



STATEMENT OF EXECUTIVE COMPENSATION

DATED: DECEMBER 24, 2021

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Objective:

The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure provides insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand how decisions about executive compensation are made.

Definitions:

For the purpose of this Statement of Executive Compensation, in this form:

- (a) **“Company”** means INEO Tech Corp.;
- (b) **“company”** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;
- (c) **“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;
- (d) **“named executive officer”** or **“NEO”** means each of the following individuals:
 - (i) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (**“CEO”**), including an individual performing functions similar to a CEO;
 - (ii) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (**“CFO”**), including an individual performing functions similar to a CFO;
 - (iii) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year;
 - (iv) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;
- (e) **“plan”** includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and
- (f) **“underlying securities”** means any securities issuable on conversion, exchange or exercise of compensation securities.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

During the financial year ended June 30, 2021, based on the definition above, the NEOs of the Company were (a) Kyle Hall, who has served as Chief Executive Officer and a director of the Company since the reverse takeover transaction between the Company and INEO Solutions Inc. completed on January 24, 2020 (the “**RTO Completion Date**”); (b) Zara Kanji, who has served as Chief Financial Officer of the Company since the RTO Completion Date, and (c) Greg Watkin, who has served as the President, Corporate Secretary and a director of the Company since the RTO Completion Date. Individuals serving as directors of the Company who were not NEOs during the financial year ended June 30, 2021, were Gurminder Sangha, Steve Matyas, Serge Gattesco, Dave Jaworski and Jurgen Wolf.

Director and NEO compensation, excluding options and compensation securities

The following table sets forth all compensation, excluding options and compensation securities, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, for the two most recently completed financial years, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company.

Table of Compensation Excluding Compensation Securities							
Name and position	Year Ended June 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Kyle Hall	2021	174,990	50,000	Nil	Nil	Nil	224,990
CEO and Director	2020	79,421	25,000	Nil	Nil	Nil	104,420
Zara Kanji ⁽¹⁾	2021	60,000	Nil	Nil	Nil	25,685 ⁽²⁾	85,685
CFO	2020	25,000	Nil	Nil	Nil	31,116 ⁽²⁾	56,116
Greg Watkin	2021	174,991	50,000	Nil	Nil	Nil	224,991
President, Corporate Secretary and Director	2020	79,421	25,000	Nil	Nil	Nil	104,421
Steve Matyas ⁽³⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
Serge Gattesco ⁽⁴⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
Dave Jaworski ⁽⁵⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
Director	2020	N/A	N/A	N/A	N/A	N/A	N/A
Gurminder Sangha ⁽⁶⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
Jurgen Wolf ⁽⁷⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil
Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil

NOTES:

- (1) The Company contracts Zara Kanji, CPA, to provide CFO services through her sole proprietorship, Zara Kanji & Associates.
- (2) Compensation paid to Zara Kanji & Associates for the provision of accounting services.
- (3) Steve Matyas was appointed a director of the Company on February 3, 2020.
- (4) Serge Gattesco was appointed a director of the Company on August 19, 2020.
- (5) Dave Jaworski was appointed a director of the Company on May 19, 2021.
- (6) Gurminder Sangha served as a director of the Company from April 5, 2016, to May 19, 2021.
- (7) Jurgen Wolf served as a director of the Company from the RTO Completion Date to August 19, 2020.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table sets out all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries during the financial year ended June 30, 2021, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Compensation Securities							
Name and position	Type of compensation security ^{(1) (2)}	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end ⁽³⁾ (\$)	Expiry Date
Kyle Hall CEO and Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Zara Kanji CFO	Stock Options	150,000	June 18, 2021	0.26	0.31	0.30	June 18, 2031
Greg Watkin President, Corporate Secretary and Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Steve Matyas Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Serge Gattesco Director	Stock Options	200,000	August 18, 2020	0.26	0.22	0.30	October 18, 2030
Dave Jaworski Director	Stock Options	200,000	June 18, 2021	0.26	0.31	0.30	June 18, 2031
Gurminder Sangha Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Jurgen Wolf Former Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

NOTES:

- (1) Unless otherwise indicated, all stock options vest at 25% on the first anniversary of the date of grant, 25% on the second anniversary of the date of grant, 25% on the third anniversary of the date of grant, and 25% on the fourth anniversary of the date of grant.
- (2) As at June 30, 2021, the total number of compensation securities and underlying securities held by each NEO or director was as follows:
- Kyle Hall held an aggregate of 750,000 stock options (750,000 underlying common shares) each exercisable at \$0.26. As at June 30, 2021, a total of 187,500 stock options were vested. The stock options expire on April 15, 2030.
 - Zara Kanji held an aggregate of 150,000 stock options (150,000 underlying common shares) each exercisable at \$0.26. As at June 30, 2021, no stock options had yet vested. The stock options expire on June 18, 2031.
 - Greg Watkin held an aggregate of 750,000 stock options (750,000 underlying common shares) each exercisable at \$0.26. As at June 30, 2021, a total of 187,500 stock options were vested. The stock options expire on April 15, 2030.
 - Steve Matyas held an aggregate of 200,000 stock options (200,000 underlying common shares) each exercisable at \$0.26. As at June 30, 2021, a total of 50,000 stock options were vested. The stock options expire on April 15, 2030.
 - Serge Gattesco held an aggregate of 200,000 stock options (200,000 underlying common shares) each exercisable at \$0.26. As at June 30, 2021, no stock options had yet vested. The stock options expire on August 18, 2030.
 - Dave Jaworski held an aggregate of 200,000 stock options (200,000 underlying common shares) each exercisable at \$0.26. As at June 30, 2021, no stock options had yet vested. The stock options expire on June 18, 2031.
 - Gurminder Sangha, having resigned May 19, 2021, held an aggregate of 50,000 vested stock options (50,000 underlying common shares) each exercisable at \$0.26. These stock options were subsequently cancelled on August 17, 2021, in accordance with the terms and conditions of the Stock Option Plan of the Company.
 - Jurgen Wolf held no stock options as at June 30, 2021.
- (3) Closing price of the Company's common shares as at June 30, 2021, was \$0.30.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS

No exercises of compensation securities by any NEO or director of the Company occurred during the financial year ended June 30, 2021.

Stock Option Plans and Other Incentive Plans**10% “rolling” Stock Option Plan (Option-Based Awards)**

The stock option plan of the Company (the “**Stock Option Plan**”) has been established to provide incentives to eligible persons to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Stock Option Plan is administered by the board of directors of the Company (the “**Board**”) and provides that options may be granted to directors, officers, employees or consultants of the Company or any subsidiary of the Company. The Stock Option Plan is considered to be a 10% “rolling plan” under the policies of the TSX Venture Exchange (the “**Exchange**”) and requires shareholder approval on an annual basis.

The Stock Option Plan is a 10% maximum rolling plan meaning the maximum number of common shares in the capital of the Company (“**Shares**”) issuable pursuant to stock options granted under the Stock Option Plan will be a number equal to 10% of the issued and outstanding Shares on a non-diluted basis at any time. Stock options granted under the Stock Option Plan are not exercisable for a period longer than 10 years and the exercise price must be paid in full upon exercise of the option.

The Stock Option Plan is subject to the following limitations:

- (a) The Company must not grant an option to any one individual director, officer, employee, management company employee, consultant or company consultant (the “**Service Provider**”) in any 12-month period that exceeds 5% of the outstanding Shares, unless the Company has obtained approval to do so by a majority of the votes cast by the shareholders of the Company eligible to vote at a shareholders’ meeting, excluding votes attaching to Shares beneficially owned by insiders and their associates (“**Disinterested Shareholder Approval**”);
- (b) The aggregate number of options granted to all Service Providers conducting investor relations activities in any 12-month period must not exceed 2% of the outstanding Shares calculated at the date of the grant, without the prior consent of the Exchange; and
- (c) The Company must not grant an option to any one individual consultant in any 12-month period that exceeds 2% of the outstanding Shares calculated at the date of the grant of the option, without the prior consent of the Exchange.

In addition, the Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Stock Option Plan, together with all of the Company’s other share compensation arrangements, could result at any time in:
 - (i) the aggregate number of Shares reserved for issuance under options granted to insiders exceeding 10% of the outstanding Shares in the event that the Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Shares;
 - (ii) the number of optioned Shares issued to insiders within a one-year period exceeding 10% of the outstanding Shares in the event that the Stock Option Plan is amended to reserve for issuance more than 10% of the outstanding Shares; or,
 - (iii) the issuance to any one optionee, within a 12-month period, of a number of Shares exceeding 5% of the outstanding Shares; or

- (b) any reduction in the exercise price of an option previously granted to an insider.

Material Terms to the Stock Option Plan

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

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of stock options under the Stock Option Plan;
- (b) Stock options granted under the Stock Option Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (c) For stock options granted to Service Providers, the Company must ensure that the proposed optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) If there is a takeover bid for all or any of the issued and outstanding Shares, then all outstanding stock options, whether fully vested and exercisable or remaining subject to vesting provisions or other limitations on exercise, shall become exercisable in full to enable the optioned shares to be issued and tendered to such bid, subject to prior written approval of the Exchange;
- (e) A stock option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the optionee at any time prior to expiry of the stock option), after the date the optionee ceases to be employed by or provide services to the Company, and only to the extent that such stock option was vested at the date the optionee ceased to be so employed by or to provide services to the Company;
- (f) If an optionee dies, any vested stock option held by him at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such stock option;
- (g) In the case of an optionee being dismissed from employment or service for cause, such optionee's options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same;
- (h) The exercise price of each stock option will be set by the Board at the time such stock option is allocated under the Stock Option Plan, and cannot be less than the Discounted Market Price (as defined in the Stock Option Plan);
- (i) Vesting of stock options shall be at the discretion of the Board, and will generally be subject to:
 - (i) The Service Provider remaining employed by or continuing to provide services to the Company or any of its affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its affiliates during the vesting period; or

- (ii) The Service Provider remaining as a Director of the Company or any of its affiliates during the vesting period; however,
- (iii) Stock options granted to persons engaged in investor relations activities for the Company will over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting, or such longer vesting period as the Board may determine.
- (j) The Stock Option Plan contains a blackout provision whereby if the expiry date of an option fall within a blackout period, or within nine business days following the expiration of a blackout period, such expiry date shall, subject to approval of the Exchange, be automatically extended to that day which is the 10th business day after the end of the blackout period.
- (k) An Exchange Hold Period will apply from the date of grant for all options granted to:
 - (a) insiders of the Company; or
 - (b) Where options are granted to any Service Provider, including insiders, where the exercise price is at a discount to the market price.

The Stock Option Plan was last approved by the shareholders of the Company on March 18, 2021, and is subject to approval on an annual basis by both the shareholders of the Company and the Exchange.

Employment, Consulting and Management Agreements

The Company has entered into executive employment contracts with Messrs. Hall and Watkin (together, the “**Executive Contracts**” and, individually, an “**Executive Contract**”). The Executive Contracts are for an indefinite term but may be terminated in by the Company or the executive in certain circumstances and subject to certain conditions, some of which are described below. See “***Termination and Change of Control Benefits***”.

The Executive Contracts provide for annual review of base salaries and increase at the discretion of the Board. For the financial year ended June 30, 2021, Mr. Hall received a base salary of \$175,000 and Mr. Watkin received a base salary of \$175,000.

Pursuant to the terms of the Executive Contracts, Messrs. Hall and Watkin may each earn a discretionary annual cash bonus. For the financial year ended June 30, 2021, Mr. Hall was awarded a discretionary bonus of \$50,000 and Mr. Watkin was awarded a discretionary bonus of \$50,000.

Additional remuneration or compensation, including stock options, equity or other compensation, rests in the sole discretion of the Board. The current long-term incentive stock options of Messrs. Hall and Watkin have a term of ten years from the date of the grant. All unvested options immediately terminate upon the executive being provided with notice of termination of employment with the Company, without regard to the period of notice or pay in lieu of notice to which the executive may be entitled. In the event of a change of control (as defined below) all unvested options for Messrs. Hall and Watkin immediately vest.

On April 15, 2020, Mr. Hall was granted 750,000 options at an exercise price of \$0.26 per share with vesting of 25% on April 15, 2021, and thereafter in equal installments every twelve months until fully vested on April 15, 2024. No stock options were granted to Mr. Hall during the financial year ended June 30, 2021.

On April 15, 2020, Mr. Watkin was granted 750,000 options at an exercise price of \$0.26 per share with vesting of 25% on April 15, 2021, and thereafter in equal installments every twelve months until fully vested on April 15, 2024. No stock options were granted to Mr. Hall during the financial year ended June 30, 2021.

Each of the Executive Contracts contains certain customary provisions dealing with assignment of intellectual property and non-competition, non-solicitation and confidentiality provisions in favour of the Company.

Termination and Change of Control Benefits

The Company may terminate an Executive Contract at any time for cause, which includes disability or death of the executive, without notice or pay in lieu of notice and without obligation to pay any further salary, bonus or benefits following the termination date. In addition, the Company may terminate Mr. Hall at any time without cause upon payment of twenty-four months' salary, bonus and continuation of benefits. Mr. Watkin may be terminated without cause upon payment of twenty-four months' compensation, all accrued and unpaid vacation and continuation of benefits in accordance with the British Columbia *Employment Standards Act*. Pursuant to the terms of the Executive Contracts, Messrs. Hall and Watkin may terminate their Executive Contract at any time upon not less than two months' written notice to the Company. In either case, each is also entitled to terminate his Executive Contract for "good reason", in which event each shall be entitled to twenty-four months of severance, the full bonus due over that period and benefits continuance. "Good reason" means: (a) a material change in the aggregate in their position, responsibility, compensation program, reporting or material benefits, (b) a "change of control" (in which case each shall have twenty-four months following such change of control to terminate an Executive Contract for good reason. A "change of control" means any of the following: (i) the acquisition by an arm's-length third party, directly or indirectly, by way of take-over bid, amalgamation, plan of arrangement or other process, of outstanding shares of the Company representing more than fifty percent (50%) of the votes attaching to all outstanding voting shares of the Company, or (ii) the acquisition by an arm's-length third party, directly or indirectly, of all or substantially all of the assets of the Company or (iii) the liquidation of the Company, whether through the declaration of a liquidating dividend or through an amalgamation or restructuring that leads to liquidation or otherwise.

The following table sets out the estimated termination costs for each of the NEOs assuming that the termination event took place on the last business day of the fiscal year ended June 30, 2021.

Termination and Change of Control Benefits				
Name and position	Termination Event	Base Salary (\$)	Bonus (\$)	Total (\$)
Kyle Hall CEO	Without Cause	350,000	50,000	400,000
	Good Reason	350,000	50,000	400,000
Greg Watkin President and Corporate Secretary	Without Cause	350,000	50,000	400,000
	Good Reason	350,000	50,000	400,000

Except as otherwise disclosed herein, there are no compensatory plans, contracts or arrangements in place with the Named Executive Officers resulting from the resignation, retirement or any other termination of employment of the Named Executive Officers with the Company or from a change in control of the Company, or a change in the Named Executive Officers' responsibilities following a change in control.

Director Compensation

The Company's director compensation program includes the following three components:

- an annual retainer (in the form of cash and/or stock options);
- additional cash compensation for Board committee members; and
- travel and expense reimbursement.

The Compensation Committee periodically reviews the adequacy and form of compensation of the directors of the Company to ensure the compensation appropriately reflects the responsibilities and risks involved in being an effective director and based on such review, reports and makes recommendations to the Board.

During the financial year ended June 30, 2021, the Company did not provide annual retainers to its directors to compensate them for their time and commitment, including, but not limited to, time preparing for board and committee meetings, reviewing board materials, continuing education and other director duties associated with serving on the Board. Kyle Hall and Greg Watkin, each an executive officer and a director of the Company, do not receive any additional compensation for their services as directors of the Company.

Directors who serve as committee members, be it Audit Committee membership or Compensation and Corporate Governance Committee membership, do not receive an additional retainer for the added responsibilities with these roles.

When applicable, directors are reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings and for their reasonable expenses incurred in carrying out their duties as directors.

The Company's directors are entitled to participate in the Stock Option Plan. During the financial year ended June 30, 2021, there were a total of 400,000 stock options granted to non-executive directors. As at June 30, 2021, the Company's non-executive directors held an aggregate of 600,000 stock options, 50,000 of which had vested, to purchase common shares at an exercise price of \$0.26 per common shares.

Oversight and Description of Director and NEO Compensation

For the financial year ended June 30, 2021, the Compensation and Corporate Governance Committee (for the purposes of this section, the "**Compensation Committee**") was responsible for ensuring an appropriate plan for executive compensation was in place and for making recommendations to the Board with respect to the compensation of the Company's executive officers.

The Compensation Committee periodically reviews the compensation paid to the Company's directors and executive officers and ensures that the total compensation paid to Named Executive Officers is fair, reasonable and competitive with the industry and consistent with the Company's compensation philosophy. In turn, the Board, as a whole, reviews recommendations put forth by the Compensation Committee to again ensure total compensation paid to Named Executive Officers is fair and reasonable and consistent with the Company's compensation philosophy.

The Compensation Committee is responsible for the review and assessment of compensation arrangements for the Company's executive officers and is authorized to approve terms of employment, salaries, bonuses, option grants and other incentive arrangements for the Company's executive officers,

and, where appropriate, any severance arrangements. The Compensation Committee works in conjunction with the Company’s CEO and President on the review and assessment of executive officers.

In addition, the Compensation Committee periodically reviews the management development and succession program established by management of the Company and the organizational structure for management of the Company’s operations. The Compensation Committee reports to the Board on the committee’s functions and on the results of its reviews and any recommendations.

Executive Compensation Principles

The Company’s compensation program is based on a “pay-for-performance” philosophy that supports the Company’s commitment to delivering continuous strong performance for its shareholders. The compensation policies are founded on the principle that compensation should be aligned with shareholders’ interests, while also recognizing that corporate performance is dependent upon the retention of highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage the business of the Company. The program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the technology and digital media industries and the impact of internal and market-related occurrences from time to time.

The Company’s executive compensation program is comprised of the following principal components:

- (a) base salary;
- (b) short-term incentive compensation comprised of discretionary cash bonuses; and
- (c) long-term incentive compensation comprised of stock options. See “*Stock Option Plans and Other Incentive Plans*”.

Together, these components support the Company’s long-term growth strategy and are designed to address the following key objectives of the compensation program:

- align executive compensation with shareholders’ interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and
- encourage retention of key executives for leadership succession.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of the Company’s executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Company’s compensation program, management and the Compensation Committee reviews the compensation practices of companies similar in size, scope and complexity.

Compensation Review Process

When determining compensation, including the assessment of the competitiveness of the Company’s compensation program, management and the Compensation Committee reviews the compensation practices of similar companies. Each year, the total compensation of each executive officer is reviewed by

the Compensation Committee and compared to the total compensation for executives holding similar positions with similar companies.

The Company selects companies for comparison based upon such factors as industry, business model, revenue, total assets, and number of employees. These companies compete with the Company for executive talent, operate in a similar business environment and are of similar size, scope and complexity. To provide additional benchmarking information, if appropriate, the Company may also obtain industry reports and general compensation surveys conducted by independent consultants that may provide additional comparative information.

Together with the comparative data, the Compensation Committee annually reviews the individual performance and development of each executive officer along with the performance of the Company. Upon completion, the Compensation Committee sets the compensation package payable to each executive officer and establishes specific performance objectives for the senior executives.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. The Company intends to pay base salaries to its executive officers, including the CEO, that are competitive with those for similar positions within the Company's comparison group. For the executive officers of the Company, base salaries are targeted at the median of our comparison group. Salaries of the executive officers, including that of the CEO, are reviewed annually.

Short-Term Incentive Compensation - Cash Bonuses

In addition to base salaries, the Company has a bonus plan pursuant to which the Compensation Committee will award annual cash bonuses to executive officers if the Company attains pre-determined financial targets. The annual cash bonus element of the executive compensation program is designed to reward both corporate and individual performance during the Company's last completed financial year.

Long Term Incentive Compensation – Stock Options

Executive officers, along with all of the Company's officers, directors, employees, contractors and other service providers, are eligible to participate in the Stock Option Plan. The Stock Option Plan and the common shares reserved thereunder have been approved by the Company's shareholders. The Stock Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering the Company's growth and profitability. As with most companies in the Company's comparison peer group, stock options form an integral component of the total compensation package provided to the Company's executive officers. Participation in the Stock Option Plan rewards overall corporate performance, as measured through the price of the Company's Common Shares. In addition, the Stock Option Plan enables executives to develop and maintain an ownership position in the Company.

Options are normally awarded by the Board upon the commencement of an individual's employment with the Company and based on the role, duties and responsibilities of the individual. Additional grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Company. In considering additional grants, management and the Compensation Committee review an individual's past performance and role within the Company and their existing compensation and stock option grants, including the exercise price, value and term remaining of such stock options.

Summary

The Company's compensation policies have allowed the Company to attract and retain a team of highly qualified and motivated professionals and support staff working towards the common goal of enhancing shareholder value. Management and the Compensation Committee will continue to review compensation policies to ensure that they are competitive and consistent.

Annual Incentive Plan

The annual incentive plan of the Company is intended to provide incentives to enhance the growth and development of the Company's employees and encourage and motivate continued high standards of performance. Awards under the annual incentive plan are made by way of cash bonuses, which are approved by the Compensation Committee and the Board and which are structured to reward the results of the most recently completed financial year.

The Company, in its discretion, may award annual incentives by way of cash bonuses in order to motivate executives to achieve short-term corporate goals.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officer's performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day-to-day basis. This assessment is used by the Board with respect to the determination of annual bonuses for the Named Executive Officers.

Compensation and Measurement of Performance

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to a Named Executive Officer. The Named Executive Officer will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and it reserves the right to make positive or negative adjustments to any bonus payment if it considers them to be appropriate.

Long Term Incentive Awards

The Company's long term incentive awards consist of stock options granted pursuant to the Stock Option Plan. The Compensation Committee believes that granting stock options to executive officers aligns the interests of the executive officers with the Company's shareholders by linking a component of executive compensation to the longer-term performance of the Company's common shares. The Company emphasizes stock options in executive compensation as they allow the NEOs to share in corporate results in a manner that is relatively cost effective despite the effects of treating stock options as a compensation expense. The Compensation Committee provides recommendations to the Board with respect to option grants to NEOs.

When considering the grant of options to the Company's executive officers, the Compensation Committee takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each executive officer based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value and the individual performance objectives set for the executive officer. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In order to determine the number of options to grant to an executive officer, the

Compensation Committee and Board also consider a number of facts, including position and length of service, recommendations by senior executive officers and previous grants of options to the executive officer.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- (a) the executive officers and directors who are entitled to participate in the stock option plan;
- (b) the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant;
- (c) the date on which each option is granted;
- (d) the vesting period for each stock option; and
- (e) other material terms and conditions of each stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. Generally, once each year, or more often as may be deemed appropriate, the Board will meet to review the recommendations of the Compensation Committee and consider and, if appropriate, approve a grant of stock options to those employees eligible for consideration for options under the terms of our overall compensation plan.

Pension disclosure

The Company does not have any pension, retirement, defined benefit, defined contribution or deferred compensation plans that provides for payments or benefits to its directors and NEOs at, following, or in connection with retirement and none are proposed at this time.