

## ALDEBARAN RESOURCES INC.

### Form 51-102F6V - Statement of Executive Compensation - Venture Issuers

The following information pertaining to Aldebaran Resources Inc. (the "**Corporation**" or "**Aldebaran**") is presented pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* for the Corporation's financial year ended June 30, 2020.

#### GENERAL

"**CEO**" means an individual who acted as chief executive officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CGO**" means an individual who acted as chief geological officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"**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 Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries;

"**named executive officer**" or "**NEO**" means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation 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 Corporation, and was not acting in a similar capacity, at the end of that financial year.

"**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; and

"**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.

#### Currency

In this Statement of Executive Compensation, unless otherwise indicated, all dollar amounts and references to "\$" are to Canadian dollars.

## COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS

During the Corporation's financial year ended June 30, 2020, the Corporation's named executive officers were: (i) John E. Black, CEO; (ii) Mark Wayne, CFO; and (iii) Kevin Heather, CGO.

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each NEO and director of the Corporation 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 a director of the Corporation for services provided and for services to be provided, directly or indirectly, to the Corporation, for each of the Corporation's two (2) most recent completed financial years.

The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans for its NEOs.

Name and position	Fiscal Year Ended June 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	All other Compensation <sup>(1)</sup> (\$)	Total Compensation (\$)
John E. Black CEO and Director	2020	134,400 <sup>(2)</sup>	Nil	Nil	Nil	134,400
	2019	66,479 <sup>(2)</sup>	Nil	Nil	Nil	66,479
Mark Wayne CFO and Director	2020	75,000 <sup>(3)</sup>	Nil	Nil	Nil	75,000
	2019	37,500 <sup>(3)</sup>	Nil	Nil	Nil	37,500
Kevin B. Heather CGO and Director	2020	168,000 <sup>(4)</sup>	Nil	Nil	Nil	168,000
	2019	83,025 <sup>(4)</sup>	Nil	Nil	Nil	83,025
Fernando Pickmann Director	2020	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil
Gordon P. Leask <sup>(5)</sup> Former Director	2020	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil
John M. Sibley Director	2020	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil
James McDonald Director <sup>(6)</sup>	2020	Nil	Nil	Nil	Nil	Nil
	2019	N/A	N/A	N/A	N/A	N/A

### Notes:

- (1) The value of perquisites received by each Named Executive Officer, including property or other personal benefits provided that are not generally available to all employees, was not in the aggregate greater than \$15,000 or ten percent (10%) of the officer's total salary for the financial year. See "*Employment, Consulting and Management Agreements, Including Termination and Change of Control Benefits*".
- (2) Represents consulting fees paid to a private company controlled by Mr. Black for his position as CEO of the Corporation. See "*Employment, Consulting and Management Agreements, Including Termination and Change of Control Benefits*".
- (3) Represents consulting fees paid to a private company controlled by Mr. Wayne for his position as CFO of the Corporation. See "*Employment, Consulting and Management Agreements, Including Termination and Change of Control Benefits*".
- (4) Represents consulting fees paid to a private company controlled by Dr. Heather for his position as CGO of the Corporation. See "*Employment, Consulting and Management Agreements, Including Termination and Change of Control Benefits*".
- (5) Mr. Leask resigned as director of the Company on July 15, 2019
- (6) Mr. McDonald was appointed as director of the Company on July 15, 2019.

## OPTION-BASED AWARDS

The following table sets out the incentive stock options granted to directors and NEOs by the Corporation or its subsidiaries which were outstanding at the most recently completed financial year ended June 30, 2020.

Name and position	Number of options, number of common shares underlying unexercised options and percentage of class	Date of issue or grant	Option exercise price (\$)	Closing price of common shares on date of grant (\$)	Closing price of common shares at year-end (\$)	Expiry date
John E. Black CEO and Director	1,000,000 <sup>(1)</sup> 18.45%	Jun 3, 2019	1.25	0.50	0.31	Jun 3, 2024
Mark Wayne CFO and Director	1,000,000 <sup>(1)</sup> 18.45%	Jun 3, 2019	1.25	0.50	0.31	Jun 3, 2024
Kevin B. Heather Chief Geological Officer and Director	1,000,000 <sup>(1)</sup> 18.45%	Jun 3, 2019	1.25	0.50	0.31	Jun 3, 2024
Fernando Pickmann Director	200,000 <sup>(1)</sup> 3.69%	Jun 3, 2019	1.25	0.50	0.31	Jun 3, 2024
John Sibley Director	200,000 <sup>(1)</sup> 3.69%	Jun 3, 2019	1.25	0.50	0.31	Jun 3, 2024
James McDonald <sup>(2)</sup> Director	200,000 <sup>(1)</sup> 3.69%	Jul 15, 2019	1.25	0.40	0.31	Jul 15, 2024

### Notes:

- (1) Options vest 25% semi-annually over two years since date of grant.
- (2) During the fiscal year ended June 30, 2020, 200,000 stock options were granted to James McDonald.

As at June 30, 2020, the Corporation did not have any share-based award plans for its NEOs.

During the fiscal year ended June 30, 2020, no incentive stock options were re-priced, cancelled and replaced, had their terms extended, or otherwise been materially modified, in the most recently completed financial year.

## EXERCISE OF OPTION-BASED AWARDS BY DIRECTORS AND NEOS

During the fiscal year ended June 30, 2020, no incentive stock options were exercised.

## STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

### *Option Plan*

The Corporation has a share option plan (the "**Option Plan**") which permits the granting of options ("**Options**") to purchase common shares of Aldebaran ("**Aldebaran Shares**") to directors, officers, employees, consultants and other service providers ("**Optionees**") of the Corporation and its subsidiaries. The Option Plan is intended to afford persons who provide services to Aldebaran an opportunity to obtain an increased proprietary interest in Aldebaran by permitting them to Aldebaran Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Aldebaran. The Option Plan is administered by the Aldebaran board of directors (the "**Aldebaran Board**").

The Option Plan currently limits the number of Aldebaran Shares that may be issued on exercise of Options to a number not exceeding 10% of the number of Aldebaran Shares which are outstanding from time to time. Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Aldebaran Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan. As the Option Plan is a "rolling" plan, the issuance of additional Aldebaran Shares by the Corporation or the exercise of Options will also give rise to additional availability under the Option Plan.

The number of Aldebaran Shares issuable pursuant to Options granted under the Option Plan or any other security-based compensation arrangements of Aldebaran: (i) to any one Optionee in a 12 month period may not exceed 5% of the outstanding Aldebaran Shares; (ii) issuable to insiders at any time shall not exceed 10% of the issued and outstanding Aldebaran Shares; (iii) issued to insiders within any one-year period may not exceed 10% of the outstanding Aldebaran Shares; (iv) to any one consultant may not exceed 2% of the outstanding Aldebaran Shares; and (v) issuable to anyone providing investor relations services shall not exceed 2% of the outstanding Aldebaran Shares in a year. In addition, the number of Aldebaran Shares issuable at any time pursuant to Options to directors of Aldebaran that are not officers or employees of Aldebaran shall be limited to 1% of the issued and outstanding Aldebaran Shares. Options granted under the Option Plan are not assignable.

Options granted pursuant to the Option Plan have a term not exceeding five years and vest in such manner as determined by the Aldebaran Board. In the absence of any specific determination to the contrary by the Aldebaran Board, Options will vest and be exercisable as to one third on each of the first, second and third anniversaries of the date of grant.

The exercise price of the Options granted pursuant to the Option Plan is determined by the Aldebaran Board at the time of grant, provided that the exercise price shall not be less than the closing trading price of the Aldebaran Shares on the TSX Venture Exchange (or such stock exchange on which the Aldebaran Shares may be listed) on the last trading day immediately preceding the date of grant.

In the event that an Optionee ceases to be a director, officer employee of or service provider to Aldebaran or a subsidiary of Aldebaran for any reason, including without limitation, resignation, dismissal or otherwise but excluding death, the Optionee may, prior to the expiry date of the Options and within 90 days from the date of ceasing to be a director, officer employee or service provider, exercise any Options which are vested within such period, after which time any outstanding Options shall terminate. In the event of death of the Optionee, any outstanding Options shall vest immediately and shall terminate on the date that is 90 days following the Optionee's death.

Without the prior approval of the shareholders of Aldebaran (the "**Aldebaran Shareholders**"), the Aldebaran Board may not: (i) make any amendment to the Option Plan to increase the percentage of Aldebaran Shares issuable on exercise of outstanding Options at any time; (ii) reduce the exercise price of any outstanding Options held by Insiders (as such term is defined in the Option Plan); (iii) extend the term of any outstanding Options beyond the original expiry date of such Option; (iv) make any amendment to increase the maximum limit on the number of securities that may be issued to Insiders; (v) make any amendment to increase the maximum number of Common Shares issuable on exercise of Options to directors who are not officers or employees of the Corporation; (vi) make any amendment to the Option Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or (vii) amend the restrictions on amendments that are provided in the Option Plan. Subject to restrictions set out above, the Aldebaran Board may amend or discontinue the Option Plan and Options granted thereunder at any time, without Aldebaran Shareholder approval, provided that any amendment to the Option Plan that requires approval of any stock exchange on which the Aldebaran Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee if it adversely alters or impairs any Option previously granted to such Optionee.

The policies of the TSX-V require that the Option Plan be approved every year by Aldebaran Shareholders. The Option Plan was most recently approved by the Aldebaran Shareholders on December 7, 2020.

## **EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS, INCLUDING TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Corporation has entered into consulting agreements with each of its Named Executive Officers, being John Black, Mark Wayne and Kevin B. Heather (the "**Consulting Agreements**").

The Consulting Agreements continue on a month-to-month basis until terminated by the applicable consultant or the Corporation. The consultants are entitled to participate in the Option Plan and also agree to keep the Corporation's information confidential during the term of the Consulting Agreements and indefinitely after the Consulting Agreements are terminated so long as such information remains confidential.

The Consulting Agreements entered into with Messrs Black, Wayne and Heather may be terminated by Aldebaran at any time upon 12 months payment, and may also be terminated by the applicable consultant at any time if Aldebaran fails to perform its obligations as described in the applicable Consulting Agreement. Additionally, following a Change of Control (as defined in the applicable Consulting Agreement), the applicable consultant has the right to voluntarily terminate its services under the applicable Consulting Agreement for any reason within 60 days following the effective date of a Change of Control and will be entitled to a lump sum payment calculated by multiplying the Consulting Fee (as defined in the applicable Consulting Agreement) by 24.

In addition, any stock options granted to the Consultant will accelerate and vest on the Consultant's voluntary termination date following the Change of Control. If any of the Consulting Agreements are terminated for any reason other than a Change of Control, there is no automatic resulting acceleration of, or any other benefit relating to, any Options held by the executive officer.

If the Consulting Agreements were terminated by Aldebaran at June 30, 2020 without cause, the termination payment payable thereunder to Messrs. Black, Wayne and Dr. Heather would have been US\$100,000, \$75,000, and US\$125,000 respectively. If the Consulting Agreements were terminated by Aldebaran at June 30, 2020 following a Change of Control, the termination payment payable thereunder to Messrs. Black, Wayne and Dr. Heather would have been US\$200,000, \$150,000, and US\$250,000, respectively.

## **DIRECTOR COMPENSATION**

James McDonald, Fernando Pickmann and John Sibley were the directors of the Corporation who are not also Named Executive Officers during the year ended June 30, 2020. The Aldebaran Board intends to review directors' compensation from time to time as considered appropriate having regard to current trends in directors' compensation and compensation data for directors of issuers of comparative size to Aldebaran. Aldebaran does not currently pay any cash compensation to its directors. Members of the Aldebaran Board are entitled to Options granted pursuant to the Option Plan. The Corporation reimburses directors for all reasonable expenses incurred in order to attend meetings.

## **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

### ***Role and Composition of the Compensation Committee***

Aldebaran's executive compensation program is administered by the compensation committee (the "**Compensation Committee**") of the Aldebaran Board. At June 30, 2020, the Compensation Committee was comprised of James McDonald (Chair), Mark Wayne and Fernando Pickmann. Each of Messrs. McDonald and Pickmann are "independent" for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines*. Mr. Wayne is not considered to be "independent" for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines* as he is currently the CFO of the Corporation. The following table sets forth the relevant education and experience of each member of the Compensation Committee that enables such member to make decisions on the suitability of Aldebaran's compensation policies and practice:

<b>Name and municipality of residence</b>	<b>Relevant Education and Experience</b>
James McDonald Rocky Mountain House, Alberta	President and Chief Executive Officer of Kootenay Silver Inc. since March 2005, President of Makwa, a private geological consulting company; and Director of Northern Vertex Mining Corp since January 2013. Audit committee member of Alamos Gold Inc. and Northern Vertex Mining Corp. for a number of years..
Mark Wayne Calgary, Alberta, Canada	Chief Financial Officer of the Corporation since incorporation and Chief Financial Officer of Regulus Resources Inc. ("Regulus") since December 2010. Vice President of IA Securities Inc. (formerly MGI Securities Inc.), an investment dealer, since January 2005. Chartered Financial Analyst and LL.B. Director, officer and audit committee member of junior public companies for a number of years.
Fernando Pickmann Lima, Peru	President of Regulus since September 30, 2014 and Partner, Gallo Barrios Pickmann Abogados (law firm) from 2010 to 2017 when it merged with Dentons to become Dentons Gallo Barrios Pickmann Abogados of which he is Partner.

### ***Compensation Committee Mandate***

The Compensation Committee's mandate includes reviewing and making recommendations to the Aldebaran Board in respect of compensation matters relating to our executive officers, employees and directors, including the "named executive officers". Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- (a) to review the compensation philosophy and remuneration policy for employees of Aldebaran and to recommend to the Aldebaran Board changes to improve Aldebaran's ability to recruit, retain and motivate employees;
- (b) to consider the implications and the risks associated with Aldebaran's compensation policies and practices;
- (c) to review and recommend to the Aldebaran Board the retainer and fees (if any) to be paid to members of the Aldebaran Board, members of committees of the Aldebaran Board, and chairs of the various committees of the Aldebaran Board;
- (d) to review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;
- (e) to recommend to the Aldebaran Board with respect to non-CEO officer compensation including to review management's recommendations for proposed stock option and other incentive compensation plans and equity based plans for non-CEO officer compensation and make recommendations in respect thereof to the Board;
- (f) to administer the Option Plan and, if applicable, other incentive plans approved by the Board in accordance with its terms including recommending to the Aldebaran Board (and if delegated authority thereunder, approve) the grant of stock options in accordance with the terms of the Option Plan;
- (g) to determine and recommend for approval of the Aldebaran Board bonuses to be paid to officers and employees of Aldebaran and its subsidiaries, as applicable, and to establish targets or criteria for the payment of such bonuses, if appropriate; and

- (h) review the disclosure as to compensation matters included in the information circular and proxy statement of Aldebaran as mandated by applicable securities laws including, without limitation, this Statement of Executive Compensation, prior to Aldebaran publicly disclosing the same.

The Compensation Committee is required to be comprised of at least three directors, or such greater number as the Aldebaran Board may determine from time to time. The majority of the members of the Compensation Committee are required to be independent; as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the Compensation Committee, meetings of the Compensation Committee are to take place at least one time per year and at such other times as the Chair of the Compensation Committee may determine.

#### ***Compensation Consultant or Advisor***

At no time in the previous two completed financial years of Aldebaran has a compensation consultant or advisor been formally retained by Aldebaran to assist the Board or the Compensation Committee to determine the compensation of the directors or executive officers of Aldebaran.

#### ***Risk Implications Associated with Compensation Policies and Practices***

The Compensation Committee has considered the implications of the risks associated with Aldebaran's compensation policies and practices and has determined that there are no significant areas of risk because of the discretionary nature of such policies and practices. This determination was based on a number of factors, including, without limitation: that Aldebaran's compensation policies and practices are generally uniform throughout the organization and there are no significant differences in compensation structure among the senior executives; Aldebaran attempts to achieve a balance between cash and equity compensation which are based both on individual and corporate performance, both financial and non-financial; and stock options, which make up a significant portion of a Named Executive Officer's total compensation, generally vest over a period of three years, which acts to mitigate against the potential for inappropriate short-term risk taking. However, as elements of the discretionary compensation of the executive officers, such as the bonus plan, may be based, at least partially, on the performance of Aldebaran over the short term such policies may cause executive officers to make decisions favouring the short term results of Aldebaran rather than making decisions based on the best interests of Aldebaran over the long-term. The ability of the Compensation Committee to consider other factors such as personal contributions to corporate performance and non-financial based elements of corporate performance allows the Compensation Committee to consider whether executive officers have attempted to bolster short-term results at the expense of the long-term success of Aldebaran in determining executive compensation.

#### **Short Sales, Puts, Calls and Options**

Pursuant to the Corporation's Disclosure, Confidentiality and Trading Policy, directors, officers and employees of Aldebaran, shall not knowingly sell, directly or indirectly, a security of Aldebaran if such person selling such security does not own or has not fully paid for the security to be sold. Without prior approval of the disinterested directors, directors, officers and employees of Aldebaran shall not, directly or indirectly, buy or sell a call or put in respect of a security of Aldebaran. Notwithstanding these prohibitions, directors, officers and employees of Aldebaran may sell a Common Share which such person does not own if such person owns another security convertible into Common Shares or an option or right to acquire Common Shares sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the Common Shares so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

#### **Compensation Discussion and Analysis**

##### ***Executive Compensation Principles***

Our compensation program is based on a "pay-for-performance" philosophy which supports the Corporation's commitment to delivering performance for the Aldebaran Shareholders. Our compensation policies are founded on the principle that compensation should be aligned with Aldebaran Shareholders' interests, while also recognizing that Aldebaran's corporate performance is dependent upon the retainment of highly trained, experienced and committed

executive officers, employees and directors who have the necessary skill sets, education, experience and personal qualities required to manage our business. Our program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the mineral exploration industry and the impact of internal and market-related occurrences from time to time.

Our executive compensation program is comprised of the following principal components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation comprised of share options. See "*Elements of our Executive Compensation Program*" below. Together, these components support our long-term growth strategy and are designed to address the following key objectives of our compensation program:

- align executive compensation with Aldebaran Shareholders' interests;
- attract and retain highly qualified management; and
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results.

The aggregate value of these principal components and related benefits, is used as a basis for assessing the overall competitiveness of the Corporation's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, management and the Compensation Committee reviews the compensation practices of companies in its selected peer group. These companies compete with Aldebaran for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

The Corporation's peer group for these purposes is comprised of similar companies that are exploring and/or developing mining projects, primarily in foreign jurisdictions, and that have market capitalizations roughly similar to that of the Corporation.

The Corporation's compensation program is primarily designed to reward performance and, accordingly, the performance of both the Corporation, as well as the individual performance of executive officers during the year in question, are examined by the Compensation Committee in conjunction with setting executive compensation packages. The Compensation Committee does not set specific performance objectives in assessing the performance of the CEO and other executive officers; rather the Compensation Committee uses its experience and judgment in determining an overall compensation package for the CEO and other executive officers. Some of the factors looked at by the Compensation Committee in assessing the performance of the Corporation and its executive officers are as follows: (a) exploration successes; (b) additions to mineral resources; (c) ability to raise capital as required; (d) compliance with legal and regulatory requirements; and (e) ability to raise the profile of the Corporation within the investment community. The Corporation weighs and reviews its performance for all of the above relative to its goals and objectives and in relation to the performance of its industry peer group.

### ***Elements of our Executive Compensation Program***

Each element of the Corporation's executive compensation program is described in more detail below.

#### ***Base Salaries***

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. The Corporation intends to pay base salaries to its executive officers, including the CEO, that are in the range of those for similar positions within our selected peer group. For our executive officers, base salaries are currently below the average of our comparison peer group but are considered to be high enough to accomplish the intended objectives. Salaries of the executive officers, including that of the CEO, are reviewed annually by the Compensation Committee.

### *Short Term Incentive Compensation – Discretionary Cash Bonuses*

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which the Aldebaran Board, upon recommendation of the Compensation Committee, may award annual cash bonuses to executive officers. The annual cash bonus element of the executive compensation program is designed to reward both corporate and individual performance during the Corporation's last completed financial year. It is the Compensation Committee's philosophy that an individual bonus should be tied primarily to that individual's contribution to corporate performance. In addition, the discretionary bonus plan is intended to help ensure that overall executive cash compensation (i.e. salary and bonus) is comparable to the average cash compensation of executives at peer surveyed companies during the year in question. The amount of the bonus paid is not set in relation to any formula or specific criteria but is the result of a subjective determination of the Corporation's and the individual's performance. The Compensation Committee has not established strict predetermined quantitative performance criteria linked to the payment of bonuses.

### *Long Term Incentive Compensation – Stock Options*

Executive officers, along with all of Aldebaran's officers, directors, employees, contractors and other service providers, are eligible to participate in the Option Plan. The Option Plan and the Aldebaran Shares reserved thereunder have been approved by the Aldebaran Shareholders. The Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering the Corporation's success. As with most companies in the Corporation's peer group, options form an integral component of the total compensation package provided to the Corporation's executive officers. Participation in the Option Plan rewards overall corporate performance, as measured through the price of the Aldebaran Shares. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Options to purchase Aldebaran Shares are normally awarded by the Aldebaran Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, we evaluate the number of Options an individual has been granted, the exercise price and value of the Options and the term remaining on those Options.

### **PENSION PLAN BENEFITS**

The Corporation does not have in place any pension plan or similar benefit program that provides for payments or benefits at, following or in connection with retirement