

# N E T W O R K

## Media Group Inc.

(the “Company”)

Form 51-102F6V

### STATEMENT OF EXECUTIVE COMPENSATION – Venture Issuers

(for financial years ended November 30, 2021 and November 30, 2020)

#### GENERAL

The following information, dated as of May 26, 2022, is provided as required under Form 51-102F6V for Venture Issuers (the “Form”), as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

For the purposes of this Form:

“Company” means Network Media Group Inc.;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments 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;

“**NEO**” or “**named executive officer**” 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 (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) 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;
- (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, for that financial year; and
- (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.

For the purposes of this section, and in accordance with the foregoing definition:

During the financial year ended November 30, 2021, the NEOs of the Company were: Derik Murray (CEO), Paul Gertz (President, Chief Operating Officer) and Darren Battersby (CFO). The directors of the Company who were not NEOs during the financial year ended November 30, 2021, were Steve Kotlowitz, Dr. Greg Zeschuk, Michael McIsaac, Ali Pejman and Tim Gamble. Mr. McIsaac resigned effective September 27, 2021, and Mr. Gamble was appointed.

The Company has an unlimited number of authorized common shares with no par value and an unlimited number of authorized preferred shares with no par value. The Company's common shares are listed on the TSX Venture Exchange under stock symbol "NTE" and on OTCQB under stock symbol "NETWF".

## **DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

### **Director and NEO Compensation, Excluding Options and Compensation Securities**

The following table of compensation, excluding options and compensation securities, provides a summary of compensation paid by the Company to each NEO and director of the Company for the two most recently completed financial years of the Company ended November 30, 2021, and November 30, 2020. Options and compensation securities are disclosed under the heading "Stock Options and Other Compensation Securities" below.

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 <i>CEO, Director</i>	2021	269,200	Nil	Nil	Nil	33,224 <sup>(1)</sup>	302,424
	2020	268,200	Nil	Nil	Nil	18,676 <sup>(2)</sup>	286,876
Darren Battersby <i>CFO</i>	2021	159,200	Nil	Nil	Nil	17,694 <sup>(1)</sup>	176,894
	2020	158,400	Nil	Nil	Nil	7,839 <sup>(2)</sup>	166,239
Paul Gertz <i>President, COO, Director</i>	2021	225,000	Nil	Nil	Nil	26,847 <sup>(1)</sup>	251,847
	2020	225,000	Nil	Nil	Nil	12,758 <sup>(2)</sup>	237,758
Ali Pejman <sup>(3)</sup> <i>Director, Chairman</i>	2021	Nil	Nil	Nil	Nil	84,062 <sup>(1)</sup>	84,062
	2020	N/A	N/A	N/A	N/A	103,336 <sup>(2)</sup>	103,336
Steven Kotlowitz <i>Director</i>	2021	Nil	Nil	Nil	Nil	11,124 <sup>(1)</sup>	11,124
	2020	Nil	Nil	Nil	Nil	4,704 <sup>(2)</sup>	4,704
Dr. Greg Zeschuk <i>Director</i>	2021	Nil	Nil	Nil	Nil	11,124 <sup>(1)</sup>	11,124
	2020	Nil	Nil	Nil	Nil	4,704 <sup>(2)</sup>	4,704
Michael McIsaac <sup>(3)</sup> <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil <sup>(1)</sup>	Nil
	2020	Nil	Nil	Nil	Nil	12,610 <sup>(2)</sup>	12,610
Tim Gamble <sup>(4)</sup> <i>Director</i>	2021	Nil	Nil	Nil	Nil	129,016 <sup>(1)</sup>	129,016
	2020	N/A	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> This amount represents the fair value of incentive stock options granted during the year ended November 30, 2021, 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 4.9 years; Expected annual volatility 114%; Expected dividend yield 0%; Risk-free interest rate 0.90%. 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.

<sup>(2)</sup> This amount represents the fair value of incentive stock options granted during the year ended November 30, 2020 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 113%; Expected dividend yield 0%; Risk-free interest rate 0.78%. 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.

<sup>(3)</sup> Mr. McIsaac resigned as a director on September 27, 2021.

<sup>(4)</sup> Mr. Gamble was appointed as director on September 27, 2021.

### **External Management Companies**

Other than as disclosed herein, management functions of the Company are substantially performed by directors or senior officers (or private companies controlled by them, either directly or indirectly) of the Company and not, to any substantial degree, by any other person with whom the Company has contracted.

### **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 November 22, 2010 (the "Fixed Share Option Plan"). The Fixed Share Option Plan was subsequently amended on April 12, 2012, April 28, 2016, September 7, 2019 and November 1, 2021, and currently

reserves for issuance 17,000,000 Common Shares, which represents 20% of the Company's issued and outstanding Common Shares at the time the said plan was amended. The Fixed Share Option Plan was amended by Disinterested Shareholders (defined in the Fixed Share Option Plan) of the Company on December 15, 2021. At November 30, 2021, there were 14,268,667 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 (10) 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 Exchange 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.

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

#### **Outstanding Compensation Securities of NEOs and Directors**

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, 2021. The Company does not have any other equity incentive plans other than its Fixed Share Option Plan.

Name and position	Type of compensation security	# of compensation securities, # of underlying securities and % of class <sup>(1)</sup>	Date of issue or grant (Fiscal 2021)	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
Ali Pejman <sup>(9)</sup> <i>Director, Chairman</i>	Stock options	200,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026
Paul Gertz <i>President, COO, Director</i>	Stock options	250,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026
Derik Murray <i>CEO, Director</i>	Stock options	300,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026
Darren Battersby <i>CFO</i>	Stock options	270,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026
Tim Gamble <i>Director</i>	Stock options	400,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026
Steven Kotlowitz <i>Director</i>	Stock options	140,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026
Greg Zeschuk <i>Director</i>	Stock options	140,000	September 30, 2021	0.15	0.15	0.245	September 30, 2026

<sup>(1)</sup> 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, 2021.

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

The following table provides a summary of all compensation securities exercised by directors and NEOs during the most recently completed fiscal year of the Company ending November 30, 2021.

Name and position	Type of compensation security	# of underlying securities exercised	Exercise Price per security (\$)	Date of Exercise	Closing price of security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Michael McIsaac	Stock Options	400,000	0.12	October 4, 2021	0.19	0.07	76,000
		60,000	0.13	October 29, 2021	0.24	0.11	14,400
		130,000	0.16	October 29, 2021	0.24	0.11	20,800

### **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.

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

### **Compensation, Philosophy and Objectives**

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 Board of Directors as a whole 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 Company does not have a formal compensation committee. The Board as a whole assumes responsibility for reviewing and monitoring the long-term compensation strategy of the Company. As well, 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 Board 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 Board discusses 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 Board 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 Board assesses 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).

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, 2021, the Company made grants of 1,700,000 incentive share options to its directors, as consideration for fulfilling the responsibilities attendant with their directorships.

The Board has not 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.

### **Risks Associated with the Company's Compensation Practices**

The Board has assessed 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.

### **Base Salary or Consulting Fees**

#### Financial Year ended November 30, 2021

Related parties are defined as officers and directors of the Company as well as any companies that are controlled by officers: Derik Murray – CEO, Paul Gertz – President, COO, Corporate Secretary, Darren Battersby – CFO or directors Derik Murray, Paul Gertz, Steve Kotlowitz, Greg Zeschuk, Michael McIsaac, Ali Pejman and Tim Gamble of the Company.

During the year ended November 30, 2021, the Company paid or accrued wages and recognized share-based compensation to key management personnel in the following manner:

	<b>November 30, 2021</b> <b>(\$)</b>	<b>November 30, 2020</b> <b>(\$)</b>
General and administrative expenses	39,665	18,200
Share-based compensation	191,711	166,193
Direct production costs	315,726	75,000
Investment in film and television properties	441,224	565,400
<b>TOTAL</b>	<b>\$988,326</b>	<b>\$824,793</b>

### **Debt payable**

Accounts payable and accrued liabilities as at November 30, 2021, includes, \$122,588 (2020 - \$13,650) owed to related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

### **Benefits and Perquisites**

The Company currently provides a limited number of perquisites to its NEOs, the nature and value of which, in the view of the Board of Directors, are reasonable and competitive.

### **Hedging by Named Executive Officers or Directors**

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepared variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments. As of the date of this Form, entitlement to grants of Options are the only equity security element awarded by the Company to its executive officers and directors as detailed under heading “**Stock Option Plans and Other Incentive Plans**” above.

### **Pension Disclosure**

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