

LIONS BAY CAPITAL INC.
(the “Company” and “Lions Bay”)

Form 51-102F6V

**STATEMENT OF EXECUTIVE COMPENSATION
FOR THE YEAR ENDED MAY 31, 2023
DATED EFFECTIVE JULY 2, 2024**

GENERAL

For the purpose of this Statement of Executive Compensation:

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis is to provide information about compensation decisions relating to our named executive officers (“**Named Executive Officers**”), as determined by applicable securities legislation, during the fiscal year ended May 31, 2023, and during the prior two fiscal years. During the fiscal year ended May 31, 2023 Lions Bay’s Named Executive Officers were:

- John Byrne, Chief Executive Officer and President (from November 2017, to present).
- Anthony Balic, Chief Financial Officer (from November 2019, to present)

As a Capital Pool Company pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”) during and prior to fiscal 2017, our principle objective was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation with a view to completing a “Qualifying Transaction”, as that term is defined in and in accordance with the policies of the Exchange. During fiscal 2018, Lions Bay completed its Qualifying Transaction.

On a going forward basis since November 14, 2017, Lions Bay having completed its Qualifying Transaction and now a Tier 2 Investment issuer on the Exchange, our Board of Directors is responsible for determining all forms of compensation to be granted to our Chief Executive Officer and to directors, and for reviewing the Chief Executive Officer’s recommendations respecting compensation of the other senior executives, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its executive officers, the Board will consider: i) recruiting and retaining executives critical to the success of Lions Bay and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, compensation of Lions Bay’s executive officers may consist of three components: i) base salary or fee; ii) annual bonus based on actual performance relative to pre-set annual operation targets; and iii) long-term incentive in the form of stock options.

Concurrent with completion by Lions Bay of its Qualifying Transaction on November 14, 2017, Lions Bay entered into a management services agreement (the “**Byrne Agreement**”) with John Byrne, Lions Bay’s President and Chief Executive Officer, and Twenty-Second Yeneb Pty. Ltd. (“**22nd Yeneb**”), a private company beneficially owned by John Byrne and his spouse, pursuant to which Mr. Byrne provides services to Lions Bay in the capacity of President and Chief Executive Officer. The Byrne Agreement provides for an initial term of 12 months to November 14, 2018, continuing until terminated in accordance with the terms of the Byrne Agreement. The Byrne Agreement can be terminated on 30-days written notice by either Lions Bay or 22nd Yeneb and Mr. Byrne to the other parties or party. The Byrne Agreement provided for initial compensation to 22nd Yeneb of \$10,000 per month and was increased to \$20,000 per month on February 15, 2021, for Mr. Byrne’s services as President and Chief Executive Officer, such compensation to be reviewed by Lions Bay’s Board of Directors on an annual basis.

On November 1, 2019, Lions Bay entered into a management services agreement (the “**CFO Agreement**”) with Anthony Balic, Lions Bay’s Chief Financial Officer, and Katuni Capital Corp. (“**Katuni**”), a private company beneficially owned by Anthony Balic, pursuant to which Mr. Balic provides services to Lions Bay in the capacity of Chief Financial Officer. The CFO Agreement is for an indefinite term and can be terminated on 30-days written notice by either Lions Bay or Mr. Balic. The CFO Agreement provided for initial compensation of \$5,000 per month and was increased to \$8,750 per month on October 1, 2021, for Mr. Balic’s services as Chief Financial Officer, such compensation to be reviewed by Lions Bay’s Board of Directors on an annual basis.

Option Based Awards

Long-term incentives in the form of options to purchase common shares of Lions Bay are intended to align the interests of our directors and executive officers with those of our shareholders and to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value and to reduce the cash compensation Lions Bay would otherwise have to pay. Lions Bay’s stock option incentive plan is administered by the Board of Directors. In establishing the number of incentive stock options to be granted to officers, directors, employees or consultants under the plan, reference is made to the terms of the plan and the policies of the Exchange. Our Board of Directors considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of incentive stock option compensation.

Summary of the 10% Rolling Plan

The aggregate number of common shares reserved for issuance under the 10% Rolling Plan, and the number of common shares reserved for issuance under any other share compensation arrangement granted or made available by Lions Bay from time to time, may not exceed 10% of its outstanding common shares at the time of grant. The 10% Rolling Plan must be approved and ratified by shareholders and submitted to the Exchange for approval on an annual basis.

As of the date of this Circular, Lions Bay has an aggregate 142,105,862 common shares issued and outstanding, 10% of which provides for a reserve of 14,210,586 common shares of Lions Bay for issuance pursuant to options granted under the 10% Rolling Plan. As of the date of this Statement of Compensation, there are no incentive stock options outstanding.

The 10% Rolling Plan is administered by the Board of Directors of Lions Bay and provides for grants of options to directors, officers and employees of and consultants to Lions Bay at the discretion of the Board. The term of any options granted under the 10% Rolling Plan will be fixed by the Board of Directors and may not exceed ten years. The exercise price of options granted under the 10% Rolling Plan will be determined by the Board of Directors, but the exercise price must not be less than the Fair Market Value (as such term is defined in the 10% Rolling Plan) of the option shares on the date of grant of the option. As the common shares are listed on the Exchange, the Fair Market Value is the lowest price permitted by the Exchange. Any options granted pursuant to the 10% Rolling Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant), such period of time to not be in excess of six months after the option holder ceases to act as a director, officer or employee of or consultant to Lions Bay or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause; and if no such period of time is determined by the Board of Directors at the time of the grant, the 30th day after the optionee ceases to be an eligible person pursuant to the terms of the 10% Rolling Plan for any reason other than death, disability or cause. If such cessation is on account of disability or 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. Options granted to a person engaged in investor relations activities for Lions Bay will terminate on the 30th day after the person ceases to be employed to provide investor relations activities. The 10% Rolling Plan will also provide for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the common shares. The directors may, at their discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Options to acquire more than 2% of the then issued and outstanding common shares may not be granted to any one consultant in any 12-month period and options to acquire more than an aggregate of 2% of the then issued and outstanding common shares may not be granted in any 12-month period to persons employed to provide investor relations activities. Options granted to any one individual in any 12-month period to acquire common shares representing more than 5% of the issued and outstanding common shares requires approval by Lions Bay’s disinterested shareholders. Disinterested shareholder approval is required if the aggregate number of shares reserved for issuance under stock options granted to insiders (as a group) at any point in time exceeds 10% of the issued common shares.

Subject to the approval of any stock exchange on which the securities of Lions Bay are then listed, the Board of Directors may terminate, suspend or amend the terms of the 10% Rolling Plan, provided that the Board of Directors may not do any of the

following without obtaining, within 12 months either before or after the adoption by the Board of Directors of a resolution authorizing such action, shareholder approval, and, where required, disinterested shareholder approval as contemplated by the policies of the Exchange, or by the written consent of the holders of a majority of the securities of Lions Bay entitled to vote:

1. increase the aggregate number of common shares that may be issued under the 10% Rolling Plan;
2. materially modify the requirements as to the eligibility for participation in the 10% Rolling Plan that would have the potential of broadening or increasing insider participation;
3. add any form of financial assistance or any amendment to a financial assistance provision that is more favourable to participants under the 10% Rolling Plan;
4. add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the 10% Rolling Plan reserve; and
5. materially increase the benefits accruing to participants under the 10% Rolling Plan.

However, the Board of Directors may amend the terms of the 10% Rolling Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

1. amendments to the 10% Rolling Plan of a housekeeping nature;
2. a change to the vesting provisions of a security or the 10% Rolling Plan; and
3. a change to the termination provisions of a security or the 10% Rolling Plan which does not entail an extension beyond the original expiry date.

A copy of the 10% Rolling Plan is available for viewing at Lions Bay's registered office located at Suite 2110, 650 West Georgia Street, Vancouver, British Columbia, or at Lions Bay's offices located at Suite 1201, 1166 Alberni Street, Vancouver, BC, during normal business hours.

Benefits and Perquisites

We do not, as of the date of this Statement of Executive Compensation, offer any benefits or perquisites other than entitlement to incentive stock options as otherwise disclosed and discussed herein. Lions Bay does not, as of the date of this Information Circular, offer any form of pension plan.

Risks Associated with Lions Bay's Compensation Practices

As of the date of this Statement of Executive Compensation, Lions Bay's directors had not considered the implications of any risks to Lions Bay associated with decisions regarding compensation of its executive officers.

Hedging by Named Executive Officers or Directors

Lions Bay has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid 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. As of the date of this Statement of Executive Compensation, entitlement to grants of incentive stock options under Lions Bay's Stock Option Incentive Plan is the only equity security element awarded by Lions Bay to its executive officers and directors.

SUMMARY COMPENSATION TABLE

Named Executive Officer Compensation

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, our Named Executive Officer during the fiscal years ended May 31, 2023, May 31, 2022 and May 31, 2021. Amounts reported in the tables that follow are in Canadian dollars.

Name and principal position	Fiscal year ended May 31	Salary/Fee (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John Byrne <i>President, Chief Executive Officer</i>	2023	240,000	Nil	Nil	Nil	Nil	Nil	Nil	240,000
	2022	240,000	Nil	Nil	Nil	Nil	Nil	Nil	240,000
	2021	189,000	Nil	Nil	Nil	Nil	Nil	Nil	189,000
Anthony Balic <i>Chief Financial Officer</i>	2023	105,000	Nil	Nil	Nil	Nil	Nil	Nil	105,000
	2022	90,000	Nil	Nil	Nil	Nil	Nil	Nil	90,000
	2021	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000

Outstanding Option-Based Awards

No options were granted to Lions Bay's Named Executive Officers during the fiscal year ended May 31, 2023. No other share-based or non-equity incentive plan compensation has been awarded to a Named Executive Officer.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Lions Bay is not a party to any contract, agreement, plan or arrangement with a Named Executive Officer that provides for payments to a Named Executive Officer 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 Lions Bay or a change in a Named Executive Officer's responsibilities.

DIRECTOR COMPENSATION

Since its incorporation up until the completion of its Qualifying Transaction, Lions Bay did not pay its directors a fee for acting as such. From November 14, 2017 Lions Bay pays its non-executive directors a fee of \$24,000 per annum. Lions Bay pays its executive directors \$60,000 per annum. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors and may, from time to time, be granted options to purchase common shares.

Lions Bay's directors received the following compensation from Lions Bay during its most recently completed financial year ended May 31, 2023. See above – Executive Compensation – Summary Compensation Table – Named Executive Officers Compensation for detail with respect to compensation of Lions Bay's Named Executive Officers, John Byrne and Anthony Balic.

Name and principal position	Fiscal year ended May 31	Salary / Fee (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans		
Ross MacLachlan	2023	24,000	Nil	Nil	Nil	Nil	Nil	24,000
	2022	24,000	Nil	Nil	Nil	Nil	Nil	24,000
	2021	24,000	Nil	Nil	Nil	Nil	Nil	24,000

Outstanding Option-Based Awards

No options were granted to Lions Bay's directors during the fiscal year ended May 31, 2023.

Value Vested or Earned During the Year

The value vested during the year is the aggregate dollar value that would have been realized if the incentive stock options had been exercised on the vesting date - that is, the difference between the market price of the underlying common shares and the option exercise price on the vesting date. Value earned relates to the aggregate dollar value that would have been realized if the incentive stock options had been exercised.

As no incentive stock options were exercised by our directors during Lions Bay's fiscal year ended May 31, 2023, no value was earned by our directors during the fiscal year ended May 31, 2023, as a result of exercise of incentive stock options.