

**Equitorial Exploration Corp.**

**(the “Company”)**

**Form 51-102F6V**

***Statement of Executive Compensation – Venture Issuers***

***(for financial years ended December 31, 2018 and December 31, 2017)***

**GENERAL**

The following information, dated as of June 26, 2019, is provided as required under Form 51-102F6V – *Statement of Executive Compensation*, for Venture Issuers (the “Form”), as such term is defined in National Instrument 51-102.

For the purposes of this Statement of Executive Compensation:

“**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;

“**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;
- (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.

**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 the compensation paid by the Company to NEOs and directors of the Company for the two completed financial years ended December 31, 2018 and December 31, 2017. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” of this Form.

During the financial year ended December 31, 2018, based on the definition above, the NEOs of the Company were: Patrick E. Power, President, Chief Executive Officer and director, Jatinder (Jack) Singh Bal, former President, Chief Executive Officer and former director, and Brijender (Binny) Jassal, Chief Financial Officer, Corporate Secretary and director. The Directors of the Company who were not NEOs during the financial year ended December 31, 2018 were Saf Dhillon and Buddy James Doyle.

Jack Bal served as President from December 21, 2015 to November 23, 2018, served as Chief Executive Officer from May 25, 2016 to November 23, 2018 and resigned as director of the Company on November 23, 2018. Patrick E. Power was appointed President and Chief Executive Officer and a director of the Company on November 23, 2018

During the financial year ended December 31, 2017, based on the definition above, the NEOs of the Company were: Jatinder (Jack) Singh Bal, President, Chief Executive Officer and director, Brijender (Binny) Jassal, Chief Financial Officer, Corporate Secretary and director. The Directors of the Company who were not NEOs during the financial year ended December 31, 2017 were Saf Dhillon and Buddy James Doyle.

**Table of Compensation, Excluding Compensation Securities in Financial Years ended December 31, 2018 and 2017**

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonuses (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Patrick E. Power, President, CEO and Director	2018	8,000	Nil	Nil	Nil	Nil	8,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Jatinder (Jack) Singh Bal former President, CEO and former Director	2018	82,500	Nil	Nil	Nil	Nil	82,500
	2017	90,000	Nil	Nil	Nil	Nil	90,000
Brijender (Binny) Jassal CFO, Corporate Secretary and Director	2018	48,000	Nil	Nil	Nil	Nil	48,000
	2017	46,000	Nil	Nil	Nil	Nil	46,000
Saf Dhillon Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	30,000	Nil	Nil	Nil	Nil	30,000
Buddy James Doyle Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

**Stock Options and Other Compensation Securities**

At the Company’s annual general and special meeting held on June 27, 2016, shareholders approved the adoption of the company’s new form share option plan. The share option plan is a 10% maximum rolling plan (the “Plan”). Options granted under the 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 Plan is subject to the following restrictions:

- (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 a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding Common Shares calculated at the date of the grant, without the prior consent of the TSX Venture Exchange (“TSXV”);

- (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 TSXV;
- (d) The aggregate number of Common Shares reserved for issuance under options granted to insiders must not exceed 10% of the outstanding Common Shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding Common Shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (e) The aggregate number of Common Shares issued for option to insiders in any 12 month period must not exceed 10% of the outstanding Common Shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding Shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (f) The issuance to any one Optionee within a 12 month period of a number of Common Shares must not exceed 5% of outstanding Common Shares unless the Company has obtained Disinterested Shareholder Approval to do so;
- (g) any one Person engaged in Investor Relations Activities for the Company must vest in stages over a 12 month period with no more than 1/4 of the Options vesting in any three month period; and
- (h) The exercise price of an option previously granted to an insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so.

***Material Terms to the Plan***

The following is a summary of the material terms of the 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 options under the Plan;
- (b) options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;
- (c) for 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 Common Shares, then all outstanding 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 TSXV;
- (e) an 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 Option), after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such 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 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 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 option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price (as defined in the Plan);
- (i) vesting of 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;
- (j) the Plan contains a black-out provision restricting all or any of the Company's Service Providers to refrain from trading in the Company's securities until the restriction has been lifted by the Company;
- (k) no vesting requirements will apply to options granted under the Plan other than as required by TSXV policies; however, a four month hold period will apply to all Common Shares from the date of grant for all Options granted to:
  - (i) insiders of the Company; or
  - (ii) where Options are granted to any Service Provider, including Insiders, where the exercise price is at a discount to the Market Price; and
- (l) the Board reserves the right in its absolute discretion to amend, modify or terminate the Plan with respect to all common shares in respect of options which have not yet been granted under the Plan. Any amendment to any provision of the Plan will be subject to any necessary Regulatory approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of the Plan to Service Providers.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Plan may be made by the Board without further shareholder approval.

The Plan also provides that the Board may, without shareholder approval:

- (i) amend the Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Plan, subject to prior written approval of the TSXV, if applicable;
- (iii) change the termination provision of an Option granted under the Plan if it does not entail an extension beyond the original expiry date of such Option;
- (iv) make such amendments to the Plan as are necessary or desirable to reflect changes in securities laws applicable to the Company or any requested changes by the TSX Venture;
- (v) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vi) amend the Plan to reduce, and not to increase, the benefits of the Plan to Service Providers.

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

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's share option plan that were outstanding to NEOs and directors of the Company who were not NEOs of the Company during financial year ended December 31, 2018. There were no share-based awards issued during financial years ended December 31, 2018 and December 31, 2017.

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
Patrick E. Power, President, CEO and Director	Options	Nil	Nil	Nil	Nil	Nil	Nil
Jatinder (Jack) Singh Bal <sup>(1)</sup> former President, CEO and former Director	Options	300,000 <sup>(1)</sup>	January 27, 2017	0.055	0.06	0.09	January 27, 2022
Brinender (Binny) Jassal CFO, Corporate Secretary and Director	Options	150,000	January 27, 2017	0.055	0.06	0.09	January 27, 2022
		300,000	November 25, 2015	0.09	0.075	0.05	November 25, 2020
		100,000	May 24, 2013	0.12	0.12	0.05	May 24, 2023
		25,000	April 9, 2014	0.275	0.275	0.18	April 9, 2019
Saf Dhillon Director	Options	150,000	January 27, 2017	0.055	0.06	0.09	January 27, 2022
	Options	300,000	November 25, 2015	0.09	0.075	0.05	November 25, 2020
Buddy James Doyle Director	Options	500,000	January 27, 2017	0.055	0.06	0.09	January 27, 2022
	Options	100,000	May 24, 2013	0.12	0.12	0.05	May 24, 2023

Note:

(1) Jatinder (Jack) Singh Bal served as President from December 21, 2015 to November 23, 2018, served as Chief Executive Officer from May 25, 2016 to November 23, 2018 and resigned as director of the Company on November 23, 2018. Mr. Bal's stock options expired without having been exercised.

Other than set out in the table above, neither the Company nor its subsidiaries, granted or issued any option-based awards to NEOs or directors of the Company who were not NEOs of the Company during financial year ended December 31, 2018.

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

#### **Financial Year ended December 31, 2018**

There were no options exercised by an NEO or a director of the Company who was not an NEO of the Company during financial year ended December 31, 2018.

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

There are no compensatory plans or arrangements, with respect to any Director or NEO resulting from the resignation, retirement or any other termination of employment of an officer or director or from a change of a director's or a NEO's responsibilities following a change in control.

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

The Board as a whole assumes responsibility for reviewing and monitoring compensation for the Company's senior management, and as part of that mandate determines the compensation of the Company's CEO and CFO. The Board wishes to provide information about the Company's executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs and directors listed in the compensation tables that follow.

The Company has limited financial resources to ensure that funds are available to complete scheduled programs. As a result, the Board must consider not only the financial situation of the Company at the time of the determination of executive compensation, but also the estimated financial situation of the Company both in the mid-term and the long-term. Because stock options do not require cash disbursement by the Company they are an important element of executive compensation. Additional information about the Company and its operations is available in the Company's consolidated financial statements and related management's discussion & analysis for the year ended December 31, 2017, which have been filed with regulators and are available for review under the Company's profile under the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

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.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

### Philosophy and Objectives

Compensation for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, which are:

- to attract and retain qualified and effective executives;
- to motivate the short and long-term performance of these executives; and
- to align their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan.

### Base Salary

In the Board's view, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparable revenues in a similar industry has been reviewed and compared over a variety of sources.

### Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to senior executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options, which vest immediately, are generally granted to senior executives and Board members.

## **Compensation Review Process**

Compensation for each of the Board members and each of the NEOs is approved by the Board as a whole. Base cash compensation and variable cash compensation levels are based, in part, on market survey data provided to the Board by independent consultants.

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

In the Board's view, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies earning comparable revenues in a similar industry has been reviewed and compared over a variety of sources.

### **Financial Year ended December 31, 2018**

During the year ended December 31, 2018, the Company entered into the following transactions with related parties.

Related party transactions are, in the ordinary course of business, measured at the exchange amounts, being the amounts agreed to by the related parties. The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed upon amount, which is the amount of consideration established and agreed to by the related parties.

- (a) During the year ended December 31, 2018, the Company incurred consulting fees of \$90,500 (December 31, 2017: \$120,000) with directors, companies owned by directors and a company by common directors.

As at December 31, 2018, \$85,280 (December 31, 2017 - \$6,825) was owing to companies controlled by directors and officers of the Company.

- (b) During the year ended December 31, 2018, payment of rent of \$6,000 (December 31, 2017: \$6,000) pertains to rent paid to a company related by a common officer for shared office premises. In addition, payment of \$nil (December 31, 2017: \$10,230) was also paid to CEO of the Company for additional office spaces sharing with his office.
- (c) During the year ended December 31, 2018, the Company incurred accounting fees of \$48,000 (December 31, 2017: \$46,000) with an officer of the Company. As at December 31, 2018, \$32,000 (December 31, 2017: \$Nil) was owing to this officer as accrued liabilities.
- (d) As at December 31, 2018, prepaid expenses include \$nil (December 31, 2017: \$16,910) to CEO and President of the Company.

The amounts due from or to the related parties are unsecured and without interest or stated terms of repayment. All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

### **Benefits and Perquisites**

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. Limited perquisites the Company provides its executives may include a parking allowance or a fee for each Board or Audit Committee meeting attended, to assist with their out-of-pocket expenses.

## **Option-Based Awards**

The Company has a 10% rolling stock option plan in place, which was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The 10% rolling

stock option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

**Pension Disclosure**

The Company has no pension plan arrangements or benefits with respect to any of its NEOs, directors or employees.