

PASINEX RESOURCES LIMITED
(the “Company”)

Form 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS
for the fiscal year ended December 31, 2020
Dated as of June 30, 2021

The Company is disclosing its executive compensation in accordance with Form 51-102F6V to National Instrument 51-102 – *Continuous Disclosure Obligations*.

The following persons are considered the “**Named Executive Officers**” or “NEO”s for the purposes of this disclosure:

“CEO” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“CFO” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**Named Executive Officer**” or “**NEO**” means each of the following individuals:

- (a) CEO;
- (b) CFO;
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; or
- (d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the past three fiscal years ending December 31, 2020 the Company had the following NEOs: Steven Williams, the former CEO of the Company (Mr. Williams resigned from the Company effective August 25, 2020), Andrew Gottwald, the CFO of the Company since July 9, 2019, and Wendy Kaufman, the former CFO of the Company from September 1, 2017 to June 30, 2019 (prior to her assuming the position of the Company’s CFO Ms. Kaufman served as the Company’s Senior Vice-President Finance from July 17, 2017 to August 31, 2017).

Compensation Governance and Discussion and Analysis

The Company’s compensation policies are designed to be competitive with similar companies and to recognize and reward executive performance consistent with the success of the Company. These policies are intended to attract and retain capable and experienced people.

The Company has a Human Resources Committee consisting of Larry Seeley (Chair) and Victor Wells. Steve Williams acted as part of the Human Resources Committee up to his resignation on August 25, 2020. The disinterested members of the committee meet on an as needed basis and report back to the Board with the committee recommendations.

To determine compensation, the Human Resources Committee and the Board review compensation paid for directors and executives of companies of a similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while also considering the financial and other resources of the Company. Although the Human Resources Committee may take into account executive compensation paid by companies comparable with the Company, no specific benchmarking policy is in place for determining compensation or any element of compensation.

Compensation of all executive officers is based primarily on corporate performance which includes achievement of the Corporation's strategic objective of growth and the enhancement of shareholder value through increases in the stock price and enhanced annual cash flow.

An element of executive compensation that is available to the Company is the granting of stock options to purchase common shares under the Company's Stock Option Plan. Stock options are issued to provide an incentive to participate in the long-term development of the Company and to increase Shareholder value. All Directors and NEOs participate in the stock option plan. The CEO and CFO also received a management fee and the former CFO received a base salary.

Risk Management Disclosure

The Board has reviewed the elements of compensation of the Company to identify any risks arising from the Company's compensation policies and practices that could reasonably be expected to have a material adverse effect on the Company as well as the practices used to mitigate any such risks. The Board of Directors concluded that the compensation program and policies of the Company did not encourage its executives to take inappropriate or excessive risks. This assessment was based on a number of considerations, including, without limitation, the following: (i) the Company's compensation policies and practices are generally uniform throughout the organization; (ii) in exercising its discretion under its compensation policies the Board reviews individual and corporate performance taking into account the long-term interests of the Company; and (iii) the results of annual assessments of executives' goals, objectives and performance are reviewed and considered in awarding compensation.

Restrictions on Purchase of Financial Instruments

Although the Company has not adopted a formal policy forbidding an NEO or director from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director, the Company is not aware of any NEO or director having entered into this type of transaction.

Share based and Option Based Awards

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's Stock Option Plan to receive grants of stock options. Individual stock options are granted by the Board of Directors as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long term contribution to the Company will be crucial to its long term success.

The Board evaluates the number of options each participant has been granted, the exercise price of the options and the term remaining on those options when considering grants. Options are usually priced at or above the closing trading price of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Board is that options expire five years from the date of grant.

Summary Compensation Table

During the past three fiscal years ending December 31, 2020, the Company had three NEOs as set out below. The following table sets forth all direct and indirect compensation for, and in connection with, services provided to the Company and its subsidiary for the last three financial years:

Name and principal position	Year Ended December 31	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			
Steven Williams ⁽¹⁾ Former CEO and President	2020	Nil	Nil	Nil	Nil	Nil	Nil	193,970	193,970
	2019	Nil	Nil	Nil	Nil	Nil	Nil	108,000	108,000
	2018	Nil	Nil	Nil	Nil	Nil	Nil	144,000	144,000
Andrew Gottwald ⁽²⁾ Chief Financial Officer	2020	Nil	Nil	28,500 ⁽³⁾	Nil	Nil	Nil	137,350	168,850
	2019	Nil	Nil	18,000 ⁽⁴⁾	Nil	Nil	Nil	55,550	73,550
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Soner Koldas ⁽⁵⁾ General Manager of Pasinex AS	2020	20,681	Nil	Nil	Nil	Nil	Nil	154,476	175,157
	2019	34,351	N/A	N/A	N/A	N/A	N/A	155,426	189,777
	2018	26,918	N/A	N/A	N/A	N/A	N/A	151,818	178,736
Wendy Kaufman ⁽⁶⁾ Prior Chief Financial Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	100,000	Nil	Nil	Nil	Nil	Nil	Nil	100,000
	2018	200,000	Nil	Nil	Nil	Nil	Nil	Nil	200,000

Notes:

- (1) Mr. Williams provided CEO services to the Company through 73212067 Canada Ltd., a company controlled by Mr. Williams. Mr. Williams resigned from the Company effective August 25, 2020.
- (2) Mr. Gottwald provides CFO services to the Company through 2192640 Ontario Inc., a company controlled by Mr. Gottwald. Mr. Gottwald commenced his services effective July 9, 2019.
- (3) The fair value of each option at the date of grant was estimated using the Black Scholes valuation model with the following assumptions: a 5-year expected term, a 131% expected volatility based on historic trends, risk free interest rate of 1.36%, share price at the date of grant of \$0.04 and an expected dividend yield of 0%.
- (4) The fair value of each option at the date of grant was estimated using the Black Scholes valuation model with the following assumptions: a 5-year expected term, a 188% expected volatility based on historic trends, risk free interest rate of 1.47%, share price at the date of grant of \$0.03 and an expected dividend yield of 0%.
- (5) Mr. Koldas is the acting General Manager of Pasinex Arama ve Madencilik Anonim Sirketi ("Pasinex AS"), a wholly owned subsidiary of the Company. Mr. Koldas receives a monthly management fee in USD from the Company and a monthly salary from Pasinex AS in Turkish Lira. These amounts have been converted to CAD.
- (6) Ms. Kaufman commenced employment with the Company on July 17, 2017 initially as Senior Vice-President Finance and as of September 1, 2017 as Chief Financial Officer. Ms. Kaufman resigned as Chief Financial Officer on June 30, 2019.

Narrative Discussion

Steven Williams – Chief Executive Officer and President since March 2010 until his resignation on August 25, 2020. Mr. Williams entered into a consulting agreement effective January 1, 2018 (“the Williams Agreement”) through 7312067 Canada Ltd., a company controlled by Mr. Williams, to provide consulting services to the Company for a fee of \$12,000 per month. The fee was amended to \$6,000 per month beginning on July 1, 2019 and to \$3,000 per month beginning on January 1, 2020. The Williams Agreement was terminated in accordance with the termination provisions in the agreement. See Termination and Change of Control Benefits below for further details.

Andrew Gottwald – Chief Financial Officer effective July 9, 2019. Mr. Gottwald, through 2192640 Ontario Inc., a company controlled by Mr. Gottwald, entered into an agreement to provide consulting services to the company (the “Gottwald Agreement”). He receives a fee of \$800 per standard workday and was granted 500,000 stock options with a strike price of \$0.085 upon first joining the Company and 1,500,000 stock options with a strike price of \$0.04 on February 7, 2020. The initial grant of Options has a 5-year term and the grant of Options in 2020 has a 2-year term. Options issued for both grants vested on the date of the grant. The Gottwald Agreement can be terminated by the Company or by Mr. Gottwald on behalf of 2192640 Ontario Inc. upon 30 days’ written notice. See Termination and Change of Control Benefits for further details.

Wendy Kaufman – Chief Financial Officer from September 1, 2017 until her resignation on June 30, 2019. Prior to that Ms. Kaufman acted as Senior Vice-President Finance from her date of hire of July 17, 2017. Ms. Kaufman entered into an employment agreement with the Company (the “Kaufman Agreement”) dated July 5, 2017. She received a base salary of \$200,000 and upon first joining the Company was granted 1,000,000 stock options with a strike price of \$0.25. These Options have a 5-year term and vested on the date of the grant. Her stock options expiry date has been extended to December 31, 2021 on the recommendation of the Board.

Incentive Plan Awards

Stock options are issued to provide an incentive to participate in the long-term development of the Company and to increase Shareholder value. The Company has a stock option plan (the "Stock Option Plan") in place for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting options is to assist the Company in compensating, attracting, retaining and motivating the Directors and employees of the Company and to closely align the personal interests of such persons with that of the shareholders.

During the most recently completed financial year (December 31, 2020), 1,500,000 stock options were issued to Mr. Gottwald.

The following table details all Options-based Awards issued to the NEO's as at December 31, 2020:

Name	Option-based Awards				Share-based Awards	
	Number of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ^{(1) (2)}	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Andrew Gottwald	500,000	0.085	July 25, 2024	Nil	Nil	N/A
Andrew Gottwald	1,500,000	0.04	February 22, 2022	Nil	Nil	N/A
Wendy Kaufman	1,000,000	0.25	December 31, 2021	Nil	Nil	N/A

Notes:

- (1) The value of unexercised in-the-money options is calculated based on the difference between the closing price of the common shares on the CSE on December 31, 2020 of \$0.03 and the exercise price of the options, multiplied by the number of unexercised options.
- (2) All of Mr. Gottwald's and Ms. Kaufman's stock options vested when issued.
- (3) No stock options were exercised in any of the three years ending December 31, 2020.

Defined Contribution, Deferred Compensation and Pension Plans

The Company does not have any defined contribution, deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

Mr. Williams resigned from the Company effective August 25, 2020. Pursuant to the Williams Agreement, Mr. Williams received a one-time lump sum payment of \$144,000, which is equal to 12 months of the original monthly retainer. In addition, Mr. Williams is entitled to a gratuitous payment equal to \$30,000, inclusive of HST.

The Gottwald Agreement provides that if a change of control, as defined in the agreement occurs, along with the occurrence of one of several triggering events, Mr. Gottwald is entitled to receive a payment equal to the lump sum of his billings to the Company for the past 12 months.

The Kaufman Agreement provided that Ms. Kaufman could have terminated the agreement by providing four weeks written notice to the Company. The Company could have terminated the agreement at any time without cause by providing six months of written notice or pay in lieu of notice (\$100,000). In the event of a change of control, and with one or more triggering events, the agreement would have required the payment of a lump sum fee by the Company, up to a maximum of 12 months (\$200,000). Upon termination of the agreement unexercised stock options expired six months after the date of termination, which date may be extended on recommendation of the Board. Ms. Kaufman terminated the agreement effective June 30, 2019. Ms. Kaufman's options were extended until December 31st, 2021 (see details below).

Director Compensation

The Company currently has four (4) directors, none of which is a Named Executive Officer.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors, except for the granting from time to time of incentive stock options in accordance with the policies of the CSE.

The Company issued the following compensation to the non-executive directors in 2020.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Victor Wells	24,000 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	24,000
Larry Seeley	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jonathan Challis	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joachim Rainer	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Wells is entitled to cash compensation as a retainer for his role as Lead Director of the Board and Chairman of the Audit Committee.

The following table details all Options-based Awards issued to non-executive Board members:

Name	Option-based Awards				Share-based Awards	
	Number of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)
Victor Wells	Nil	N/A	N/A	N/A	Nil	N/A
Larry Seeley	Nil	N/A	N/A	N/A	Nil	N/A
Jonathan Challis	Nil	N/A	N/A	N/A	Nil	N/A
Joachim Rainer	Nil	N/A	N/A	N/A	Nil	N/A

Termination and Change of Control Benefits

The Company has no contract, agreement, plan or arrangement that provides for payments to executive or non-executive directors, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the director's responsibilities.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the 2015 Stock Option Plan. The 2015 Stock Option Plan was established to assist the Company in attracting, retaining and motivating directors, executive officers, employees and consultants and to closely align the personal interests of those people with those of shareholders. The Board administers the Stock Option Plan. The Stock Option Plan provides that the Company may grant options, under option agreements and in accordance with the policies of the CSE. Detailed information on the Stock Option Plan can be found under “Executive Compensation”.

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2020.

Plan Category	A 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))
Equity compensation plans approved by securityholders	3,250,000	\$0.13	11,205,437
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	3,250,000	\$0.13	11,205,437