to withhold from voting thereon on a properly executed and validly deposited proxy.**

The following table sets forth certain information concerning management's nominees for election as directors, including the approximate number of Common Shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction.

Name of Proposed Nominee, Province and Country of Residence	Principal Occupation	Director Since	Current Position(s) with the Corporation	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed <sup>(1)</sup>
William Galine West Vancouver, British Columbia	President & Chief Executive Officer of the Corporation	January 4, 2007	Chief Executive Officer, President & Director	564,500

Name of Proposed Nominee, Province and Country of Residence	Principal Occupation	Director Since	Current Position(s) with the Corporation	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed <sup>(1)</sup>
Ronald Atlas <sup>(2)</sup> Wheeling, Illinois, USA	President of Expedition Mining Corp.	January 4, 2007	Chief Financial Officer, Secretary & Director	1,740,000
Mark Lawson <sup>(2)</sup> Toronto, Ontario	Consultant	February 3, 2010	Director	10,000
Anthony Floyd Vancouver, British Columbia	Consultant	June 3, 2010	Director	781,000
John Watt <sup>(2)</sup> North Vancouver, BC	Chartered Accountant	March 23, 2011	Director	66,666

Notes:

- (1) The information as to Common Shares beneficially owned, not being within the knowledge of the Corporation, has been obtained from SEDI or furnished by the proposed directors individually. Does not include Shares issuable upon exercise of options or warrants.
- (2) Member of the audit committee of the Board (the "**Audit Committee**").

### Orders, Penalties and Bankruptcies

To the knowledge of the Corporation and other than as set forth below, none of the foregoing nominees for director of the Corporation:

- (a) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director, CEO or CFO of any company (including the Corporation) that:
- (i) was subject of a cease trade or 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 (an "**order**") and that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO,
- (b) is, at the date of this Circular, or has been, within ten years before the date of this Circular, a director or executive officer of any company (including the Corporation), 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; or
- (c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of the Corporation, no nominee for director of the Corporation has been subject to: (a) 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 (b) 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.

## C. APPOINTMENT OF AUDITORS

Shareholders will be requested to appoint DeVisser Gray, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors of the Corporation to fix their remuneration and the terms of their engagement. DeVisser Gray, Chartered Accountants was first appointed on November 22, 2010.

**To be approved, the resolution requires the affirmative vote of a majority of the votes cast on the resolution. Proxies received in favour of management will be voted in favour of the appointment of DeVisser Gray, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders and the authorization of the directors to fix the auditors' remuneration and the terms of their engagement, unless the shareholder has specified in a proxy that his, her or its Common Shares are to be withheld from voting in respect thereof.**

## D. RE-APPROVAL OF STOCK OPTION PLAN

Shareholders of the Corporation will be asked to consider and, if deemed appropriate, to pass a resolution to re-approve the Stock Option Plan pursuant to the policies of the TSX-V. The Stock Option Plan was first approved by shareholders on December 3, 2008.

Additional information regarding the Stock Option Plan, including restrictions on grants of stock options, is set out below under the heading "*Securities Authorized for Issuance under the Equity Compensation Plan*".

The text of the resolution ratifying and approving the Stock Option Plan is as follows, subject to any amendments, variations or additions as may be approved at the Meeting:

### RESOLVED:

- (1) The Stock Option Plan as set forth in Schedule "A" to this Circular, is hereby re-approved.
- (2) Any officer or director of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing resolution.

**To be approved, the affirmative vote of a majority of the votes cast on the resolution is required. The Board recommends that shareholders vote FOR the ratification and approval of the Incentive Stock Option Plan. The persons named in the accompanying form of proxy intend to vote FOR the resolution, unless otherwise instructed on a properly executed and validly deposited proxy.**

## OTHER BUSINESS

While management of the Corporation is not aware of any business other than that mentioned in the Notice of Meeting to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

The primary objectives of the Corporation's executive compensation program are to attract, motivate and retain highly trained, experienced and committed executive officers who have the necessary skills, education, experience and personal qualities required to manage the Corporation's business for the benefit of its shareholders, and to align their success with that of the shareholders.

The Board has determined that until such time as the Corporation has started to generate revenues, no salaries will be paid to any of its executive officers. Once revenues are being generated, the Board will consider adding a second component to its current compensation program of long-term incentive compensation in the form of options. The new element will consist of the payment of cash compensation, where appropriate.

### **STOCK-BASED COMPENSATION**

Under the terms of the Stock Option Plan, the Board or a committee of the Board may grant incentive stock options to the Corporation's directors, officers, employees and consultants to purchase Common Shares. The purpose of options is to provide a direct long-term incentive to improve shareholder value over time. The level of grant is determined by reference to standards of practice within the oil and gas industry and the individual's level of responsibility within the Corporation.

The Corporation does not have a program or regular annual grant of options. When determining options to be allocated, a number of factors are considered, including the number of outstanding options held by an individual, the value of such options, and the total number of options available for granting.

Reference is also made to the heading "*Summary of Terms and Conditions of the Incentive Stock Option Plan*" below for further information.

### **SALARIES OR FEES**

Future base executive compensation, in the form of salaries or consulting fees, will provide a fixed level of compensation for discharging the specific duties and responsibilities of the executive. The Board recognizes that the size of the Corporation may prohibit executive compensation from matching those of larger companies in the oil and gas industry. The Board also believes that long-term equity interests, in the form of options (described above), will compensate for lower base fees. This compensation strategy is similar to the strategies of many other companies within the Corporation's peer group.

When determining executive compensation, the Board will review the compensation policies of companies engaged in businesses similar to the Corporation's. Although the Corporation has not obtained any industry reports regarding compensation, at the appropriate time the Board will review publicly available information with respect to compensation paid to the executives of companies that are also engaged in the acquisition, exploration and development of oil and gas properties.

In setting the base compensation levels for individuals, consideration will be given to objective factors such as the level of responsibility, experience and expertise, as well as subjective factors such as leadership and contribution to corporate performance. Fees will be reviewed annually and adjustments may be made based upon corporate and personal performance, market conditions and the level of responsibility attributed to specific executives.

### **COMPENSATION OF EXECUTIVE OFFICERS**

#### **Summary Compensation Table for Named Executive Officers**

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, for the fiscal years ended June 30, 2012, 2011 and 2010 to the CEO, CFO and the next three mostly highly compensated executive officers of the Corporation whose total compensation and bonus was, individually, in excess of \$150,000 per annum (collectively the "**Named Executive Officers**").



Name and Principal Position	Fiscal Year Ended June 30	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
William Galine <sup>(1)</sup> <i>Chief Executive Officer</i>	2012	48,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	48,000
	2011	32,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	32,000
	2010	Nil	Nil	16,762	Nil	Nil	Nil	Nil	16,762
Ronald Atlas <i>Chief Financial Officer</i>	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2010	Nil	Nil	16,762	Nil	Nil	Nil	Nil	16,762
Robert Lunde <sup>(4)</sup> <i>Former Chief Executive Officer</i>	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Galine was appointed as President and Chief Executive Officer on February 3, 2010.
- (2) An aggregate of \$9,500 of this amount has been accrued and not yet paid, pursuant to a temporary compensation deferral arrangement entered into with Mr. Galine.
- (3) The amount of \$48,000 has been accrued and not paid pursuant to a temporary compensation deferral arrangement entered into with Mr. Galine.
- (4) Mr. Lunde resigned as President and Chief Executive Officer and as a director on March 4, 2010.

### Incentive Plan Awards for Named Executive Officers

#### **Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information concerning all option-based and share-based awards for each Named Executive Officer that were granted before, and remain outstanding as of the most recently completed fiscal year ended June 30, 2012.

Name and Principal Position	Option-based Awards <sup>(1)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
William Galine <i>Chief Executive Officer</i>	200,000	\$0.10	March 4, 2015	Nil	N/A	N/A
Ronald Atlas <i>Chief Financial Officer</i>	200,000	\$0.10	March 4, 2015	Nil	N/A	N/A

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Incentive Stock Option Plan.
- (2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options as at June 29, 2012, the last closing price prior to the Corporation's year end, which was \$ 0.045, and the exercise price of the option.

## Incentive Plan Awards Value Vested or Earned During the Fiscal Year Ended June 30, 2012

The Corporation did not grant any incentive plan awards to any of the Named Executive Officers during the fiscal year ended June 30, 2012.

### Pension Plan Benefits

The Corporation does not have any pension plans that provide for payments of benefits at, following or in connection with retirement or provide for retirement or deferred compensation plans for the Named Executive Officers or directors.

### Termination and Change of Control Benefits

The Corporation has no plan or arrangement whereby any Named Executive Officer may be compensated in the event of that Named Executive Officer's resignation, retirement or other termination of employment, or in the event of a change of control of the Corporation or a change in Name Executive Officer's responsibilities following such a change of control.

## COMPENSATION OF DIRECTORS

### Summary Compensation Table for Directors

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Corporation other than the Named Executive Officers, during the fiscal year ended June 30, 2012. For details of the compensation for the Named Executive Officers who are also directors of the Corporation, see disclosure in "*Summary Compensation Table for Named Executive Officers*".

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Mark Lawson	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Anthony Floyd	Nil	N/A	Nil	N/A	N/A	Nil	Nil
John Watt	Nil	N/A	Nil	N/A	N/A	Nil	Nil

### Material Factors Necessary to Understand Director Compensation

During the fiscal year ended June 30, 2012, no fees were paid to directors for their services as a director to the Corporation. The directors are entitled to receive stock options under the Incentive Stock Option Plan, as described below under the heading "*Summary of Terms and Conditions of the Incentive Stock Option Plan*". During the year ended June 30, 2012, no stock options were granted to directors.

## Incentive Plan Awards for Directors

### Outstanding Share – Based Awards and Option-Based Awards

Name and Principal Position	Option-based Awards <sup>(1)</sup>				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Mark Lawson	200,000	0.10	March 4, 2015	N/A	Nil	Nil
John Watt	200,000	0.20	March 23, 2016	N/A	Nil	Nil

Notes:

- (1) The option-based awards relate to those stock options awarded pursuant to the Incentive Stock Option Plan.
- (2) The value of unexercised in-the-money options was calculated based on the difference between the closing price of the Common Shares underlying the options as at June 29, 2012, the last closing price prior to the Corporation's year end, which was \$0.045, and the exercise price of the option.

### Incentive Plan Awards – Value Vested or Earned During the Fiscal Year Ended June 30, 2012

The Corporation did not grant any incentive plan awards to any of the directors during the fiscal year ended June 30, 2012.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER THE EQUITY COMPENSATION PLAN

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth aggregated information as at June 30, 2012 with respect to the Stock Option Plan, which is the only compensation plan under which equity securities of the Corporation are authorized for issuance to employees or non-employees such as directors and consultants. For further information regarding the Incentive Stock Option Plan, see the section immediately below entitled "*Summary of Terms and Conditions of the Stock Option Plan*".

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	1,450,000	\$0.13	894,863
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>1,450,000</b>	<b>\$0.13</b>	<b>894,863</b>

### Summary of Terms and Conditions of the Stock Option Plan

The Stock Option Plan was last approved by Shareholders at the Corporation's annual and special meeting held on December 14, 2011.

The purpose of the Stock Option Plan is to encourage ownership of Common Shares by directors, officers, employees and consultants of the Corporation and thereby provide additional incentive for them to promote the successes of the Corporation.

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

- (a) the Stock Option Plan reserves up to 10% of the Corporation's currently issued and outstanding share capital, for issuance to directors, officers, employees and/or consultants upon the exercise of Options granted under the Stock Option Plan.
- (b) the Stock Option Plan is administered by the Executive Committee of directors appointed from time to time by the board of directors, or, if no Executive Committee is appointed, by the President of the Corporation, in either case subject to approval by the board of directors pursuant to rules of procedure fixed by the board of directors;
- (c) during any 12-month period, the number of Common Shares reserved for issuance to any one person pursuant to Options granted shall not exceed the maximum number of shares permitted by the TSX-V (presently 5% of the issued and outstanding share capital of the Corporation, or in the case of a consultant or investor relations employee, 2%);
- (d) the administrator of the Stock Option Plan may determine the time during which any Options may vest and the method of vesting, or that no vesting restriction shall apply;
- (e) the exercise price of any Options granted shall not be lower than the price permitted by the TSX-V;
- (f) Options granted under the Stock Option Plan shall be exercisable for a maximum period of five years from the date of granting;
- (g) unless otherwise determined by the administrator, an Option will terminate ninety days after an optionee ceases to be a director, officer or employee of the Corporation. This period is reduced to thirty days if the optionee was engaged in investor relations activities for the Corporation
- (h) in the event of the death an optionee's death, Options will only be exercisable within 12 months of such death;
- (i) disinterested Shareholder approval will be sought in the event that the Corporation wishes to amend the Incentive Stock Option Plan to increase the number of Common Shares reserved for issuance, or in the event of any proposal to reduce the exercise price of Options granted to insiders of the Corporation; and
- (j) all Options are non-transferable.

## **CORPORATE GOVERNANCE AND OTHER MATTERS**

### **GENERAL**

The Canadian Securities Administrators have adopted National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"), which provides guidance on corporate governance practices for issuers such as the Corporation and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

### **BOARD OF DIRECTORS**

There are currently five directors of the Corporation: William Galine, Ronald Atlas, Mark Lawson, Anthony Floyd and John Watt. NP 58-201 states that the board of directors of every corporation should have a majority of independent directors. Three of the five directors of the Corporation, being a majority of the Board, are independent.

Mark Lawson, Anthony Floyd and John Watt are considered to be independent directors since they are independent of management and free from any material relationship with the Corporation. The remaining directors are not considered to be "independent" as a result of their position as executive officers and officers.

To facilitate the directors of the Corporation functioning independent of management, where appropriate, during regularly scheduled meetings, non-independent directors and members of management are excluded from certain discussions.

### **DIRECTORSHIPS**

The following directors of the Corporation are also directors of other reporting issuers (or the equivalent) as set forth below:

<b>Director</b>	<b>Other Reporting Issuers</b>
William Galine	Highpointe Exploration Inc. Trigold Resources Inc.
Anthony Floyd	N/A
Ronald Atlas	Expedition Mining Corp.
Mark Lawson	AuRo Resources Corp. AM Gold Inc.
John Watt	Expedition Mining Inc. Gold Reach Resources Ltd.

### **ORIENTATION AND CONTINUING EDUCATION**

The Board has not adopted a formal policy on the orientation and continuing education of new and current directors. When a new director is appointed, the Board delegates individual directors the responsibility for providing an orientation and education program for any new director. This may be delivered through informal meetings between the new directors and the Board and senior management, complemented by presentations on the main areas of the Corporation's business. When required the Board may arrange for topical seminars to be provided to members of the Board or committees of the Board. Such seminars may be provided by one or more members of the Board and management or by external professionals.

### **ETHICAL BUSINESS CONDUCT**

#### **Interests of Directors**

As some of the directors of the Corporation also serve as directors and officers of other companies, the Board must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings which involve such conflict.

### **NOMINATION OF DIRECTORS**

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are not specific criteria for board membership, the Corporation attempts to attract and maintain directors with business knowledge, which assists in guiding management of the Corporation.

## COMPENSATION

The Corporation does not have a compensation committee. The Board reviews, as needed, compensation to directors and to officers with respect to industry comparables and with regards to the particular circumstances of the Corporation.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee is responsible for the Corporation's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. The Audit Committee also assists the Board in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The Audit Committee is also responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "B" to this Circular.

### **Composition of the Audit Committee**

The Audit Committee is comprised of the following members of the Board:

<b>Name</b>	<b>Independent</b>	<b>Financial Literacy</b>
Ronald Atlas	No	Yes
Mark Lawson	Yes	Yes
John Watt	Yes	Yes

### **Relevant Education and Experience**

In addition to each member's general business experience, the following describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities:

*Ronald Atlas* - Mr. Atlas is a C.P.A. and retired attorney in the State of Illinois. Mr. Atlas received degrees from the School of Law, University of Illinois, and DePaul University. He has been the Company's Chief Financial Officer since February 2008 and a director since January 2007. Mr. Atlas is also currently the President and a director of Expedition Mining Inc. (formerly Universal Uranium) and was previously a director of Crosshair Exploration & Mining Corp. from July 2008 until January 2009. Mr. Atlas was formerly the Chief Operating Officer of Paragon Aquatech, Ltd., a U.S. based builder of aquatic features.

*Mark Lawson* - Mr. Lawson received his Bachelor of Arts in Statistical Sciences from the University of Western Ontario and his MBA from the Richard Ivey School of Business. Mr. Lawson worked as an investment banker with Morgan Stanley in New York and was involved in the execution of over \$6 billion worth of mergers and acquisitions, \$8 billion worth of debt offerings and \$500 million of equity financings. He was previously a director of a boutique corporate finance firm in Toronto.

*John Watt* - Mr. Watt is a Chartered Accountant. He received his degree from the University of Victoria. He is the founder and President of Rosemill & Associates, a private financial consulting company. Currently the CFO and

director of Gold Reach Resources Ltd., and CFO of Condor Resources Inc. and Kenai Resources Ltd. He has previously served as CFO and director to a number of other TSX Venture Exchange companies.

For further information concerning the relevant education and experience of the members of the Audit Committee, see the section entitled "*Particulars of Matters to be Acted Upon – Election of Directors*".

### **Reliance on Certain Exemptions**

The Corporation is relying on the exemption provided in section 6.1 of MI 52-110 as the Corporation is a "venture issuer" and is exempt from the requirements of Part 5 (*Reporting Obligations*) of MI 52-110.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

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

The Audit Committee charter provides for the Audit Committee to establish the auditors' fees. Such fees have been based upon the complexity of the matters in question and the time incurred by the auditors. Management of the Corporation believes that the fees negotiated in the past with the auditors of the Corporation were reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

### **External Auditor Service Fees**

The following table sets forth the aggregate fees billed to the Corporation by DeVisser Gray, Chartered Accountants, for services rendered in the fiscal years ended June 30, 2012 and 2011.

<b>Service</b>	<b>Fiscal Year Ended June 30, 2012 (\$)</b>	<b>Fiscal Year Ended June 30, 2011 (\$)</b>
Audit fees <sup>(1)</sup>	10,000	12,500
Audit-related fees	Nil	Nil
Tax fees <sup>(2)</sup>	Nil	Nil
All other fees <sup>(3)</sup>	Nil	Nil

Notes:

- (1) Audit and review services included quarterly reviews, audits and consultation work.
- (2) Tax services included tax compliance, tax advice and tax planning.
- (3) Other fees included expenses reimbursed for services rendered to the Corporation and its services, other than the services described above.

### **Other Board Committees**

The only standing committee of the Board is the Audit Committee. The Board does not have any other committees. Given the size of the Corporation and the nature of its activities, the Board does not see fit at this time to create the other committees.

## **ASSESSMENTS**

The Board does not have any formal policies to evaluate the effectiveness of the Board, the Audit Committee and the individual directors. The Board may appoint a special committee of the directors to evaluate the Board, its committees and assess the contribution of its individual directors and to recommend any modifications to the

functioning and governance of the Board and its committees. To date, the Board has not appointed any such special committees of directors to perform such analysis.

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

No individual who is or, at any time during the most recently completed financial year, was a director or executive officer of the Corporation, and no person who is a proposed nominee for election as a director of the Corporation, and no associate of any such director, executive officer or proposed nominee is, or at any time since the beginning of the last completed financial year, was indebted to the Corporation or any of its subsidiaries.

#### **INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON AND INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management is not aware of any material interest, direct or indirect, of any "informed person" of the Corporation, insider of the Corporation, proposed director, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries. An "**informed person**" means: (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation; (ii) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation; (iii) a director or officer of a company that is itself an informed person of the Corporation or of a subsidiary of the Corporation or (iv) any person who has been a director or officer of the Corporation at any time since the beginning the Corporation's last fiscal year.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained from the Corporation's website at [www.tororesources.com](http://www.tororesources.com) or by accessing the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Securityholders may contact the Corporation at Suite 600 – 595 Howe Street, Vancouver, British Columbia V6C 2T5 to request copies of the Corporation's financial statements and management's discussion and analysis, free of charge.

Financial information is provided in the Corporation's financial statements and management's discussion and analysis for its most recently completed financial year.

#### **APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

**DATED** at Vancouver, British Columbia this 16th day of November, 2012.

By Order of the Board of Directors  
of **TORO RESOURCES CORP.**

"William Galine"  
William Galine  
President



Schedule "A"

**TORO RESOURCES CORP.**

**INCENTIVE STOCK OPTION PLAN**

November 28, 2005

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

1.1 DEFINITIONS

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

**"Administrator"** means such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;

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

**"Board"** means the board of directors of the Company;

**"Company"** means Toro Resources Corp. and any subsidiary thereof, (within the meaning of the Securities Act), as the context may apply;

**"Consultant"** means an individual (or a company wholly owned by the individual) who (i) provides ongoing consulting services to the Company; (ii) possesses technical, business or management expertise of value to the Company; (iii) spends a significant amount of time and attention to the business and affairs of the Company; and (iv) has a relationship with the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

**"Director"** means directors, senior officers and Management Company Employees of the Company;

**"Employee"** means (i) an individual considered an employee under the *Income Tax Act*, Canada (i.e. for whom income tax and other deductions are made by the Company); (ii) an individual who works full-time for the Company providing services normally provided by an employee of the Company but for whom income tax and other deductions are not made by the Company; (iii) an individual who works for the Company on a continuing and regular basis for a minimum amount of time per week, but for whom income tax and other deductions are not made by the Company; and (iv) other persons who are providing, have provided, or have agreed to provide a service of value to the Company;

**"Exchange"** means the TSX-V Exchange or such other exchange upon which the Company may be listed for trading from time to time;

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

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

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

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

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

**"Investor Relations Activities"** has the meaning ascribed thereto in the TSX-V Exchange's corporate finance manual;

**"Management Company Employee"** means an individual employed by a company providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities;

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

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

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

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

**"Plan"** means this stock option plan;

**"Securities Act"** means the *Securities Act* (British Columbia); and

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

## 1.2 CHOICE OF LAW

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

## 1.3 HEADINGS

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

# **ARTICLE II PURPOSE AND PARTICIPATION**

## 2.1 PURPOSE

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

## 2.2 PARTICIPATION

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

Board in its sole discretion, and in so doing the Board may take into account the following criteria:

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

The Company represents that it will only grant options to a bona fide Employee, Consultant or Management Company Employee, as the case may be, pursuant to Exchange Policy 4.4, section 2.8(a)(viii).

### 2.3 NOTIFICATION OF AWARD

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

### 2.4 COPY OF PLAN

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

### 2.5 LIMITATION

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

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

### 3.1 BOARD TO ALLOT SHARES

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

### 3.2 NUMBER OF SHARES

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

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

### 3.3 TERM OF OPTION

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

- (a) for so long as the Company is not a TSX-V Tier 1 issuer, the fifth anniversary of the Award Date of the Option; or
- (b) if the classification of the Company on the Exchange is upgraded to that of a TSX-V Tier 1 issuer, or the Shares are no longer listed on the TSX-V Exchange after having been listed on the TSX-V, the tenth anniversary of the Award Date of the Option.

### 3.4 LIMITATIONS

The total number of Options awarded to anyone Option Holder in any twelve month period shall not exceed 5% of the issued and outstanding Shares of the Company at the Award Date (unless the Company is at the time a Tier 1 issuer and has obtained disinterested shareholder approval).

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

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

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

### 3.5 TERMINATION OF OPTION

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

(a) Death

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

(b) Ceasing to Hold Office

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

- (i) ceasing to meet the qualifications set forth in s.124 of the *Business Corporations Act* (British Columbia); or

- (ii) a special resolution having been passed by the members of the Company pursuant to subsection 128(3) of the Business Corporations Act (British Columbia), then the Expiry Date shall be the date the Option Holder ceases to be a Director of the Company.

(c) Ceasing to be Employed

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

- (i) termination for cause; or
- (ii) by order of the British Columbia Securities Commission, the Exchange, or any regulatory body having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

(d) Ceasing to Perform Investor Relations Activities

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

### 3.6 EXERCISE PRICE

The Exercise Price shall be that price per Share, as determined by the Board in its sole discretion, and announced as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option, provided that it shall not be less than the closing price of the Company's Shares traded through the facilities of the Exchange (or, if the Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the Shares are listed or quoted for trading) on the day preceding the Award Date, less any discount permitted by the Exchange, or such other price as may be required or permitted by the Exchange.

### 3.7 ASSIGNMENT OF OPTIONS

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

### 3.8 ADJUSTMENTS

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

- i) any reduction in the number of shares of the Company due to consolidation thereof;
- ii) any increase in the number of shares of the Company outstanding due to subdivision thereof; and

iii) any reclassification of the shares of the Company.

an appropriate adjustment shall be made in the number or kind of shares issuable with respect to the unexercised portion of the Option, in accordance with such reduction, increase or reclassification of shares, subsequent to any such change in the number or kind of outstanding shares becoming effective.

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

### 3.9 EXERCISE RESTRICTIONS

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

## **ARTICLE IV EXERCISE OF OPTION**

### 4.1 EXERCISE OF OPTION

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

### 4.2 ISSUE OF SHARE CERTIFICATES

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

### 4.3 CONDITION OF ISSUE

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

### 4.4 MONITORING OF TRADES

An Option Holder who performs Investor Relations Activities shall provide written notice to the Board of

each of his trades of securities of the Company within five business days of each trade.

## **ARTICLE V ADMINISTRATION**

### 5.1 ADMINISTRATION

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

### 5.2 INTERPRETATION

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

## **ARTICLE VI APPROVALS, AMENDMENTS AND TERMINATION**

### 6.1 APPROVALS REQUIRED FOR PLAN

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

### 6.2 PROSPECTIVE AMENDMENT

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

### 6.3 RETROACTIVE AMENDMENT

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

### 6.4 EXCHANGE APPROVAL

With the consent of affected Option Holders, the Board may amend the terms of any outstanding Option



so as to reduce the number of optioned Shares, increase the Exercise Price, or cancel an Option without Exchange approval. Any other amendment will be subject to receiving prior Exchange approval, if applicable.

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

- (a) the number of shares reserved for issuance under stock options granted to Insiders exceeding 10% of the Company's issued Shares;
- (b) the grant to Insiders, within a 12 month period, of a number of options exceeding 10% of the Company's issued Shares; or
- (c) if the Company becomes a Tier 1 issuer on the TSX-V Exchange, the issuance to anyone Option Holder, within a 12 month period, of a number of Shares exceeding 5% of the Company's Shares.

#### 6.6 TERMINATION

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

#### 6.7 AGREEMENT

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

**TORO RESOURCES CORP.**  
**STOCK OPTION PLAN**  
**OPTION CERTIFICATE**

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

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

Additional Vesting or Other Restrictions:

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

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

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

**TORO RESOURCES CORP.**  
by its authorized signatory:

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

## Schedule "B"



**Toro Resources Corp.  
(the "Company")**

### **Audit Committee Charter**

The following is the text of the Audit Committee's Charter:

#### ***Mandate***

The primary function of the audit committee (the "Committee") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### ***Composition***

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting

issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

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

### ***Meetings***

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

### ***Responsibilities and Duties***

To fulfill its responsibilities and duties, the Committee shall:

#### *Documents/Reports Review*

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

#### *External Auditors*

- review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
- obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- recommend to the Company's Board of Directors the compensation to be paid to the external auditors;

- at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,
  - such services were not recognized by the Company at the time of the engagement to be non-audit services, and
  - such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

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

#### *Financial Reporting Processes*

- in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

- review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- review certification process;
- establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

- review any related-party transactions;
- engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- to set and pay compensation for any independent counsel and other advisors employed by the Committee."