

**N E T W O R K**  
**Media Group Inc.**  
(the “Company”)

**Form 51-102F6V**  
**STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS**  
(for the year ended November 30, 2016)

Securities laws require a *Statement of Executive Compensation – Venture Issuers* in accordance with Form 51-102F6V be included in this Circular. Form 51-102F6V prescribes the disclosure requirements in respect of the compensation of certain executive officers and directors of reporting issuers.

The executive officers of the Company for whom disclosure is required under Form 51-102F6V are individually referred to as a “NEO” or “Named Executive Officer”. An NEO or Named Executive Officer includes: (i) the Chief Executive Officer (“CEO”); (ii) the Chief Financial Officer (“CFO”); (iii) the most highly compensated executive officers at the end of the most recently completed financial year whose total compensation was in excess of \$150,000; and (iv) each individual for whom disclosure would have been provided under (c) but for the fact that the individual was neither serving as an executive officer of the Company, nor acting in a similar capacity, at the end of the more recently completed financial year.

For the purposes of this section, and in accordance with the foregoing definition, the Company had three NEOs during the financial year ended November 30, 2016, being Derik Murray (CEO), Paul Gertz (President and Chief Operating Officer) and Darren Battersby (CFO).

***Table of Compensation – Director and NEO Compensation, Excluding Compensation Securities***

The following table provides a summary of compensation paid, directly or indirectly, by the Company or a subsidiary of the Company, to each director and Named Executive Officer for the two most recently completed financial years ended November 30, 2016, and November 30, 2015.

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 (\$)
Derik A. Murray CEO & Director	2016	182,562	87,900	Nil	Nil	Nil	270,463
	2015	133,000	Nil	Nil	21,000 <sup>(1)</sup>	Nil	154,000
Darren Battersby CFO	2016	126,000	Nil	Nil	Nil	5,214 <sup>(2)</sup>	131,214
	2015	103,309	Nil	Nil	Nil	Nil	103,309
Paul Gertz President, COO & Director	2016	182,562	Nil	Nil	Nil	Nil	172,563
	2015	125,000	Nil	Nil	Nil	Nil	125,000
Steven Kotlowitz Director	2016	Nil	Nil	Nil	Nil	2,979 <sup>(2)</sup>	2,979
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Sandra Lim Former Director	2016	Nil	Nil	Nil	Nil	5,587 <sup>(2)</sup>	5,587
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Robert Pirooz Director (Chairman)	2016	Nil	Nil	Nil	Nil	13,799 <sup>(3)</sup>	13,799 <sup>(4)</sup>
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Peter Scarth Director	2016	Nil	Nil	Nil	Nil	2,979 <sup>(2)</sup>	2,979
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Greg Zeschuk Director	2016	Nil	Nil	Nil	Nil	2,979 <sup>(2)</sup>	2,979
	2015	Nil	Nil	Nil	Nil	Nil	Nil

<sup>(1)</sup> The perquisites granted to Mr. Murray in fiscal 2015 comprised of vehicle and home office allowances.

<sup>(2)</sup> This amount represents the fair value of incentive stock options granted during the year ended November 30, 2016 and was estimated at the grant date using the Black-Scholes option pricing model in accordance with the Company’s accounting policies with the following assumptions: Expected life 5 years; Expected annual volatility 143%; Expected dividend yield 0%; Risk-free interest rate 0.65%. These values do not represent actual amounts received by the optionees as the gain, if any, will depend on the market value of the shares on the date that the stock option is exercised.

- (3) This amount represents the fair value of incentive stock options granted during the year ended November 30, 2016 and was estimated at the grant date using the Black-Scholes option pricing model in accordance with the Company's accounting policies with the following assumptions:
- (i) as to 139,963 of the stock options granted - Expected life 3 years; Expected annual volatility 143%; Expected dividend yield 0%; Risk-free interest rate 0.65%;
  - (ii) as to 75,000 of the stock options granted - Expected life 5 years; Expected annual volatility 143%; Expected dividend yield 0%; Risk-free interest rate 0.65%; and
  - (iii) as to 3000,000 stock options granted - Expected life 3.3 years; Expected annual volatility 147%; Expected dividend yield 0%; Risk-free interest rate 0.66%.
- These values do not represent actual amounts received by the optionees as the gain, if any, will depend on the market value of the shares on the date that the stock option is exercised.
- (4) During the year ended November 30, 2016, the board of directors of the Company acknowledged Mr. Pirooz is entitled to compensation in consideration of fulfilment of his duties as Chairman, however, it was agreed amongst the Company and Mr. Pirooz that such compensation would not be payable until, and only if, the payment does not constitute a financial burden on the Company.

### **Stock Options and Other Compensation Securities**

The following table provides a summary of all option-based awards granted or issued to each director and Named Executive Officer in the most recently completed financial year of the Company ending on November 30, 2016. The Company does not have any other equity incentive plans other than its Fixed Share Option Plan.

<b>Name and position</b>	<b>Type of compensation security</b>	<b># of compensation securities, # of underlying securities and % of class <sup>(1)</sup></b>	<b>Date of issue or grant (Fiscal 2016)</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
Derik A. Murray <sup>(2)</sup> CEO and Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Darren Battersby <sup>(3)</sup> CFO	stock options	70,000 <sup>(10)</sup> 1.1%	Jul 28-16	0.20	0.20	0.23	Jul 28-21
Paul Gertz <sup>(4)</sup> President, COO and Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Steven Kotlowitz <sup>(5)</sup> Director	stock options	40,000 <sup>(10)</sup> 0.6%	Jul 28-16	0.20	0.20	0.23	Jul 28-21
Sandra Lim <sup>(6)</sup> Former Director	stock options	75,000 <sup>(10)</sup> 1.2%	Jul 28-16	0.20	0.20	0.23	Jul 28-21
Robert Pirooz <sup>(7)</sup> Director (Chairman)	stock options	300,000 <sup>(11)</sup> 4.7%	Mar 21-16	0.20	0.10	0.23	Jul 16-19
	stock options	139,963 <sup>(12)</sup> 2.2%	Jul 28-16	0.20	0.20	0.23	Jul 16-19
	stock options	75,000 <sup>(10)</sup> 1.2%	Jul 28-16	0.20	0.20	0.23	Jul 28-21
Peter Scarth <sup>(8)</sup> Director	stock options	40,000 <sup>(10)</sup> 0.6%	Jul 28-16	0.20	0.20	0.23	Jul 28-21
Dr. Greg Zeschuk <sup>(9)</sup> Director	stock options	40,000 <sup>(10)</sup> 0.6%	Jul 28-16	0.20	0.20	0.23	Jul 28-21

- (1) No compensation security had been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the Company's financial year ended November 30, 2016.
- (2) Mr. Murray held a total of 780,000 options to purchase common shares of the Company as at November 30, 2016, all of which have since expired.
- (3) Mr. Battersby held a total of 392,500 options to purchase common shares of the Company as at November 30, 2016, 22,500 of which have since expired.
- (4) Mr. Gertz held a total of 607,500 options to purchase common shares of the Company as at November 30, 2016, all of which have since expired.
- (5) Mr. Kotlowitz held a total of 290,000 options to purchase common shares of the Company as at November 30, 2016, 250,000 of which have since expired.

- (6) Ms. Lim held a total of 325,000 options to purchase common shares of the Company as at November 30, 2016. She retired from the Board effective April 3, 2017.
- (7) Mr. Pirooz held a total of 2,575,000 options to purchase common shares of the Company as at November 30, 2016. All his stock options are held by Hemisphere Holdings Ltd., a company over which Mr. Pirooz has exercise and control
- (8) Mr. Scarth held a total of 190,000 options to purchase common shares of the Company as at November 30, 2016.
- (9) Dr. Zeschuk held a total of 290,000 options to purchase common shares of the Company as at November 30, 2016. All Dr. Zeschuk's stock options are held by 1124005 Alberta Ltd., a company solely owned by him.
- (10) All stock options granted on July 28, 2016, vest on a two-year schedule (1/3 vesting on date of grant, 1/3 vesting on July 28, 2017, and remaining 1/3 vesting on July 28, 2018).
- (11) Of these stock options, 52,463 will vest on July 16, 2017, and the remaining 247,537 will vest on July 16, 2018.
- (12) These stock options will vest on July 16, 2018.

### **Exercise of Compensation Securities by Directors and NEOs**

There were no compensation securities exercised by an NEO or director of the Company during the most recent financial year ended November 30, 2016.

### **Stock Option Plans and Other Incentive Plans**

The Board of the Company adopted a fixed number share option plan that has an effective date of April 28, 2016 (the "Fixed Share Option Plan"). The Fixed Share Option Plan reserves for issuance 10,880,074 Common Shares, which represents 20% of the Company's issued and outstanding Common Shares at the time the said plan was adopted. The Fixed Share Option Plan was approved by Disinterested Shareholders (defined in the Fixed Share Option Plan) of the Company on June 9, 2016. At November 30, 2016, there were 6,326,280 options issued and outstanding.

A copy of the Fixed Share Option Plan is attached as Schedule B to the Company's Management Information Circular dated May 2, 2016 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on May 12, 2016. The Fixed Share Option Plan is incorporated herein by reference.

The Fixed Share Option Plan permits the grant of stock options to directors, officers, employees and consultants of the Company or any of its affiliates, but limits the number of options that may be issued to such individuals as follows (all capitalized terms as defined in the plan): (i) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so; (ii) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture; and (iii) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

Furthermore, the aggregate number of Common Shares reserved for issuance to insiders of the Company under the Fixed Share Option Plan, together with any other Share Compensation Arrangements, may not exceed 10% of the Company's outstanding share capital, and the number of Common Shares issued to insiders of the Company within any one year period, together with any other Share Compensation Arrangements, may not exceed 10% of the Company's outstanding share capital.

The term of any options granted under the Fixed Share Option Plan will be fixed by the Board and may not exceed ten years. The exercise price of options granted under the Fixed Share Option Plan will be determined by the Board, provided it is not less than the Discounted Market Price (as defined under Policy 1.1 of the TSX Venture Policies).

Any options granted pursuant to the Fixed Share Option Plan will terminate within thirty (30) days of the option holder ceasing to act as a director, officer, employee or consultant of the Company or any of its affiliates, other than by reason of death or termination of employment with cause, unless such termination date is extended by the Board to a date that is not later than one year after the option holder ceases to hold such position with the Company. If such cessation is on account of death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately.

The Fixed Share Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company's shares. The directors of the Company may impose option vesting schedules as they see fit.

## **Employment, Consulting and Management Agreements**

### **Consulting Agreements**

The Company does not have any employment, consulting or management agreements or arrangements with any of the Company's current NEOs or directors.

### **Termination and Change of Control Benefits**

There is no contract, agreement, plan or arrangement between the Company and its Named Executive Officers that provide for payments to Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of the Company or a change in a Named Executive Officer's responsibilities.

### **Director Compensation**

To date, the Company has not paid to its directors any fees or other of monetary compensation relating to the services rendered and duties assumed in relation to their positions on the Board. Any remuneration to the Company's directors has generally been limited to the grant of stock options and, during the year ended November 30, 2016 the Company granted 40,000 incentive stock options to each of its independent directors, with an additional 35,000 stock options granted to the Chair of the Audit Committee and the Chairman of the Board, respectively, considering the additional duties and responsibilities associated with those positions.

## **Oversight and Description of Director and NEO Compensation**

The primary goal of the Company's executive compensation program is to attract, retain and motivate the key executives and to align their interests with those of the Company's shareholders. The key elements of the executive compensation program are: (i) base salary; (ii) stock based compensation; and (iii) potential annual bonuses or awards. The directors are of the view that all elements of the total program should be considered, rather than any single element.

The Company has no formal policy regarding the allocation between base salary, stock based compensation, cash based bonuses or awards or other forms of compensation, but the Compensation Committee will consider and evaluate the total compensation package received or to be received by an executive officer, and seek to ensure that such total compensation package is fair, reasonable and competitive, and balances the interests of management and the Company's shareholders.

The Compensation Committee assumes responsibility for reviewing and monitoring the long-term compensation strategy of the Company, and for providing the Board with its recommendations. However, the Company's Board of Directors is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO, or such person acting in capacity of CEO of the Company, the directors and key management, and for reviewing the recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

In arriving at its compensation recommendations, the Compensation Committee considers several factors, including the responsibilities and experience of the individuals, the performance of the individuals within the Company, the overall financial and operating performance of the Company, and the long-term interest of the Company. With respect to base salaries, the Compensation Committee and the Board discuss their collective knowledge and understanding of salaries paid to executive officers at companies that the members have personal knowledge of, however, no formal benchmark group of companies has been referenced. For share option grants under the Company's Fixed Share Option Plan, the Compensation Committee makes recommendations based on such criteria as performance, previous grants, base salary and bonuses, hiring incentives, and other competitive factors (the Company's Fixed Share Option Plan is administered by the Board of the Company and all grants require approval of the Board). When considering the grant of bonus compensation, the Compensation Committee will assess whether the Company has met certain strategic objectives and milestones and whether there are sufficient cash resources available for the granting of bonuses (the Board will approve bonus compensation dependent upon compensation levels).

During the year ended November 30, 2016 the Compensation Committee of the Board was composed of two directors, Robert Pirooz and Sandra Lim. Ms. Lim has subsequently resigned from the Board, and until the vacancy on the Compensation Committee left by her resignation is filled, the entire Board will carry out the oversight function of director and named officer compensation. The Company did not retain any compensation consultants during the financial year ended November 30, 2016.

In the recently completed financial year ended November 30, 2016, the Company granted salary raises to each of its NEO's, and provided a cash bonus to its Chief Executive Officer, in recognition of their exceptional contributions to the success of the Company during the previous year.

The Company has not provided monetary compensation to its directors, including fees for attending Board or Board committee meetings. However, during the recently completed financial year ended November 30, 2016, the Company made grants of 40,000 incentive share options to each director, and an additional grant of 35,000 stock options to each of the Chair of the Audit Committee and the Chairman of the Board, as consideration for fulfilling the responsibilities attendant with their directorships.

Neither the Compensation Committee nor the Board has considered the implications of the risks associated with the Company's compensation policies and practices, however, the Company does not currently believe there are any risks arising from compensation policies and practices that are reasonably likely to have an adverse effect on the Company.

**Pension Disclosure**

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.