



STATEMENT OF EXECUTIVE COMPENSATION

**FOR THE YEARS ENDED
DECEMBER 31, 2023 and DECEMBER 31, 2022**

Dated: May 17, 2024

STATEMENT OF EXECUTIVE COMPENSATION

OBJECTIVE

The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave, or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand how decisions about executive compensation are made.

DEFINITIONS

For the purpose of this Statement of Executive Compensation:

“**Company**” means Rusoro Mining Ltd.;

“**company**” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

“**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;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**grant date**” means a date determined for financial statement reporting purposes under IFRS 2 Share-based Payment;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid, or payable under an incentive plan;

“**named executive officer**” or “**NEO**” 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;

“non-equity incentive plan” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“option-based award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“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;

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock;

“underlying securities” means any securities issuable on conversion, exchange or exercise of compensation securities.

Based on the foregoing definitions during the most recently completed financial year ended December 31, 2023, the Company had two (3) NEOs, namely Andre Agapov, Chief Executive Officer, President, and Director; Aaron Triplett, Chief Financial Officer; and Szascha Lim, former Chief Financial Officer.

All monetary amounts in this Statement of Executive Compensation are expressed in US dollars.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and NEO compensation, excluding options and compensation securities

The following table sets forth all compensation, excluding options and compensation securities, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, for the two most recently completed financial years, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and position	Year Ended December 31	Salary, consulting fee, retainer, or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Andre Agapov ⁽¹⁾⁽²⁾ CEO, President, and Director	2023	540,000	Nil	Nil	Nil	Nil	540,000
	2022	540,000	Nil	Nil	Nil	Nil	540,000
Aaron Triplett ⁽³⁾ CFO	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Vladimir Agapov ⁽⁴⁾ Director and Non-Executive Chairman	2023	100,000	Nil	Nil	Nil	Nil	100,000
	2022	100,000	Nil	Nil	Nil	Nil	100,000
Jay M. Kaplowitz ⁽²⁾⁽⁵⁾⁽⁶⁾ Director	2023	50,000	Nil	Nil	Nil	Nil	50,000
	2022	50,000	Nil	Nil	Nil	Nil	50,000

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and position	Year Ended December 31	Salary, consulting fee, retainer, or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gordon Keep ⁽²⁾⁽⁵⁾⁽⁷⁾⁽⁸⁾ Director	2023	50,000	Nil	Nil	Nil	Nil ⁽⁹⁾	50,000
	2022	50,000	Nil	Nil	Nil	Nil ⁽⁹⁾	50,000
Peter Hediger ⁽⁵⁾⁽⁷⁾⁽¹⁰⁾ Director	2023	30,000	Nil	Nil	Nil	Nil	30,000
	2022	30,000	Nil	Nil	Nil	Nil	30,000
Dmitry Ushakov ⁽¹¹⁾ Director	2023	30,000	Nil	Nil	Nil	Nil	30,000
	2022	30,000	Nil	Nil	Nil	Nil	30,000
Anthony Beruschi ⁽⁷⁾⁽¹²⁾ Director	2023	30,000	Nil	Nil	Nil	Nil	30,000
	2022	7,500	Nil	Nil	Nil	Nil	7,500
Szascha Lim ⁽¹³⁾ <i>Former CFO and Corporate Secretary</i>	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Andre Agapov was appointed a director on May 10, 2006, as Chief Executive Officer on May 29, 2007, and as President on May 30, 2010.
- (2) Member of the Executive Committee.
- (3) Aaron Triplett was appointed as Chief Financial Officer and Corporate Secretary on January 25, 2023.
- (4) Vladimir Agapov was appointed a director and Non-Executive Chairman of the Board on November 7, 2006.
- (5) Member of the Audit Committee.
- (6) Jay Kaplowitz was appointed a director on November 7, 2006.
- (7) Member of the Compensation Committee.
- (8) Gordon Keep was appointed a director on November 7, 2006.
- (9) Fiore Management & Advisory Corp. ("FMAC") earned a total of \$120,000 in advisory fees during the financial year ended December 31, 2023 and 2022. Gordon Keep is the largest shareholder of FMAC.
- (10) Peter Hediger was appointed a director of the Company on November 7, 2006.
- (11) Dmitry Ushakov was appointed a director of the Company on November 7, 2006.
- (12) Anthony Beruschi was appointed a director of the Company on September 21, 2022.
- (13) Szascha Lim served as Chief Financial Officer and Corporate Secretary from March 27, 2020 to January 25, 2023.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries during the most recently completed financial year ended December 31, 2023, for services provided or to be provided, directly or indirectly, to the Company or any subsidiary thereof.

COMPENSATION SECURITIES							
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
Andre Agapov ⁽²⁾ CEO, President and Director	Stock Options	2,100,000 stock options (3.83%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
		(2,100,000 underlying common shares: 0.36%)					
Aaron Triplett ⁽³⁾ CFO and Corporate Secretary	Stock Options	500,000 stock options (0.91%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
		(500,000 underlying common shares: 0.09%)					
Vladimir Agapov ⁽⁴⁾ Director	Stock Options	775,000 stock options (1.41%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
		(775,000 underlying common shares: 0.13%)					

COMPENSATION SECURITIES							
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
Gordon Keep ⁽⁵⁾ Director	Stock Options	1,300,000 stock options (2.37%) (1,300,000 underlying common shares: 0.23%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
Jay Kaplowitz ⁽⁶⁾ Director	Stock Options	1,300,000 stock options (2.37%) (1,300,000 underlying common shares: 0.23%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
Peter Hediger ⁽⁷⁾ Director	Stock Options	775,000 stock options (1.41%) (775,000 underlying common shares: 0.13%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
Dmitry Ushakov ⁽⁸⁾ Director	Stock Options	775,000 stock options (1.41%) (775,000 underlying common shares: 0.13%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033
Anthony Beruschi ⁽⁹⁾ Director	Stock Options	775,000 stock options (1.41%) (775,000 underlying common shares: 0.13%)	July 5, 2023	0.225	0.225	0.62	July 5, 2033

Notes:

- (1) The percentage of class is based on the total number of stock options and common shares outstanding as at December 31, 2023, being 54,885,000 stock options outstanding and 577,681,856 common shares issued and outstanding.
- (2) The total amount of compensation securities held by Andre Agapov as at December 31, 2023 was 15,150,000 stock options.
- (3) As at December 31, 2023, Aaron Triplett held no stock options other than those noted above.
- (4) The total amount of compensation securities held by Vladimir Agapov as at December 31, 2023 was 7,140,000 stock options.
- (5) The total amount of compensation securities held by Gordon Keep as at December 31, 2023 was 6,700,000 stock options.
- (6) The total amount of compensation securities held by Jay Kaplowitz as at December 31, 2023 was 6,700,000 stock options.
- (7) The total amount of compensation securities held by Peter Hediger as at December 31, 2023 was 5,010,000 stock options.
- (8) The total amount of compensation securities held by Dmitry Ushakov as at December 31, 2023 was 4,810,000 stock options.
- (9) The total amount of compensation securities held by Anthony Beruschi as at December 31, 2023 was 2,275,000 stock options.

Exercise of Compensation Securities by Directors and NEOs

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's stock option plan that were exercised by NEOs and directors of the Company during financial year ended December 31, 2023.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs							
Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Andre Agapov CEO and Director	Stock Options	3,000,000	0.05	June 29, 2023	0.23	0.18	540,000

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOs

Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Jay Kaplowitz Director	Stock Options	1,200,000	0.05	June 29, 2023	0.23	0.18	216,000
Gordon Keep Director	Stock Options	1,200,000	0.05	June 29, 2023	0.23	0.18	216,000
Peter Hediger Director	Stock Options	800,000	0.05	June 29, 2023	0.23	0.18	144,000
Dmitry Ushakov Director	Stock Options	700,000	0.05	June 29, 2023	0.23	0.18	126,000

During the financial year ended December 31, 2023, 475,000 stock options held by Szascha Lim were cancelled.

Stock Option Plans and Other Incentive Plans

The Company's stock option plan (the "**Option Plan**") is the only equity compensation plan the Company currently has in place. The Option Plan was established to provide the Company with a share-related mechanism to advance the interests of the Company through the motivation, attraction and retention of key employees, consultants and directors of the Company and designated affiliates of the Company and to secure for the Company and Shareholders the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Company and designated affiliates of the Company through the granting of non-transferable stock options ("**Options**") to eligible participants under the Option Plan. The Option Plan is administered by a compensation committee of the Board (the "**Compensation Committee**") authorized to carry out such administration or, failing a committee being so designated, by the Board.

Subject to the provisions of the Option Plan, the Compensation Committee has the authority to select those persons to whom Options are granted. Eligible participants under the Option Plan include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or corporation engaged to provide ongoing management, advisory or consulting services for the Company or a designated affiliate of the Company or any employee of such person or corporation.

The Option Plan provides that the Board may, from time to time, in its discretion, grant to directors, officers, consultants, and employees of the Company and its subsidiaries or affiliates, options to purchase common shares in the capital of the Company. The Option Plan is a "rolling" stock option plan, whereby the aggregate number of common shares reserved for issuance, together with any other common shares reserved for issuance under any other plan or agreement of the Company, shall not exceed ten (10%) percent of the total number of issued common shares (calculated on a non-diluted basis) at the time an option is granted.

The Option Plan was last ratified by Shareholders on December 12, 2023, and subsequently by the TSX Venture Exchange (the "**Exchange**"). Under the policies of the Exchange, a rolling stock option plan must be re-approved on a yearly basis by the Shareholders and the Exchange.

The following is a summary of the material terms of the Option Plan:

- the aggregate number of common shares that may be issued pursuant to options granted under the Option Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of

the issued and outstanding common shares of the Company at the time of the grant;

- subject to a minimum exercise price of \$0.05 per Option Share, the minimum exercise price of an option granted under the Option Plan must not be less than the closing market price of the common shares of the Company on the trading day immediately preceding the date of grant, less any applicable discount allowed by the Exchange.
- the term of any stock option will not exceed ten years;
- if a director or officer, ceases to hold office for any reason other than death, such director or officer shall have the right to exercise any vested option granted to him under the Plan and not exercised prior to such cessation within a period of 90 days after the date of such cessation of office, or such shorter period as may be set out in the optionee's written agreement;
- if an employee or consultant ceases to be so engaged by the Company for any reason other than death, such employee or consultant shall have the right to exercise any vested option granted to him under the Option Plan and not exercised prior to such termination within a period of 30 day after the date of termination, or such shorter period as may be set out in the optionee's written agreement;
- if an optionee who is engaged in investor relations activities ceases to be so engaged by the Company, such optionee shall have the right to exercise any vested option granted to the optionee under the Option Plan and not exercised prior to such termination within a period of 30 days after the date of termination, or such shorter period as may be set out in in the optionee's written agreement;
- if an optionee dies prior to the expiry of an option, his heirs or administrators may within 12 months from the date of the optionee's death exercise that portion of an option granted to the optionee under the Option Plan which remains vested and outstanding;
- the aggregate number of common shares subject to an option that may be granted to any one individual in any 12-month period under the Option Plan shall not exceed 5% of the issued outstanding common shares determined at the time of such grant;
- the aggregate number of common shares subject to an option that may be granted to any one consultant in any 12-month period under the Option Plan shall not exceed 2% of the issued outstanding shares common shares determined at the time of such grant;
- the aggregate number of common shares subject to an option that may be granted to any one person conducting investor relations activities in any 12-month period under the Option Plan shall not exceed 2% of the issued outstanding common shares determined at the time of such grant;
- the Board will determine the vesting schedule for each Option granted with the exception that Options granted to any person engaged in investor relations activities shall vest in stages over 12 months with no more than ¼ of the stock options vesting in any three-month period and in accordance with the rules and policies of the regulatory authorities; and
- all Options are non-assignable and non-transferable.

The above summary is qualified by the full text of the Option Plan, which is available on SEDAR+ at www.sedarplus.ca.

Employment, consulting, and management agreements

Except as disclosed herein, the Company did not have any employment, consulting, or management agreements or any formal arrangements with the Company's current NEOs or directors regarding compensation during the most recently completed financial year ended December 31, 2023, in respect of services provided to the Company or subsidiaries thereof.

Consulting Agreement with Andre Agapov

The Company and Andre Agapov have an agreement whereby Mr. Agapov fulfills the role of Chief Executive Officer of the Company. Pursuant to this agreement, Mr. Agapov is entitled to receive an annual salary in the amount of \$540,000 and, at the discretion of the Board or the Board's Compensation Committee, Mr. Agapov is entitled to receive an annual bonus of up to 100% of his salary. Pursuant to the agreement and subject to a change of control of the Company, Mr. Agapov is entitled to receive one year's salary and his previously granted options shall vest immediately and shall be exercisable for one (1) year from the date of the change of control. Assuming the agreement was terminated on December 31, 2023, Mr. Agapov would have been entitled to be paid \$540,000.

Trust and Contribution Agreements

The Company is a party to a trust agreement and a contribution agreement whereby it has agreed to pay to a trust established for members of management and the executive committee of the board of directors, a success fee upon the completion of a transaction or series of transactions. For the purposes of the contribution agreement, a "Transaction" is defined as: (a) any merger, consolidation, reorganization, recapitalization, restructuring, leveraged buyout, business combination, or any transaction pursuant to which the Company is acquired by or combined with a third party; or (b) the acquisition by a third party of any assets or operations of the Company, or any outstanding shares of the Company; or (c) a sale or spin-off of any material assets, of 5% or more of the capital stock of any subsidiary of the Company, or any transaction which has the effect of altering the capitalization of the Company. Where a change in control accompanies the Transaction, the success fee will be equal to 1% of the aggregate transaction value as defined in the contribution agreement. If the Transaction involves the acquisition of less than 50% of the voting power of the then outstanding Company's shares, then the success fee will be equal to 0.5% of the aggregate transaction value. As at today's date, none of the Transaction criteria had been met and \$nil had been paid to the Trust.

In October 2012, the Company entered into a trust agreement and a contribution agreement whereby it has agreed to pay to a trust established for the board of directors and management of the Company a success fee equal to 2% of the proceeds received by the Company in respect of the legal proceedings it has commenced against the Venezuelan Government to obtain compensation for the nationalization of the Company's gold assets in Venezuela. In August 2022, the Company amended the trust agreement in order to extend the expiry date to October 2032.

The trustees for the trust (the "**Trustees**") are independent directors and members of the Compensation Committee. The Trustees are empowered to allocate the success fee amongst the Board and management of the Company as they deem appropriate. As at today's date, none of the criteria had been met and \$nil has been paid to the Trust.

Termination and Change of Control Benefits

Except as disclosed above, as at the year ended December 31, 2023, the Company did not have any contract, agreement, plan, or arrangement that provides for payment to any NEOs, executive officers, or directors at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company, or a change in an NEO, executive officer or director's responsibilities.

Oversight and description of director and named executive officer compensation

Compensation of Directors

The compensation of directors is determined and reviewed by the Compensation Committee. Such compensation is determined after consideration of various factors, including the expected nature and quantity

of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

All directors who are not considered management of the Company or Chairman of the Board are entitled to receive a director's fee every quarter in the amount of \$7,500. Members of the Company's Executive Committee, other than Andre Agapov, are entitled to an additional fee of \$5,000 per quarter.

The Company also may grant its directors incentive stock options. See *Stock Options and Other Compensation Securities*. Stock options are granted to the directors of the Company as an incentive and appreciation for their time and efforts provided to the Company. The quantity and quality of Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted to any director or officer is determined by the Compensation Committee together with management.

Compensation of NEOs

Compensation provided to the Company's NEOs is determined and reviewed by the Compensation Committee. In establishing executive compensation policies, the Compensation Committee takes into consideration the recommendations of management and, following discussion and review, reports them to the Company's full Board for final approval. The members of the Compensation Committee for the financial year ended December 31, 2023, were Gordon Keep (Chair), Peter Hediger, and Tony Beruschi, each of whom is considered to be "independent" as that term is defined in National Instrument 58-101 "Disclosure of Corporate Governance Practices".

Compensation for the Company's NEOs consists of:

- a) Base Salary;
- b) Option Based Awards;
- c) Eligibility to Receive Bonuses in the Form of Cash Payments; and
- d) Other Benefits.

The compensation being offered by the Company to its NEOs is in sync with the prevailing market conditions. The specific elements of compensation and compensation levels are based on what is required to attract and retain qualified and experienced executives to assist with the success of the Company and are intended to provide executives with appropriate compensation and incentives so as to encourage the further growth and development of the Company.

The Company does not currently have in place a share award program.

Base Salary

In determining base salary compensation for the NEOs, the Company, in previous years, relied on information provided by executive placement firms to determine compensation paid by companies of similar size engaged in mineral exploration, development and production. Those executive placement firms included CJ Safford & Associates for Presidents, CEOs and COOs, and Hays Specialist Recruitment, Robert Half and Moxon Personnel for CFOs, and other finance positions. Further, salaries of NEOs were compared to salaries paid by junior mining companies at a similar stage of development, as reported by them in their continuous disclosure filings. These other companies included Avion Gold Corp., B2Gold Corporation, Golden Star Resources, Gold Reserve Inc., Guyana Goldfields Inc., Jaguar Mining Inc., and Osisko Mining Corporation. Base salary compensation is also determined based on an assessment of each NEOs' experience, level of expertise, responsibilities and previous remuneration. Other factors considered include prevailing industry demand for personnel having comparable skills and performing similar duties, the compensation the individual could reasonably expect to receive from a competitor and the Company's ability to pay. Effective

January 1, 2014, the CEO's annual salary was reduced from \$540,000 to \$100,000 and subsequently reinstated on September 1, 2017, which is being accrued as noted in the *Table of Compensation Excluding Compensation Securities* section above. The reduction was in recognition of the Company's limited cash resources and a decrease in the amount of time required to be devoted to the affairs of the Company following the nationalization by the Venezuelan government of the Company's gold mining assets in Venezuela. The reinstatement was due to the amount of time required in pursuing the enforcement and collection of the Award (See *Other Benefits* below).

Option Based Awards

Details of Option Based Awards are detailed under the heading *Stock Options and Other Compensation Securities*.

Eligibility to Receive Bonuses in the Form of Cash Payments

The Compensation Committee, together with recommendations from management, awards bonuses based on both individual performance and corporate success at various times throughout the year, up to an aggregate of 100% of a NEO's base salary for the year. The Company does not have any specific milestone criteria for issuing bonuses at this time. There were no bonuses paid to the Company's NEOs during the year ended December 31, 2023.

Other Benefits

The other benefits that are provided to the Company's NEOs are limited to payments consisting of contributions to life insurance, short and long-term disability insurance, and health and medical insurance.

Other negotiable terms of compensation, such as payment on termination of employment and change of control, are reviewed and determined on an individual basis and are designed to be competitive overall with equivalent positions in comparable organizations. Details of such terms for the Company's NEOs are set out under the heading *Termination and Change of Control Benefits*.

Compensation Discussion and Analysis

The Board has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a consideration of the Board when implementing its compensation policies and the Board do not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Use of Financial Instruments

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

Pension disclosure

The Company does not have any pension, retirement, defined benefit, defined contribution, or deferred compensation plans that provides for payments or benefits to its directors and NEOs at, following, or in connection with retirement and none are proposed at this time.