

## SOMBRERO RESOURCES INC.

### STATEMENT OF EXECUTIVE COMPENSATION (for the year ended December 31, 2020)

The following information is presented in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* and Form 51-102F6 – *Statement of Executive Compensation* (“**Form 51-102F6**”) and sets forth compensation for each NEO (as defined below) and director of Sombrero Resources Inc. (“**Sombrero**” or the “**Company**”) during the financial year ending December 31, 2020. This Statement of Executive Compensation is dated for reference June 29, 2021.

#### GENERAL

##### Interpretation

For the purpose of this “Statement of Executive Compensation”:

“**Board**” means the Company’s board of directors;

“**Common Shares**” means common shares in the capital of the Company;

“**Compensation Committee**” has the meaning given to such term under the heading “*Compensation Discussion and Analysis - Compensation Discussion and Analysis*”;

“**Completion Bonus**” has the meaning given to such term under the heading “*Termination and Change of Control Benefits*”;

“**Date of Termination**” has the meaning given to such term under the heading “*Termination and Change of Control Benefits*”;

“**Options**” mean share options to purchase Common Shares; and

“**TSX**” means the Toronto Stock Exchange.

##### Currency

In this Statement of Executive Compensation, unless otherwise indicated, all dollar amounts and references to “\$” are to Canadian dollars.

#### COMPENSATION DISCUSSION AND ANALYSIS

##### Named Executive Officers

The following individuals are defined as “**named executive officers**” or “**NEOs**” pursuant to Form 51-102F6 – *Statement of Executive Compensation*:

- (a) the Chief Executive Officer (the “**CEO**”) of Sombrero;
- (b) the Chief Financial Officer (the “**CFO**”) of Sombrero;
- (c) each of the three most highly compensated executive officers of Sombrero, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation was, individually, more than \$150,000 per year; and
- (d) any additional individuals for whom disclosure would have been provided under paragraph (c) except that the individual was not serving as an executive officer of Sombrero, nor acting in a similar capacity, at the end of the most recently completed financial year.

Ivan Bebek, CEO, Stacy Rowa, CFO and Elizabeth Senez, interim CFO are each a NEO of the Company for purposes of the following disclosure.

## Compensation Discussion and Analysis

The Company has established a compensation committee of the Board (the “**Compensation Committee**”) whose function is to assist the Board in carrying out its responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives. Upon the Company's adoption of a share option plan, the Compensation Committee will also be responsible for recommending the granting of Options in such amounts and upon such terms as may be recommended by the Compensation Committee and approved by the Board from time to time.

The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company although the Compensation Committee guides it into this role. The Company's Compensation Committee receives independent competitive market information on compensation levels for executives.

Prior to appointing members to the Compensation Committee, the Board assesses the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

### Philosophy and Objectives

The Company's senior management compensation program is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company employs a combination of base salary and bonus compensation. Upon the Company adopting a share option plan, the Company will also compensate its senior management through equity participation.

### Base Salary

In the Board's view, paying base salaries or fees competitive in the markets in which the Company operates will be a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies within the industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications. Comparable companies included but were not limited to: Xanadu Mines Limited, Marimaca Copper Corp., Titan Mining Corporation, and Liberty Gold Corp. The Company's peer group was determined by identifying mining issuers listed on the TSX with comparable market capitalizations, as the Company plans to apply to list its Common Shares on the TSX in 2021 and has initiated this process.

### Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Compensation Committee. Amounts recommended by the Compensation Committee are entirely discretionary. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

### Equity Participation

During the fiscal year ended December 31, 2020, no option-based awards were granted or outstanding.

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Accordingly, the Company intends to adopt a share option plan in connection with its proposed listing of Common Shares on the TSX.

Given the evolving nature of the Company's business as a mineral exploration and development company, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

#### Risks and Hedging

The Compensation Committee has assessed the Company's compensation policies and practices to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those policies and practices. The Compensation Committee has concluded that given the nature of the Company's business and the role of the Compensation Committee in overseeing the Company's executive compensation practices, the compensation policies and practices do not serve to encourage any NEO or individual at a principal business unit or division to take inappropriate or excessive risks, and no risks were identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

There is a restriction on NEOs or directors regarding the purchase of financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds 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. For the year ended December 31, 2020, no NEO or director, directly or indirectly, employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

#### Composition of the Compensation Committee

The Compensation Committee consists of Jeffrey Mason, Steve Cook and Gordon J. Fretwell (Chairperson). All members of the Compensation Committee are independent in accordance with applicable securities laws. None of the members of the Compensation Committee were, during the most recently completed financial year of the Company, an officer or employee of the Company or any of its subsidiaries.

Mr. Mason is a Chartered Professional Accountant (CPA) with many years of experience in auditing, accounting, mining and service on audit committees and holds an Institute of Corporate Directors designation (ICD.D). Mr. Cook is a semi-retired tax lawyer with many years of financial experience and service on audit committees. Mr. Fretwell holds a Bachelor of Commerce (B.Comm.) degree and graduated from the University of British Columbia in 1979 with his Bachelor of Law degree. Formerly a partner in a large Vancouver law firm, Mr. Fretwell has, since 1991, been a self-employed solicitor (Gordon J. Fretwell Law Corporation) in Vancouver, practicing primarily in the areas of corporate and securities law.

## SUMMARY COMPENSATION TABLE

The following table sets forth all annual and long-term compensation for services paid to or earned by the named executive officers for the most recently completed financial year ended December 31, 2020 . There were no option-based awards, share-based awards, long-term incentive plans or pension value payments paid to NEOs during these periods.

Name and principal position	Year	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			
Ivan Bebek <sup>(1)</sup> CEO and Director	2020	39,236 <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	39,236
Stacy Rowa CFO	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Elizabeth Senez <sup>(2)</sup> CFO (interim)	2020	17,936	Nil	Nil	Nil	Nil	Nil	Nil	17,936

(1) Ivan Bebek was appointed as a director on July 23, 2020 and was appointed President and CEO of the Company on October 9, 2020.

(2) Elizabeth Senez was appointed CFO (interim) of the Company effective October 9, 2020, pending the return of Stacy Rowa, CPA, from parental leave.

(3) None of Ivan Bebek's compensation relate to his services as a director

## INCENTIVE PLAN AWARDS

### Outstanding Share-based Awards and Option-based Awards

No share-based awards and option-based awards have been granted to any of the NEOs of the Company during the Company's most recently completed fiscal year ended December 31, 2020.

## PENSION PLAN BENEFITS

Sombrero does not have defined benefit or defined contribution plans.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Except as follows, the Company has not entered into any contracts, agreements, plans or arrangements that provide payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

### Ivan Bebek

Mr. Ivan Bebek serves as President and CEO of the Company. Pursuant to an executive employment agreement dated February 3, 2021, Mr. Bebek is entitled to a base salary, which is \$175,000 for the 2021 fiscal year, and will be entitled to participate in the Company's share option plan and in the Company's group benefit plan(s), as the Company makes available. The Company may terminate Mr. Bebek without just cause by providing one year's notice of termination (or in the Company's sole discretion, base salary and benefits continuation in lieu of notice), plus an additional one months' notice of termination per each completed year of service, up to a maximum of six additional months, for a total of 18 months' notice of termination (or in the Company's sole discretion, base salary and benefits continuation in lieu thereof).

In the event Mr. Bebek resigns or is terminated without just cause or due to the occurrence of disability within 24 months after a change in control, the Company shall provide Mr. Bebek with the below immediately following the termination (the "**Date of Termination**"):

- (a) Mr. Bebek’s annual salary and all accrued vacation pay earned by him to the Date of Termination;
- (b) an amount equal to two times Mr. Bebek’s base salary and annual bonus;
- (c) a bonus for the year of termination prorated to the Date of Termination based on the terms of any incentive plans;
- (d) if Mr. Bebek holds any entitlements which are subject to vesting terms, all such securities will be deemed to be vested and available for immediate exercise;
- (e) job relocation counselling services of a firm chosen by Mr. Bebek, at a cost to the Company not to exceed \$5,000; and
- (f) the Company shall continue at its cost the benefits then in effect for Mr. Bebek until the earlier of 24-months from the Date of Termination or Mr. Bebek obtaining comparable benefits through other employment, provided that if the Company is insolvent or cannot continue to provide such benefits, Mr. Bebek is entitled to receive a lump sum payment sufficient to permit the purchase of equivalent benefits for the 24-month period after the Date of Termination.

Elizabeth Senez

Ms. Elizabeth Senez serves as interim CFO of the Company. Pursuant to a fixed-term executive employment agreement dated January 28, 2021, Ms. Senez is entitled to a monthly salary amounting to \$6,666.67 per month, a completion bonus equivalent to no less than 10% and up to 30% of the salary paid pursuant to her employment agreement (the “**Completion Bonus**”), with the final amount to be determined at the sole discretion of the Compensation Committee. Ms. Senez will also be entitled to participate in the Company’s share option plan and in the Company’s group benefit plan(s), as the Company makes available, and payment by the Company of professional dues and education expenses. The term of Ms. Senez’s employment agreement ends on August 31, 2021.

The Company may terminate Ms. Senez without just cause by providing four week’s written notice or pay in lieu (the “**Notice Period**”). The Company may, at its option, continue any benefits during the Notice Period. Ms. Senez will also be entitled to the Completion Bonus on a pro rata basis, being the amount of the Completion Bonus that was fully earned as of the date the notice of termination was given to Ms. Senez by the Company. In the event the Company elects to make payments in lieu of notice, Options shall continue to vest and be exercisable over the Notice Period and the Ms. Senez will only cease to be employed for the purposes of the Company’s share option plan at the end of the Notice Period.

If Mr. Bebek’s or Ms. Senez’s employment had been in effect as of December 31, 2020 and a triggering event took place on the last business day of the Company’s most recently completed financial year, the following gross payments would have become payable:

NEO	Gross termination benefit (\$)	Gross change of control benefit (\$)
Ivan Bebek	187,000	379,000
Elizabeth Senez	6,154	N/A

## DIRECTOR COMPENSATION

The following table sets out all amounts of compensation provided to each director who was not a NEO of the Company during the Company's most recently completed fiscal year ended December 31, 2020:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation(\$)	Pension Value (\$)	All other compensation	Total compensation (\$)
Shawn Wallace <sup>(1)</sup>	13,452	Nil	Nil	Nil	Nil	Nil	13,452
Steve Cook <sup>(2)</sup>	3,363	Nil	Nil	Nil	Nil	Nil	3,363
Gordon J. Fretwell <sup>(3)</sup>	3,363	Nil	Nil	Nil	Nil	Nil	3,363
Jeffrey R. Mason <sup>(4)</sup>	3,363	Nil	Nil	Nil	Nil	Nil	3,363
Antonio Arribas <sup>(5)</sup>	3,363	Nil	Nil	Nil	Nil	Nil	3,363

- (1) Shawn Wallace was appointed as a director on July 23, 2020 and was appointed Chair on October 9, 2020.  
(2) Steve Cook was appointed as a director on October 9, 2020.  
(3) Gordon Fretwell was appointed as a director on October 9, 2020.  
(4) Jeffrey Mason was appointed as a director on October 9, 2020.  
(5) Antonio Arribas was appointed as a director on October 9, 2020.

### Share-based awards, option-based awards and non-equity incentive plan compensation

No share-based awards, option-based awards and non-equity incentive plan compensation have been granted to any of the directors of the Company during the Company's most recently completed fiscal year ended December 31, 2020.