



NATIONS ROYALTY CORP.

STATEMENT OF EXECUTIVE COMPENSATION

**FOR THE TWO MOST RECENTLY COMPLETED FINANCIAL
YEARS, THE TEN-MONTH PERIOD ENDED MARCH 31, 2025,
AND THE FINANCIAL YEAR ENDED MAY 31, 2024**

Dated: AUGUST 13, 2025

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:

“**Board**” means the board of directors of the Company;

“**Company**” means Nations Royalty Corp.;

“**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;

“**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;

“**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;

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

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* and provides details of all compensation for each of the directors and NEOs of the Company for the two most recently completed financial years, the ten-month period ended March 31, 2025, and the financial year ended May 31, 2024.

During the ten-months ended March 31, 2025, based on the definitions above, the Company had three (3) NEOs, namely (i) Robert McLeod, Chief Executive Officer and Director who has served as CEO of the Company since February 7, 2024, and Director of the Company since June 18, 2024; (ii) Derrick Pattenden, Chief Investment Officer (“CIO”) who has served as CIO of the Company since May 15, 2024; and (iii) Joshua Kierce, Chief Financial Officer who has served as CFO of the Company since October 21, 2024. There were no other executive officers of the Company who individually earned more than \$150,000 in total compensation. Individuals serving as directors of the Company who were not NEOs during the ten-months ended March 31, 2025, were Alex Morrison, Edward Clayton, and Saga Williams.

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

Director and NEO Compensation (Excluding 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, the ten-month period ended March 31, 2025, and the financial year ended May 31, 2024, 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

	10-months ended March 31, 2025 / Year ended May 31, 2024	Salary, consulting fee, retainer, or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Robert McLeod ⁽¹⁾	2025	250,000	Nil	Nil	Nil	Nil	250,000
CEO and Director	2024	100,000	Nil	Nil	Nil	Nil	100,000
Derrick Pattenden ⁽²⁾	2025	250,000	Nil	Nil	Nil	Nil	250,000
CIO	2024	12,500	Nil	Nil	Nil	Nil	12,500
Joshua Kierce ⁽³⁾	2025	73,906	Nil	Nil	Nil	Nil	73,906
CFO	2024	N/A	N/A	N/A	N/A	N/A	N/A
Alex Morrison ⁽⁴⁾⁽⁵⁾	2025	45,300	Nil	8,393	Nil	Nil	53,693
Director	2024	12,500	Nil	1,041	Nil	Nil	13,541
Edward Clayton ⁽⁵⁾⁽⁶⁾	2025	25,446	Nil	1,964	Nil	Nil	27,411
Director	2024	N/A	N/A	N/A	N/A	N/A	N/A
Saga Williams ⁽⁵⁾⁽⁷⁾	2025	25,446	Nil	3,929	Nil	Nil	29,375
Director	2024	N/A	N/A	N/A	N/A	N/A	N/A
Debra Febril ⁽⁸⁾	2025	12,647	Nil	1,054	Nil	Nil	13,701
Former Director	2024	N/A	N/A	N/A	N/A	N/A	N/A
Collier Azak ⁽⁹⁾	2025	12,892	Nil	1,074	Nil	Nil	13,966
Former Director	2024	N/A	N/A	N/A	N/A	N/A	N/A
Tony Robinson ⁽¹⁰⁾	2025	11,250	Nil	Nil	Nil	Nil	11,250
Former CFO	2024	10,000	Nil	Nil	Nil	Nil	10,000

	10-months ended March 31, 2025 / Year ended May 31, 2024	Salary, consulting fee, retainer, or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gordon Friesen ⁽¹¹⁾	2025	Nil	Nil	Nil	Nil	Nil	Nil
<i>Former CEO/CFO and Former Director</i>	2024	Nil	Nil	Nil	Nil	Nil	Nil
Scott Davis ⁽¹²⁾	2025	Nil	Nil	Nil	Nil	Nil	Nil
<i>Former Director</i>	2024	Nil	Nil	Nil	Nil	Nil	Nil
Allan Glowach ⁽¹³⁾	2025	Nil	Nil	Nil	Nil	Nil	Nil
<i>Former Director</i>	2024	Nil	Nil	Nil	Nil	Nil	Nil
Alicia Krywaniuk ⁽¹⁴⁾	2025	Nil	Nil	Nil	Nil	Nil	Nil
<i>Former Director and Former Corporate Secretary</i>	2024	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Hamilton ⁽¹⁵⁾	2025	Nil	Nil	Nil	Nil	Nil	Nil
<i>Former Director</i>	2024	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Robert McLeod was appointed as Chief Executive Officer on February 7, 2024; and as a director of the Company on June 18, 2024. Mr. McLeod did not receive any compensation pursuant to his position as director of the Company. **[NTD: Item 2.1(1)(3) of the Form requires disclosure of how much compensation an NEO who is both an executive officer and a director received for each position.]**
- (2) Derrick Pattenden was appointed as Chief Investment Officer on May 15, 2024.
- (3) Joshua Kierce was appointed as Chief Financial Officer on October 21, 2024.
- (4) Alex Morrison was appointed a director of the Company on December 4, 2023.
- (5) Member of the Audit Committee.
- (6) Edward Clayton was appointed a director on June 18, 2024.
- (7) Saga Williams was appointed a director on June 18, 2024.
- (8) Debra Febril served as a director from June 18, 2024, until November 22, 2024.
- (9) Collier Azak served as a director from June 18, 2024, until November 22, 2024.
- (10) Tony Robinson served as Chief Financial Officer from March 4, 2024 to October 21, 2024.
- (11) Gordon Friesen served as a director of the Company from September 15, 2021 to June 18, 2024; as Chief Executive Officer from April 20, 2022 to February 7, 2024; as Chief Financial Officer from April 20, 2022 to March 4, 2024; and as Corporate Secretary from April 20, 2022 to May 11, 2023.
- (12) Scott Davis served as a director of the Company from September 15, 2021 to June 18, 2024; and as President, Chief Executive Officer, and Chief Financial Officer from September 15, 2021 to April 20, 2022.
- (13) Allan Glowach served as a director of the Company from September 21, 2021 to June 18, 2024.
- (14) Alicia Krywaniuk served as Corporate Secretary of the Company from May 11, 2023 to March 4, 2024; and as a director of the Company from August 14, 2023 to June 18, 2024.
- (15) Andrew Hamilton served as a director of the Company from August 14, 2023 to June 18, 2024.

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 ten-month period ended March 31, 2025, 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) (2)}	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 (\$) ⁽³⁾	Expiry Date
Robert McLeod CEO and Director	Stock Options	1,000,000 stock options (9.94%) (1,000,000 underlying common shares: 0.69%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029

COMPENSATION SECURITIES							
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Derrick Pattenden CIO	Stock Options	1,000,000 stock options (9.94%) (1,000,000 underlying common shares: 0.69%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029
Joshua Kierce CFO	Stock Options	350,000 stock options (3.48%) (350,000 underlying common shares: 0.24%)	October 21, 2024	0.90	0.66	0.47	October 21, 2029
Alex Morrison Director	Stock Options	600,000 stock options (5.96%) (600,000 underlying common shares: 0.41%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029
Edward Clayton Director	Stock Options	500,000 stock options (4.97%) (500,000 underlying common shares: 0.35%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029
Saga Williams Director	Stock Options	500,000 stock options (4.97%) (500,000 underlying common shares: 0.35%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029
Debra Febril Former Director	Stock Options	500,000 stock options (4.97%) (500,000 underlying common shares: 0.35%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029
Collier Azak Former Director	Stock Options	500,000 stock options (4.97%) (500,000 underlying common shares: 0.35%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029
Tony Robinson Former CFO	Stock Options	250,000 stock options (2.48%) (250,000 underlying common shares: 0.17%)	June 18, 2024	0.90	0.90	0.47	June 18, 2029

Notes:

- (1) Percentage of class represents percentage of compensation securities granted over the total number of compensation securities of the Company outstanding as at March 31, 2025.
- (2) As at March 31, 2025, the respective option holders held no other options than those noted in the table above.
- (3) Reflects the closing price of the common shares in the capital of the Company (the "Common Shares") on the TSX Venture Exchange (the "Exchange") on March 31, 2025, the last trading date of March 2025.

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO of the Company during the ten-months ended March 31, 2025.

During the ten-months ended March 31, 2025, 187,500 stock options held by Tony Robinson; 500,000 stock options held by Debra Febril; and 500,000 stock options held by Collier Azak were cancelled/expired.

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 of the Company ("**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 corporate governance and nominating committee (the "**Governance Committee**") of the Board 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 Governance 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. 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 November 14, 2024, and subsequently by 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:

- (a) the Option Plan reserves, for issue pursuant to Options, a maximum number of Common Shares equal to 10% of the outstanding Common Shares from time to time;
- (b) the maximum number of Options granted or issued to Insiders (as defined in Exchange Policy 1.1 – *Interpretation*) (as a group) in any 12-month period under the Option Plan and any other security compensation plans of the Company may not exceed 10% of the outstanding Common Shares at the time of grant without Disinterested Shareholder Approval (as defined in Exchange Policy 4.4 – *Security Based Compensation*); and the maximum number of Common Shares reserved for issue to Insiders (as a group) under the Option Plan and any other security compensation plans of the Company may not exceed 10% of the outstanding Common Shares at any given time without Disinterested Shareholder Approval;

- (c) the maximum number of Common Shares reserved for issue to any one person in any 12-month period under the Option Plan and any other security compensation plans of may not exceed 5% of the outstanding Common Shares at the time of grant without Disinterested Shareholder Approval;
- (d) the maximum number of Common Shares reserved for issue to any one consultant in any 12-month period under the Option Plan and any other security compensation plans of the Company may not exceed 2% of the outstanding Common Shares at the time of grant;
- (e) the number of Common Shares reserved for issue to all Investor Relations Service Providers (as defined in Exchange Policy 4.4 – *Security Based Compensation*) on behalf of the Company in any 12-month period under the Option Plan, any other security compensation plans of the Company or other options granted for services by the Company may not exceed, in the aggregate, 2% of the outstanding Common Shares at the time of grant to any one Investor Relations Service Provider;
- (f) Options vest at the discretion of the Board or a committee of the Board. However, Options granted to an Investor Relations Service Provider shall vest such that:
 - (i) no more than 25% of the Options vest sooner than three months after the Options were granted;
 - (ii) no more than another 25% of the Options vest sooner than six months after the Options were granted;
 - (iii) no more than another 25% of the Options vest sooner than nine months after the Options were granted; and
 - (iv) the remainder of the Options vest no sooner than twelve months after the Options were granted;
- (g) the number of Common Shares reserved for issue to any one Eligible Charitable Organization (as defined in Exchange Policy 4.4 – *Security Based Compensation*) on behalf of the Company under the Option Plan, any other security compensation plans of the Company or other options granted for services by the Company may not exceed, in the aggregate, 1% of the outstanding Common Shares at the time of grant to any one Eligible Charitable Organization;
- (h) subject to a minimum exercise price of \$0.05 per Share, the exercise price per Share for an Option may not be less than the Discounted Market Price (as calculated pursuant to the policies of the Exchange);
- (i) Options may have a term not exceeding ten years;
- (j) a Charitable Stock Option (as defined in Exchange Policy 4.4 – *Security Based Compensation*) must expire on or before the earlier of (a) the date that is 10 years from the date of grant of the Charitable Stock Option; and (b) the 90th day following the date that the holder of the Charitable Stock Option ceases to be an Eligible Charitable Organization (as defined in Exchange Policy 4.4 – *Security Based Compensation*);
- (k) if an optionee dies prior to the expiry of its Option, their heirs, administrators or legal representatives may, by the earlier of (a) one year from the date of the optionee’s death (or such lesser period as may be specified by the Board at the time of granting the Option); and (b) the expiry date of the Option, exercise any portion of such Option;
- (l) if an optionee ceases to be a director, officer, employee or consultant for any reason other than death, such optionee’s Options will terminate within 90 days or a reasonable period thereafter;
- (m) Options are non-assignable and non-transferable; and
- (n) the Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of Options in the event of a share consolidation or subdivision of the Common Shares, or if is a party to a reorganization, merger, dissolution or Common Shares are exchanged or reclassified in any way.

The above summary is qualified by the full text of the Stock Option Plan. For details, refer to the Company's Information Circular dated October 24, 2024, 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, the ten-months ended March 31, 2025, in respect of services provided to the Company or subsidiaries thereof. Management functions of the Company are generally performed by directors and executive officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

Employment Agreement with Robert McLeod

The Company has entered into an employment agreement effective as of February 1, 2024, with Robert McLeod for his role as CEO of the Company (the "**McLeod Agreement**"). Pursuant to the McLeod Agreement, Mr. McLeod is entitled to an annual salary of \$300,000 plus discretionary security-based bonus entitlements and health benefits. The McLeod Agreement may be terminated by the Company at any time, without cause, by making termination payments equal to 12 months of salary plus applicable security-based bonus entitlements for the same period. During the period beginning two months prior to, and ending 12 months following, a change of control event, the McLeod Agreement may be terminated by making termination payments equal to 12 months of salary during the first 12 months of employment and thereafter 24 months of salary, plus applicable security-based bonus entitlements for the same period. Mr. McLeod is entitled to continued health benefits at the Company's expense during the applicable severance period. Mr. McLeod may resign as CEO in certain circumstances upon a minimum of three months' written notice.

Employment Agreement with Derrick Pattenden

The Company has entered into an employment agreement effective as of May 15, 2024, with Derrick Pattenden for his role as CIO of the Company (the "**Pattenden Agreement**"). Pursuant to the Pattenden Agreement, Mr. Pattenden is entitled to an annual salary of \$300,000 plus discretionary security-based bonus entitlements and health benefits. The Pattenden Agreement may be terminated by the Company at any time, without cause, by making termination payments equal to 12 months of salary plus applicable security-based bonus entitlements for the same period. During the period beginning two months prior to, and ending 12 months following, a change of control event, the Pattenden Agreement may be terminated by making termination payments equal to 12 months of salary during the first 12 months of employment and thereafter 24 months of salary plus applicable security-based bonus entitlements for the same period. Mr. Pattenden is entitled to continued health benefits at the Company's expense during the applicable severance period. Mr. Pattenden may resign as CIO in certain circumstances upon a minimum of three months' written notice.

Employment Agreement with Joshua Kierce

The Company has entered into an employment agreement effective as of October 21, 2024, Joshua Kierce for his role as CFO of the Company (the "**Kierce Agreement**"). Pursuant to the Kierce Agreement, Mr. Kierce is entitled to an annual salary of \$165,000 plus discretionary security-based bonus entitlements and health benefits. The Kierce Agreement may be terminated by the Company at any time, without cause, by making termination payments equal to 12 months of salary plus applicable security-based bonus entitlements for the same period. During the period beginning two months prior to, and ending 12 months following, a

change of control event, the Kierce Agreement may be terminated by making termination payments equal to 12 months of salary during the first 12 months of employment and thereafter 24 months of salary plus applicable security-based bonus entitlements for the same period. Mr. Kierce is entitled to continued health benefits at the Company's expense during the applicable severance period. Mr. Kierce may resign as CIO in certain circumstances upon a minimum of three months' written notice.

Termination and Change of Control Benefits

The following table presents the estimated total change of control and termination benefits of its NEOs, assuming the separation event occurred on March 31, 2025.

NEO Name and Role	SEPARATION EVENT				
	Resignation	Termination with Cause	Termination without Cause	Change of Control (in first 12 months)	Change of Control (after 12 months)
Robert McLeod CEO and Director	Nil	Nil	\$300,000	\$300,000 (on or before February 1, 2025)	\$600,000 (after February 1, 2025)
Derrick Pattenden CIO	Nil	Nil	\$300,000	\$300,000 (on or before May 15, 2025)	\$600,000 (after May 15, 2025)
Joshua Kierce CFO	Nil	Nil	\$165,000	\$165,000 (on or before October 21, 2025)	\$330,000 (after October 21, 2025)

Pursuant to the McLeod Agreement, the Pattenden Agreement, and the Kierce Agreement, a change of control occurs upon: (a) completion of the acquisition of outstanding Common Shares which, when added to all other Common Shares at the time held by such person, constitutes for the first time in the aggregate more than 50% of the outstanding Common Shares; (b) approval of the removal, by extraordinary resolution of the Shareholders, of 50% or more of the then incumbent members of the Board, or the election of a majority of the directors comprising the Board who were not nominated by the incumbent Board at the time immediately preceding such election; (c) consummation of a sale of all or substantially all of the assets of the Company to another person, other than a subsidiary of the Company or other than in the ordinary course of business; or (d) the consummation of a reorganization, plan of arrangement, merger or other transaction which has substantially the same effect as the foregoing (a), (b) or (c).

Other than as set forth above, during the two most recently completed financial years, the ten-month period ended March 31, 2025, and the financial year ended May 31, 2024, 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's, executive officer's or director's responsibilities.

Oversight and Description of Director and NEO Compensation

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 does 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.

Director Compensation

The Company's Governance Committee is responsible for recommending to the Board all forms of compensation to be granted to the Company's directors. The Board determines and reviews director compensation, considering factors such as the expected scope and volume of duties, prior performance, comparisons to compensation at similar companies, and the availability of the Company's financial resources. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, and the availability of financial and other resources of the Company.

Effective June 18, 2024, all independent directors received fees of \$2,500 per month, paid quarterly, for their service as directors, prorated from their date of appointment. Compensation is provided only to non-executive directors. Participation on committees is compensated with an additional \$2,500 per year, while committee chairs receive an additional \$7,500 per year. The lead director will be paid an additional \$10,000 per year.

Effective January 1, 2025, all independent directors received an increase in fees to \$3,125 per month, paid quarterly, for their service as directors. Compensation for participation on committees and committee chairs remains the same.

Also effective January 1, 2025, the lead directors' total compensation will be \$7,500 per month, paid quarterly, for his service as Chair of the Board, Audit Committee Chair and Corporate Governance and Nominating Committee Chair.

The Company also grants its directors incentive stock options. See above section "*Stock Option Plan and Other Incentive Securities*". The quantity and quality of Board compensation is reviewed on an annual basis. The number of options to be granted to any director or officer is determined by the Board as a whole, thereby providing the independent directors with significant input into compensation decisions. Given the current size and limited scope of operations of the Company, the Board does not believe that a formal compensation committee is required. At such time and in the opinion of the Board, should the size and activities of the Company and the number of management employees warrant the formation of a formal compensation committee, one shall be appointed at such time.

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.

Named Executive Officers Compensation

Compensation of NEOs is reviewed annually and determined by the Board. The level of compensation for NEOs is determined after consideration of various relevant 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.

The Company's executive officer compensation program consisted of the following elements:

- base salary;
- annual performance-based cash incentives;
- equity compensation consisting of Stock Options; and
- other benefits.

The Board reviews on an annual basis the cash compensation, performance and overall compensation package of each active NEO. The Company believes that the bonus and Option components of compensation serve to further align the interests of management with the interests of the Shareholders. The specific rationale and design of each of these elements are outlined in detail below.

Base Salary

During the two most recently completed financial years, the ten-month period ended March 31, 2025, and the financial year ended May 31, 2024, the Board approved the salary ranges for the active NEOs. Base salaries were set with the goal of being competitive with corporations of a comparable size and at the same stage of development, thereby enabling the Company to compete for and retain executives critical to the Company's long-term success. In determining the base salary of an executive officer, the Board places equal weight on the following criteria:

- the particular responsibilities related to the position;
- salaries paid by comparable businesses;
- experience level of the executive officer; and
- overall performance or expected performance (in the case of a newly hired executive officer).

The Board assessed these criteria, and using this information together with budgetary guidelines and other internally generated planning and forecasting tools, and performed an annual assessment of the compensation of all executive officer and employee compensation levels. To date, comparative data for the Company's peer group has been accumulated internally, without the use of any external independent consultants or compensation specialists.

For employees of the Company, management is responsible for preparing an individual evaluation process for each employee and then conducting reviews on an annual basis. The evaluation framework is objective where a number of factors are judged for each employee. The results of said reviews and management recommendations with respect to compensation levels are then submitted to the Board for consideration.

Short-Term Incentive Program (Cash Bonuses)

The Company has established a Short-Term Incentive Program for its NEOs. This annual incentive program is based on the collective performance of the NEOs against corporate objectives approved by the Board. Bonuses are awarded in full following approval by the Board, based on recommendations from the Governance Committee.

While target annual incentive compensation for NEOs is set at specific percentages of their base salaries, the Board retains full discretion in evaluating performance. Individual achievements may also be considered where appropriate. It is important to note that annual incentive compensation is not guaranteed; the Board has the exclusive authority to determine performance outcomes and may choose not to award bonuses to any NEO.

The Board approves annual incentives based on its assessment of each active NEO's performance and contributions to the Company's success, taking into account both financial and operational performance metrics.

For the two most recently completed financial years, the ten-month period ended March 31, 2025, and the financial year ended May 31, 2024, no cash bonuses were granted.

Stock Option Awards

The Company's Option Plan allows for the granting of stock options to directors, executive officers, key employees, consultants, and eligible charitable organizations, as defined by the Exchange, to align the interests of these individuals with those of the Company and Shareholders. Stock options are widely recognized as an effective tool for attracting, retaining, and motivating talent by providing an opportunity to acquire an equity stake in the Company.

The Board is responsible for establishing the ranges of option grants for each level of executive officer and identifying key employees eligible for stock options. Recommendations on the terms and conditions of these grants are made to the Board. Individual grants are determined based on an assessment of the individual's current and anticipated performance, level of responsibility, and contribution to the Company. In granting new options, the Board also considers the existing number and terms of outstanding options held by the individual.

The total number of options that may be issued under the Option Plan, both overall and in any fiscal year, is subject to the limits set out in the Option Plan and cannot be increased without Shareholder approval. Details of the Company's Option Plan are provided above under "*Stock Option Plans and Other Incentive Plans.*"

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.*"

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.