

NAVCO PHARMACEUTICALS INC.

(the “Company”)

c/o Suite 1500 – 1055 West Georgia Street
Vancouver, British Columbia, V6E 4N7

Form 51-102F6V

*Statement of Executive Compensation – Venture Issuers
(for financial year ended September 30, 2023)*

STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS

GENERAL

The following information, dated March 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.

For the purposes of this Form:

“**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;

“**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, as determined in accordance with the Form, 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 COMPENSATION

Based on the definition above, the current NEOs of the Company are: Geoffrey Lee, CEO, Christopher R. Cooper, CFO and Mark Jasinski, COO and Director. The current Directors who are not NEOs are: Jatinder Dhaliwal, Thomas Jusdanis and Judy Su.

Director and Officer updates during financial year ended September 30, 2023

Lucas Birdsall served as a Director of the Company from April 21, 2018 to April 13, 2023. Mr. Birdsall served as CEO of the Company from June 1, 2018 to April 13, 2023

Lucas Birdsall served as Corporate Secretary of the Company from September 17, 2018 to April 13, 2023. Thomas Jusdanis was appointed Corporate Secretary of the Company on April 13, 2023

Geoffrey Lee was appointed CEO of the Company on April 13, 2023

Patrick O’Flaherty served as CFO of the Company from June 1, 2018 to April 13, 2023

Christopher R. Cooper was appointed CFO of the Company on April 13, 2023

Marek Jasinski was appointed COO and a Director of the Company on April 13, 2023

Brian Morrison served as a Director of the Company from June 1, 2018 to April 13, 2023

Sean Bromley served as a Director of the Company from June 1, 2018 to April 13, 2023

Jatinder Dhaliwal, Thomas Jusdanis and Judy Su were appointed Directors of the Company on April 13, 2023

Peter Espig served as a Director of the Company from April 13, 2023 to January 18, 2024

Abkar Khan served as a Director of the Company from April 13, 2023 to January 18, 2024

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

The following table provides information regarding compensation paid, payable, awarded to, or earned by the Company's Chief Executive Officer and Chief Financial Officer, (together, the "Named Executive Officers") and any director who is not a Named Executive Officer at first completed financial year ended September 30, 2023 and September 30, 2022. There were no other executive officers of the Company or individuals who individually earned more than \$150,000 in total compensation.

Name and principal position	Year	Salary	Bonus	Committee or meeting fees	Value of Perquisites	Value of All other compensation	Total compensation
Geoffrey Lee, CEO ⁽¹⁾	2023	\$45,000	Nil	Nil	Nil	Nil	\$45,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Christopher R.Cooper, CFO ⁽²⁾	2023	\$30,100	Nil	Nil	Nil	\$1,500 ⁽¹¹⁾	\$31,600
	2022	\$36,000	Nil	Nil	Nil	\$4,500 ⁽¹¹⁾	\$40,500
Marek Jasinski, COO ⁽³⁾	2023	\$72,000	Nil	Nil	Nil	Nil	\$72,000
	2022	\$96,000	Nil	Nil	Nil	Nil	\$96,000
Tom Jusdanis, Corporate Secretary and Director ⁽⁴⁾	2023	\$20,700	Nil	Nil	Nil	\$34,833 ⁽¹²⁾	\$55,533
	2022	\$52,800	Nil	Nil	Nil	\$69,666 ⁽¹²⁾	\$122,466
Jatinder Dhaliwal Director ⁽⁵⁾	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Judy Su Director ⁽⁶⁾	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Peter Espig former Director ⁽⁷⁾	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Abkar Khan former Director ⁽⁸⁾	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Brian Morrison former Director ⁽⁹⁾	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Name and principal position	Year	Salary	Bonus	Committee or meeting fees	Value of Perquisites	Value of All other compensation	Total compensation
Sean Bromley former Director ⁽¹⁰⁾	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Appointed April 13, 2023
- (2) Appointed April 13, 2023
- (3) Appointed as CEO on February 26, 2020 resigned and appointed as COO on April 13, 2023 – information re CEO not in Officer Register
- (4) Appointed April 13, 2023
- (5) Appointed April 13, 2023
- (6) Appointed April 13, 2023
- (7) Served as a Director of the Company from April 13, 2023 to January 18, 2024
- (8) Served as a Director of the Company from April 13, 2023 to January 18, 2024
- (9) Served as a Director of the Company from June 1, 2018 to April 13, 2023
- (10) Served as a Director of the Company from June 1, 2018 to April 13, 2023
- (11) Rent paid
- (12) Consulting fees paid or accrued to a company controlled by a director

Stock Options and Other Compensation Securities

Stock Option Plan (Option-Based Awards)

The Company current has a stock option plan approved by the Board of Directors of the Company on June 15, 2018 (the **Option Plan**). The 2018 Option Plan was approved by shareholders at the October 21, 2019 annual general and shareholder meeting.

The number of Common Shares which may be issued pursuant to options granted under the Plan is a maximum of 10% of the issued and outstanding Common Shares, on a non-diluted basis, at the time of the grant.

The Plan provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company’s long-term incentive scheme. The Plan has not been previously approved by the shareholders of the Company. The key features of the Plan are as follows:

- The maximum number of common shares issuable under the Plan may not exceed in aggregate such number of common shares as is equal to 10% of the common shares issued and outstanding at the time of such grant; provided that, if the Company is a capital pool company (“CPC”), such number cannot exceed 10% of the aggregate number of common shares issued and outstanding upon completion of the Company’s initial public offering.
- The options have a maximum term of ten years from the date of issue.
- Options vest as the board of directors of the Company may determine upon the award of the options.
- The exercise price of options granted under the Plan shall be determined by the board of directors but shall not be lower than the last closing price for common shares of the Company as quoted on the TSX Venture Exchange, less any discount permitted by the TSX Venture Exchange, on the date of grant of the option, and provided that, if the Company is a CPC, the exercise price shall not be lower than \$0.10.
- The expiry date of an option shall be the earlier of the date fixed by the Company’s board of directors on the award date, and:
 - (a) in the event of the death or disability of the option holder while he or she is a director, officer, employee or consultant, 12 months from the date of death or disability of the option holder;

- (b) in the event that the option holder ceases to be a director, employee or consultant other than by reason of death or disability, 90 days following the date the option holder ceases to be a director, employee or consultant (provided that if the Company is a CPC and the optionee does not carry on as a director, officer, consultant or employee of the Company upon completion of the Company's Qualifying Transaction, the options shall be exercisable until the later of 12 months after the completion of such Qualifying Transaction and the 90th day after the Optionee ceases to be a director, officer, consultant or employee for any reason other than death, disability or cause);
- (c) the 30th day after the optionee who is engaged in investor relations activities for the Company ceases to be employed to provide investor relations activities; and
- (d) the date on which the optionee ceases to be a director, officer, consultant or employee by reason or termination of the optionee as an employee or consultant of the Company for cause (which, in the case of a consultant, includes any breach of an agreement between the Company and the consultant). The Plan may be terminated at any time by resolution of the board of directors, but any such termination will not affect or prejudice rights of participants holding options at that time. If the Plan is terminated, outstanding options will continue to be governed by the provisions of the Plan.

Outstanding Compensation Securities

The following table discloses all outstanding compensation securities granted to NEOs and Directors who were not NEOs during the Company's first completed financial year ended September 30, 2023 for services provided or to be provided, directly or indirectly, to the Company. Stock options exercised by a director or NEO are provided in the notes to the table.

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class⁽¹⁾	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
Geoffrey Lee, <i>Chief Executive Officer</i>	Stock Options	350,000 (8.67%)	April 13, 2023	\$0.015	\$0.00	\$0.03	April 13, 2033
Chris Cooper, <i>Chief Financial Officer</i>	Stock Options	250,000 (6.20%)	April 13, 2023	\$0.015	\$0.00	\$0.03	April 13, 2033
Marek Jasinski, <i>Chief Operating Officer</i>	Stock Options	350,000 (8.67%)	April 13, 2023	\$0.015	\$0.00	\$0.03	April 13, 2033
Tom Jusdanis <i>Corporate Secretary and Director</i>	Stock Options	350,000 (8.67%)	April 13, 2023	\$0.015	\$0.00	\$0.03	April 13, 2033
Akbar Khan, former Director	Stock Options	150,000 (3.72%)	April 13, 2023	\$0.015	\$0.00	\$0.03	April 13, 2033
Peter Espig, former Director	Stock Options	200,000 (4.96%)	April 13, 2023	\$0.015	\$0.00	\$0.03	April 13, 2033

Notes: Indicate in the notes if any of the above stock options to former directors expired without having been exercised or if any Options were cancelled with details the effective dates.

Exercise of Compensation Securities by NEOs and Directors

There were no compensation securities exercised by any of the NEOs or directors of the Company during financial year ended September 30, 2023.

Employment, Consulting and Management Agreements

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

Oversight and Description of Director and Named Executive Officer Compensation

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation currently is based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

Philosophy and Objectives

The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning 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 Option Plan. Recommendations for senior management compensation are presented to the board of directors (the "Board") for review.

Base Salary

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

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 Option Plan in which certain securities are granted to 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. The amounts and terms of options granted are determined by the Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

Compensation Review Process

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation currently is based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for

performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

Risks Associated with the Company's Compensation Program

The Board has assessed the Company's compensation plan and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with the plan 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 plan and programs.

Benefits and Perquisites

The Company does not, as of the date of this Form, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options or as otherwise disclosed and discussed herein.

Hedging by Directors or NEOs

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.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.