

# 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, 2023 and November 30, 2022)

#### GENERAL

The following information, dated as of May 28, 2024, 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, 2023, the NEOs of the Company were: Derik Murray (CEO), Paul Gertz (COO), Curtis White (President - appointed on May 10, 2023) and Darren Battersby (CFO). The directors of the Company who were not NEOs during the financial year ended November 30, 2023, were Steven Kotlowitz (resigned from the Board on May 12, 2023), Dr. Greg Zeschuk, Ali Pejman and Tim Gamble.

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 (2) most recently completed financial years of the Company ended November 30, 2023, and November 30, 2022. 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>	2023	280,000	Nil	Nil	Nil	43,351 <sup>(1)</sup>	323,351
	2022	277,500	Nil	Nil	Nil	46,888 <sup>(2)</sup>	324,888
Darren Battersby <i>CFO</i>	2023	157,543	Nil	Nil	Nil	14,933 <sup>(1)</sup>	172,476
	2022	162,150	Nil	Nil	Nil	26,933 <sup>(2)</sup>	189,083
Paul Gertz <i>Former President, COO, Director</i>	2023	225,000	Nil	Nil	Nil	36,274 <sup>(1)</sup>	261,274
	2022	225,000	Nil	Nil	Nil	39,011 <sup>(2)</sup>	264,011
Ali Pejman <i>Director, Chairman</i>	2023	25,671	Nil	Nil	Nil	16,572 <sup>(1)</sup>	42,243
	2022	Nil	Nil	Nil	Nil	50,298 <sup>(2)</sup>	50,298
Steven Kotlowitz <sup>(3)</sup> <i>Former Director</i>	2023	Nil	Nil	Nil	Nil	Nil <sup>(1)</sup>	Nil
	2022	Nil	Nil	Nil	Nil	17,885 <sup>(2)</sup>	17,885
Tim Gamble <i>Director</i>	2023	25,671	Nil	Nil	Nil	12,537 <sup>(1)</sup>	38,208
	2022	Nil	Nil	Nil	Nil	27,242 <sup>(2)</sup>	27,242
Curtis White <sup>(4)</sup> <i>President</i>	2023	30,000	Nil	Nil	Nil	26,667 <sup>(1)</sup>	56,667
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Dr. Greg Zeschuk <i>Director</i>	2023	Nil	Nil	Nil	Nil	7,386 <sup>(1)</sup>	7,386
	2022	Nil	Nil	Nil	Nil	14,592 <sup>(2)</sup>	14,592

<sup>(1)</sup> This amount represents the fair value of incentive stock options granted during the year ended November 30, 2023, 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 5.0 years; Expected annual volatility 96%; Expected dividend yield 0%; Risk-free interest rate 3.51%. 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 and vested during the year ended November 30, 2022, 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 4.8 years; Expected annual volatility 93%; Expected dividend yield 0%; Risk-free interest rate 2.65%. 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.

<sup>(3)</sup> Mr. Kotlowitz resigned from the board effective May 12, 2023.

<sup>(4)</sup> Mr. White was appointed President on May 10, 2023.

### **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, November 1, 2021, and October 11, 2022, and currently reserves for issuance 3,400,000 (after a consolidation of the Company’s share capital on a 5:1 basis) 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. As at November 30, 2023, there were 2,706,333 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.sedarplus.ca](http://www.sedarplus.ca) 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, 2023. The table also includes the total amount of compensation securities and underlying securities held by each Named Executive Officer and director as at the financial year end of November 30, 2023. The Company does not have any other equity incentive plans other than its Fixed Share Option Plan. The numbers noted below have been adjusted pursuant to the consolidation of the Company's share capital on a 5:1 basis.

Name and position	Type of compensation security	# of compensation securities, # of underlying securities and % of class <sup>(1)</sup>	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
Ali Pejman <i>Director, Chairman</i>	Stock options	80,000	Oct 28, 2019	\$0.75	\$0.775	\$0.20	Oct 28, 2024
		200,000	Mar 2, 2020	\$1.00	\$1.00		Mar 2, 2025
		30,000	Dec 14, 2020	\$0.80	\$0.80		Dec 14, 2025
		40,000	Sept 30, 2021	\$0.75	\$0.75		Sept 30, 2026
		40,000	July 27, 2022	\$0.50	\$0.375		July 27, 2027
Paul Gertz <i>COO, Director</i>	Stock options	30,000	July 15, 2019	\$0.65	\$0.775	\$0.20	July 15, 2024
		50,000	Dec 14, 2020	\$0.80	\$0.80		Dec 14, 2025
		50,000	Sept 30, 2021	\$0.75	\$0.75		Sept 30, 2026
		209,500	July 27, 2022	\$0.50	\$0.375		July 27, 2027
Derik Murray <i>CEO, Director</i>	Stock options	40,000	July 15, 2019	\$0.65	\$0.775	\$0.20	July 15, 2024
		60,000	Dec 14, 2020	\$0.80	\$0.80		Dec 14, 2025
		60,000	Sept 30, 2021	\$0.75	\$0.75		Sept 30, 2026
		250,000	July 27, 2022	\$0.50	\$0.375		July 27, 2027
Darren Battersby <i>CFO</i>	Stock options	20,000	July 15, 2019	\$0.65	\$0.775	\$0.20	July 15, 2024
		30,000	Dec 14, 2020	\$0.80	\$0.80		Dec 14, 2025
		54,000	Sept 30, 2021	\$0.75	\$0.75		Sept 30, 2026
		48,500	July 27, 2022	\$0.50	\$0.375		July 27, 2027
Curtis White <i>President</i>	Stock options	80,000	July 17, 2023	\$0.50	\$1.25	\$0.20	July 17, 2028
Tim Gamble <i>Director</i>	Stock options	80,000	Sept 30, 2021	\$0.75	\$0.775	\$0.20	Sept 30, 2026
		20,000	July 27, 2022	\$0.50	\$0.375		July 27, 2027
Greg Zeschuk <i>Director</i>	Stock options	12,000	July 15, 2019	\$0.65	\$0.775	\$0.20	July 15, 2024
		20,000	Dec 14, 2020	\$0.80	\$0.80		Dec 14, 2025
		28,000	Sept 30, 2021	\$0.75	\$0.775		Sept 30, 2026
		20,000	July 27, 2022	\$0.50	\$0.375		July 27, 2027

Subsequent to November 30, 2023, the Company has amended the terms of all of the issued and outstanding stock options to an exercise price of \$0.30 per share and an expiration date of April 4, 2029, subject to both regulatory and shareholder approval.

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

There were no compensation securities exercised by directors and NEOs during the most recently completed fiscal year of the Company ending November 30, 2023.

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

#### **Consulting Agreements**

On June 7, 2023, the Company entered into Executive Producer Agreements (the “EP Agreements”) with two Directors of the Company for the provision of services. As consideration, each of the Directors will receive a yearly fee of \$32,500 and an executive producer fee of \$37,500, which is payable on achieving particular production

milestones. Recorded in accounts payable and accrued liabilities at November 30, 2023 is a total of \$31,342 of the yearly fee and \$20,000 in executive producer fees, which have been recorded as production costs in profit or loss. All such amounts are due by June 7, 2024 and the EP Agreements are renewable upon mutual option of the parties.

The Company does not have any other 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. As well, during the recently completed financial year ended November 30, 2023, the Company made NIL grants of 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, 2023

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 – COO, Corporate Secretary, Curtis White – President, Darren Battersby – CFO or directors Derik Murray, Paul Gertz, Greg Zeschuk, Ali Pejman and Tim Gamble of the Company.

During the year ended November 30, 2023, the Company paid or accrued wages and recognized share-based compensation to key management personnel in the following manner:

	<b>November 30, 2023</b> <b>(\$)</b>	<b>November 30, 2022</b> <b>(\$)</b>
General and administrative expenses	30,000	27,500
Share-based compensation	131,322	223,775
Direct production costs	369,873	148,281
Investment in film and television properties	266,670	491,689
<b>TOTAL</b>	<b>\$797,865</b>	<b>\$891,245</b>

### **Debt payable**

Accounts payable and accrued liabilities as at November 30, 2023, includes, \$16,926 (2022 - \$13,650) owed to related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

On April 25, 2023, as amended on November 21, 2023, the Company entered into a Promissory Note agreement with certain Directors of the Company for a loan (the “**Loan**”) of up to \$650,000. The Loan was due on April 30, 2024, bears interest of 12% per annum and is secured by a general security interest over the assets and undertakings of the Company. As consideration for the amendment to the Loan, the Directors will receive a fee of \$32,500, which was due on or before April 30, 2024. As at November 30, 2023, the fee has been recorded in promissory note and as a financing expense in profit or loss and was paid subsequent to year end. If the Loan was not repaid by April 30, 2024, the Directors would receive a further \$65,000 as a penalty fee. The Directors of the Company have agreed to a postponement and assignment of claim in favour of the Company’s line of credit lender. As at November 30, 2023, the Company has drawn upon the total Loan of \$650,000 and recorded \$72,577 (November 30, 2022 – \$Nil) in interest expense of which \$13,036 (November 30, 2022 – \$Nil) was accrued for and subsequently paid. The Company is currently renegotiating the terms of repayment of the Loan.

### **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.