

Form 51-102F6V
Statement of Executive Compensation – Venture Issuers

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Form 51-102F6V
Statement of Executive Compensation – Venture Issuers

ITEM 1 – GENERAL PROVISIONS

1.1 Objective

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

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 will provide 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.

A company's executive compensation disclosure under this form must satisfy this objective and subsections 9.3.1(1) or 11.6(1) of the Instrument.

While the objective of this disclosure is the same as the objective in section 1.1 of Form 51-102F6, this form is to be used by venture issuers only. Reporting issuers that are not venture issuers must complete Form 51-102F6.

1.2 Definitions

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form,

“company” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“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;

“external management company” includes a subsidiary, affiliate or associate of the external management company;

“named executive officer” or **“NEO”** means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) 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, as determined in accordance with subsection 1.3(5), for that financial year;
- (d) 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;

“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;

“underlying securities” means any securities issuable on conversion, exchange or exercise of compensation securities.

1.3 Preparing the form

(1) All compensation to be included

- (a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each named executive officer and director, 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 named executive officer or director for services provided and for services to be provided, directly or indirectly, to the company or a subsidiary of the company.
- (b) If an item of compensation is not specifically mentioned or described in this form, disclose it in the column “Value of all other compensation” of the table in section 2.1.

Commentary

1. *Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*
2. *The definition of “director” under securities legislation includes an individual who acts in a capacity similar to that of a director.*

(2) Departures from format

- (a) Although the required disclosure must be made in accordance with this form, the disclosure may
 - (i) omit a table, column of a table, or other prescribed information, if it does not apply, and
 - (ii) add a table, column, or other information if
 - (A) necessary to satisfy the objective in section 1.1, and
 - (B) to a reasonable person, the table, column, or other information does not detract from the prescribed information in the table in section 2.1.
- (b) Despite paragraph (a), a company must not add a column to the table in section 2.1.

(3) Information for full financial year

- (a) If a named executive officer acted in that capacity for the company during part of a financial year for which disclosure is required in the table in section 2.1, provide details of all of the compensation that the named executive officer received from the company for that financial year. This includes compensation the named executive officer earned in any other position with the company during the financial year.
- (b) Do not annualize compensation in a table for any part of a year when a named executive officer was not in the service of the company. Annualized compensation may be disclosed in a footnote.

(4) Director and named executive officer compensation

- (a) Disclose any compensation awarded to, earned by, paid to, or payable to each director and named executive officer, in any capacity with respect to the

company. Compensation to directors and named executive officers must include all compensation from the company and its subsidiaries.

- (b) Disclose any compensation awarded to, earned by, paid to, or payable to, a named executive officer, or director, in any capacity with respect to the company, by another person or company.

(5) Determining if an individual is a named executive officer

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an executive officer under paragraph (c) of the definition of named executive officer,

- (a) use the total compensation that would be reported for that executive officer in the table in section 2.1, as if the executive officer were a named executive officer for the company's most recently completed financial year, and
- (b) exclude any compensation disclosed in the column "Value of all other compensation" of the table in section 2.1.

Commentary

The \$150,000 threshold in paragraph (c) of the definition of named executive officer only applies when determining who is a named executive officer in a company's most recently completed financial year. If an individual is a named executive officer in the most recently completed financial year, disclosure of compensation in the prior years must be provided even if total compensation in a prior year is less than \$150,000.

(6) Compensation to associates

Disclose any awards, earnings, payments, or payables to an associate of a named executive officer, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the named executive officer or the director, in any capacity with respect to the company.

(7) Currencies

- (a) Companies must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use the same currency in all of the tables of this form.
- (b) If compensation awarded to, earned by, paid to, or payable to a named executive officer or director was in a currency other than the currency reported in the prescribed tables of this form, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and

describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

(8) New reporting issuers

- (a) A company is not required to provide information for a completed financial year if the company was not a reporting issuer at any time during the most recently completed financial year, unless the company became a reporting issuer as a result of a restructuring transaction.
- (b) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing this form because it is preparing a prospectus, discuss all significant elements of the compensation to be awarded to, earned by, paid to, or payable to named executive officers and directors of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

(9) Plain language

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a person, applying reasonable effort, an understanding of

- (a) how decisions about named executive officer and director compensation are made, and
- (b) how specific named executive officer and director compensation relates to the overall stewardship and governance of the company.

Commentary

Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.

ITEM 2 – DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

2.1 Director and named executive officer compensation, excluding compensation securities

- (1) Using the following table, disclose all compensation referred to in subsection 1.3(1) of this form for each of the two most recently completed financial years, other than compensation disclosed under section 2.3.

Commentary

For venture issuers, compensation includes payments, grants, awards, gifts and benefits including, but not limited to,

- *salaries,*
- *consulting fees,*
- *management fees,*
- *retainer fees,*
- *bonuses,*
- *committee and meeting fees,*
- *special assignment fees,*
- *pensions and employer paid RRSP contributions,*
- *perquisites such as*
 - *car, car lease, car allowance or car loan,*
 - *personal insurance,*
 - *parking,*
 - *accommodation, including use of vacation accommodation,*
 - *financial assistance,*
 - *club memberships,*
 - *use of corporate motor vehicle or aircraft,*
 - *reimbursement for tax on perquisites or other benefits, and*
 - *investment-related advice and expenses.*

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Darcy Krogh ⁽¹⁾ President, CEO and Director	2018	120,000	Nil	Nil	Nil	Nil	120,000
	2017	120,000	Nil	Nil	Nil	Nil	120,000
Paul Dever ⁽²⁾ CFO	2018	137,752	Nil	Nil	Nil	Nil	137,752
	2017	45,150	Nil	Nil	Nil	Nil	45,150
Harvey Lim ⁽³⁾ Former CFO	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	20,750	Nil	Nil	Nil	Nil	20,750
Scott Emerson ⁽⁴⁾ , former Director ,former President and former CEO	2018	23,200	Nil	Nil	Nil	Nil	23,200
	2017	91,400	Nil	Nil	Nil	Nil	91,400
Michele Marrandino ⁽⁵⁾ Director,	2018	14,400	Nil	Nil	Nil	Nil	14,400
	2017	32,900	Nil	Nil	Nil	Nil	32,900

former President and former CEO							
Nick DeMare Director ⁽⁹⁾	2018	14,400	Nil	Nil	Nil	21,600 ⁽⁶⁾	14,400
	2017	17,900	Nil	Nil	Nil	47,500 ⁽⁶⁾	65,400
James Penturn ⁽⁷⁾ Chairman and Director	2018	50,000	Nil	Nil	Nil	Nil	50,000
	2017	50,000	Nil	Nil	Nil	Nil	50,000
William Scott ⁽⁸⁾	2018	8,400	N/A	N/A	N/A	N/A	8,400
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Jason Meretsky ⁽¹⁰⁾	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Mr. Krogh was appointed President and CEO on March 16, 2016.
- (2) Mr. Dever was appointed CFO on November 14, 2017.
- (3) Mr. Lim resigned as CFO on November 14, 2017.
- (4) On January 25, 2016 Mr. Emerson was appointed President and CEO, on March 16, 2016, Mr. Emerson stepped down as President and CEO when Mr. Krogh was appointed President and CEO. Mr Emerson resigned as a director on June 4, 2018.
- (5) On January 25, 2016 Mr. Marrandino resigned as President and CEO and Mr. Emerson was appointed to fill the vacancy.
- (6) Billed by Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administrative services provided by Chase personnel, excluding Mr. DeMare.
- (7) Mr. Penturn was appointed as director on March 1, 2017.
- (8) Mr. Scott was appointed as director on June 4, 2018.
- (9) Mr. DeMare resigned as a director on December 31, 2018.
- (10) Mr. Meretsky was appointed as director on March 11, 2019.

- (2) In the table required under subsection (1), disclose compensation of each named executive officer first, followed by compensation of any director who is not a named executive officer.
- (3) If the individual is a named executive officer and a director, state both positions in the column entitled “Name and position”. In a footnote to the table, identify how much compensation the NEO received for each position.
- (4) In the column entitled “Value of perquisites”, include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than
 - (a) \$15,000, if the NEO or director’s total salary for the financial year is \$150,000 or less,
 - (b) 10% of the NEO or director’s salary for the financial year, if the NEO or director’s total salary for the financial year is greater than \$150,000 but less than \$500,000, or
 - (c) \$50,000, if the NEO or director’s total salary for the financial year is \$500,000 or greater.

Value these items on the basis of the aggregate incremental cost to the company and its subsidiaries. Describe in a footnote the methodology used for computing the aggregate incremental cost to the company.

Provide a note to the table to disclose the nature of each perquisite provided that equals or exceeds 25% of the total value of perquisites provided to that named executive officer or director, and how the value of the perquisite was calculated, if it is not provided in cash.

Commentary

For the purposes of the column entitled “Value of perquisites”, an item is generally a perquisite if it is not integrally and directly related to the performance of the director or named executive officer’s duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.

- (5) If non-cash compensation, other than compensation required to be disclosed in section 2.3, was provided or is payable, disclose the fair market value of the compensation at the time it was earned or, if it is not possible to calculate the fair market value, disclose that fact in a note to the table and the reasons why.
- (6) In the column entitled “Value of all other compensation”, include all of the following:
 - (a) any incremental payments, payables and benefits to a named executive officer or director that were triggered by, or resulted from, a scenario listed in subsection 2.5(2) that occurred before the end of the applicable financial year,
 - (b) all compensation relating to defined benefit or defined contribution plans including service costs and other compensatory items such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above market earnings for defined contribution plans.

Commentary

The disclosure of defined benefit or defined contribution plans relates to all plans that provide for the payment of pension plan benefits. Use the same amounts indicated in column (e) of the defined benefit plan table required by section 2.7 for the applicable financial year and the amounts included in column (c) of the defined contribution plan table required by section 2.7 for the applicable financial year.

- (7) Despite subsection (1), it is not necessary to disclose Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation that are generally available to all salaried employees.

- (8) If a director or named executive officer has served in that capacity for only part of a year, indicate the number of months he or she has served; do not annualize the compensation.
- (9) Provide notes to the table to disclose each of the following for the most recently completed financial year only:
 - (a) compensation paid or payable by any person or company other than the company in respect of services provided to the company or its subsidiaries, including the identity of that other person or company;
 - (b) compensation paid or payable indirectly to the director or named executive officer and, in such case, the amount of compensation, to whom it is paid or payable and the relationship between the director or named executive officer and such other person or company;
 - (c) for the column entitled “Value of all other compensation”, the nature of each form of other compensation paid or payable that equals or exceeds 25% of the total value of other compensation paid or payable to that director or named executive officer, and how the value of such other compensation was calculated, if it is not paid or payable in cash.

2.2 External management companies

- (1) If one or more individuals acting as named executive officers of the company are not employees of the company, disclose the names of those individuals.
- (2) If an external management company employs or retains one or more individuals acting as named executive officers or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company, directly or indirectly, disclose any compensation that
 - (a) the company paid directly to an individual employed, or retained by the external management company, who is acting as a named executive officer or director of the company;
 - (b) the external management company paid to the individual that is attributable to the services they provided to the company, directly or indirectly.
- (3) If an external management company provides the company’s executive management services and also provides executive management services to another company, disclose the entire compensation the external management company paid to the individual acting as a named executive officer or director, or acting in a similar capacity, in connection with services the external management company provided to the company, or the parent or a subsidiary of the company. If the management company allocates the compensation

paid to a named executive officer or director, disclose the basis or methodology used to allocate this compensation.

Commentary

A named executive officer may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the chief executive officer or chief financial officer are references to the individuals who performed similar functions to that of the chief executive officer or chief financial officer. They are typically the same individuals who signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

2.3 Stock options and other compensation securities

- (1) Using the following table, disclose all compensation securities granted or issued to each director and named executive officer by the company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	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 (\$)	Expiry date
William Scott	Stock Options	200,000	Aug 23, 2018	\$0.15	\$0.13	\$0.075	Aug 23, 2023

- (2) Position the tables prescribed in subsections (1) and (4) directly after the table prescribed in section 2.1.
- (3) Provide notes to the table to disclose each of the following:
- (a) the total amount of compensation securities, and underlying securities, held by each named executive officer or director on the last day of the most recently completed financial year end;
 - (b) any compensation security that has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently

completed financial year, including the original and modified terms, the effective date, the reason for the modification, and the name of the holder;

- (c) any vesting provisions of the compensation securities;
 - (d) any restrictions or conditions for converting, exercising or exchanging the compensation securities.
- (4) Using the following table, disclose each exercise by a director or named executive officer of compensation securities during the most recently completed financial year.

There were no exercises of of compensation securities by a director and/or a named executive officer during the 2017 financial year.

- (5) For the tables prescribed in subsections (1) and (4), if the individual is a named executive officer and a director, state both positions in the columns entitled “Name and position”.

Commentary

For the purposes of the column entitled “Total value on exercise date” multiply the number in the column entitled “Number of underlying securities exercised” by the number in the column entitled “Difference between exercise price and closing price on date of exercise”.

2.4 Stock option plans and other incentive plans

- (1) Describe the material terms of each stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted.

Commentary

Examples of material terms are vesting provisions, maximum term of options granted, whether or not a stock option plan is a rolling plan, the maximum number or percentage of options that can be granted, method of settlement.

- (2) Indicate for each such plan or agreement whether it has previously been approved by shareholders and, if applicable, when it is next required to be approved.
- (3) Disclosure is not required of plans, such as shareholder rights plans, that involve issuance of securities to all securityholders.

2.5 Employment, consulting and management agreements

- (1) Disclose the material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company or any of its subsidiaries that were
 - (a) performed by a director or named executive officer, or
 - (b) performed by any other party but are services typically provided by a director or a named executive officer.
- (2) For each agreement or arrangement referred to in subsection (1), disclose each of the following:
 - (a) the provisions, if any, with respect to change of control, severance, termination or constructive dismissal;
 - (b) the estimated incremental payments that are triggered by, or result from, change of control, severance, termination or constructive dismissal;
 - (c) any relationship between the other party to the agreement and a director or named executive officer of the company or any of its subsidiaries.

2.6 Oversight and description of director and named executive officer compensation

- (1) Disclose who determines director compensation and how and when it is determined.
- (2) Disclose who determines named executive officer compensation and how and when it is determined.
- (3) For each named executive officer, disclose each of the following:
 - (a) a description of all significant elements of compensation awarded to, earned by, paid or payable to the named executive officer for the most recently completed financial year, including at a minimum each element of compensation that accounts for 10% or more of the named executive officer's total compensation;
 - (b) whether total compensation or any significant element of total compensation is tied to one or more performance criteria or goals, including for example, milestones, agreements or transactions and, if so,
 - (i) describe the performance criteria and goals, and
 - (ii) indicate the weight or approximate weight assigned to each performance criterion or goal;

- (c) any significant events that have occurred during the most recently completed financial year that have significantly affected compensation including whether any performance criterion or goal was waived or changed and, if so, why;
 - (d) how the company determines the amount to be paid for each significant element of compensation referred to in paragraph (a), including whether the process is based on objective, identifiable measures or a subjective decision;
 - (e) whether a peer group is used to determine compensation and, if so, describe the peer group and why it is considered appropriate;
 - (f) any significant changes to the company's compensation policies that were made during or after the most recently completed financial year that could or will have an effect on director or named executive officer compensation.
- (4) Despite subsection (3), if a reasonable person would consider that disclosure of a previously undisclosed specific performance criterion or goal would seriously prejudice the company's interests, the company is not required to disclose the criterion or goal provided that the company does each of the following:
- (a) discloses the percentage of the named executive officer's total compensation that relates to the undisclosed criterion or goal;
 - (b) discloses the anticipated difficulty in achieving the performance criterion or goal;
 - (c) states that it is relying on this exemption from the disclosure requirement;
 - (d) explains why disclosing the performance criterion or goal would seriously prejudice its interests.
- (5) For the purposes of subsection (4), a company's interests are considered not to be seriously prejudiced solely by disclosing a performance goal or criterion if that criterion or goal is based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, or earnings before interest, taxes, depreciation and amortization (EBITDA).

2.7 Pension disclosure

If the company provides a pension to a director or named executive officer, provide for each such individual the additional disclosure required by Item 5 of Form 51-102F6.

2.8 Companies reporting in the United States

- (1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information that they disclose in the United States pursuant to item 402 “Executive compensation” of Regulation S-K under the 1934 Act.
- (2) Subsection (1) does not apply to a company that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B “Compensation” and 6.E.2 “Share Ownership” of Form 20-F under the 1934 Act..