

RILEY RESOURCES CORP.
(the “Company”)
STATEMENT OF EXECUTIVE COMPENSATION
(as at December 31, 2016)

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion is limited as the Company is classified as a CPC and is subject to certain restrictions as set forth in the policies of the Exchange relating to CPCs. The Company’s principle objective is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation with a view to completing a “Qualifying Transaction”, as that term is defined in the policies of the Exchange. The Company does not have conventional business operations or assets other than cash. Since the Company’s incorporation, other than grants of incentive stock options, no payment or remuneration of any kind has been made, and prior to completion of a Qualifying Transaction⁽¹⁾ no payment or remuneration will be made, directly or indirectly, to a Non Arm’s Length Party to the Company or a Non Arm’s Length Party to the Qualifying Transaction, or to any person engaged in investor relations activities in respect of the securities of the Company or any Resulting Issuer by any means, including:

- (a) remuneration, which includes but is not limited to
 - (i) salaries;
 - (ii) consulting fees;
 - (iii) management contract fees or directors’ fees;
 - (iv) finders fees;
 - (v) loans, advances, bonuses; and
- (b) deposits and similar payments (“**Permitted Reimbursements**”).

Following completion of the Qualifying Transaction, it is anticipated that the Company may pay compensation to its directors and officers. However, no payment other than the Permitted Reimbursements will be made by the Company or by any party on behalf of the Company, after Completion of the Qualifying Transaction⁽¹⁾, if the payment relates to services rendered or obligations incurred or in connection with the Qualifying Transaction⁽¹⁾.

Due to the foregoing limitations, the Board does not consider the implications of the risks associated with the Company’s compensation policies and practices.

⁽¹⁾ On March 29, 2017, the Company received TSX-V final approval of its Qualifying Transaction and as a result became a Tier 2 TSXV mining issuer.

For the purposes of this Statement of Executive Compensation, “**Named Executive Officers**” or “**NEOs**” means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Company;
- (b) a chief financial officer (“**CFO**”) of the Company;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed financial year December 31, 2016, whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51 102F6, Statement of Executive Compensation; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, as at December 31, 2016. During the financial year ended December 31, 2016, the Company had one NEO: namely, Todd L. Hilditch, CEO and CFO of the Company.

DIRECTOR AND NEO COMPENSATION

Director and NEO Compensation, excluding Compensation Securities

The compensation, excluding compensation securities, for the NEOs and directors for the Company's two most recently completed financial years is as set out below.

During the Company's financial year ended December 31, 2016, there were no arrangements under which directors were compensated in cash by the Company and its subsidiaries for their services in their capacity as directors.

Table of Compensation excluding compensation securities							
Name and Position	Year	Salary, Consulting Fee, retainer or Commission (\$)	Bonus (\$)	Committee Or meeting Fees (\$)	Value of Perquisites (\$)	Value of all other Compensation (\$)⁽¹⁾⁽²⁾	Total Compensation (\$)
Todd L. Hilditch CEO, CFO and Director ⁽³⁾⁽⁴⁾	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Cyndi Laval, Corporate Secretary and Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
William Lamb Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Bryan McKenzie Director	2015	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) *The Company does not currently have a share-based awards plan, a non-equity incentive plan or a long-term incentive plan for any of its directors, executive officers or its NEO.*
- (2) *The Company does not have any pension, retirement or deferred compensation plans, including defined contribution plan.*
- (3) *Mr. Hilditch resigned as President on October 27, 2014 and was appointed CEO and CFO of the Company on October 27, 2014.*
- (4) *Mr. Hilditch has not received any compensation relating his role as a director.*

Stock Options and other compensation securities

During the financial year ended December 31, 2016, the table below discloses all compensation securities granted to the NEO and directors by the Company for services provided, directly or indirectly, to the Company:

Name and position	Type of compensation security ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Number of compensation securities, number of underlying securities, and percentage of class	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 as at December 31, 2016 (\$)	Expiry Date ⁽⁵⁾
Todd L. Hilditch CEO, CFO and Director	Stock Options	294,000	January 8, 2015	\$0.10	\$0.10	\$0.10	January 8, 2025
Cyndi Laval Corporate Secretary and Director	Stock Options	88,000	January 8, 2015	\$0.10	\$0.10	\$0.10	January 8, 2025
William Lamb Director	Stock Options	235,000	January 8, 2015	\$0.10	\$0.10	\$0.10	January 8, 2025
Bryan McKenzie Director	Stock Options	88,000	January 8, 2015	\$0.10	\$0.10	\$0.10	January 8, 2025

Notes:

- (1) Upon completion of the Company's IPO on January 8, 2015, the Company granted incentive stock options to its directors and officers to purchase a total of 705,000 common shares of the Company at the price of \$0.10 per option share expiring on January 8, 2025.
- (2) There has been no compensation security that has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year.
- (3) The stock options vested on January 8, 2015, the date of the grant.
- (4) There are no restrictions or conditions for converting, exercising or exchanging on the compensation securities granted in the most recently completed financial year.
- (5) While the Company is a CPC, options may be exercisable the greater of 12 months after the Completion of the Qualifying Transaction and up to 90 days following cessation of the Optionee's position with the Company in the event the Optionee cease to be a director, officer, employee or consultant of the Resulting Issuer in connection with the Qualifying Transaction. Any Common Shares acquired pursuant to the exercise of options prior to the Completion of the Qualifying Transaction must be deposited in escrow.

During the financial year ended December 31, 2016, the table below discloses each exercise by a director or NEO of compensation securities of the Company.

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Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security⁽¹⁾	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(\$)
Todd L. Hilditch CEO, CFO and Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cyndi Laval Corporate Secretary and Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
William Lamb Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bryan McKenzie Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Stock Option Plans and other incentive plans

The purpose of the Plan established by the Company, pursuant to which it may grant incentive stock options, is to promote the profitability and growth of the Company by facilitating the efforts of the Company to obtain and retain key individuals. The Plan provides an incentive for and encourages ownership of the common shares by its key individuals so that they may increase their stake in the Company and benefit from increases in the value of the Common Shares.

The number of options that the Company is permitted to grant is determined by Exchange Policy 2.4 as the Company is a CPC and has not completed its Qualifying Transaction.

On October 17, 2014, the Board adopted the Plan. In accordance with Exchange policy, the Plan was approved by the Board on October 19, 2016 and was approved by the shareholders at the Annual General Meeting held on November 23, 2016 and is required to be approved and ratified by the Shareholders of the Company on an annual basis.

The purpose of the Plan is to attract and motivate directors, employees and consultants to the Company and its subsidiaries, and thereby advance the Company’s interests, by affording such persons with an opportunity to acquire an equity interest in the Company through the issuance of stock options.

The terms of the Plan authorize the Board to grant stock options to the Optionees on the following terms (all capitalized terms have the meaning as defined in the Plan):

1. The aggregate maximum number of Common Shares which may be issued pursuant to options granted under the Plan, unless otherwise approved by the Shareholders, may not exceed that number which is equal to 10% of the number of Common Shares issued and outstanding at the time of the option grant.
2. The number of Common Shares under each option will be determined by the Board provided that the aggregate maximum number of Common Shares reserved for issuance pursuant to options granted during any twelve (12) month period to:
 - (a) Insiders may not exceed 10% of the total issued and outstanding shares of the Company at the time of grant unless approval by the Disinterested Shareholders (as defined below) has been obtained in accordance with the policies of the Exchange;

- (b) subject to (c) below, any one Person may not exceed 5% of the total issued and outstanding Common Shares (unless approval by the Disinterested Shareholders has been obtained);
- (c) any one Consultant may not exceed 2% of the total issued and outstanding Common Shares at the date of such grant; and
- (d) any one Person engaged in Investor Relations Activities for the Company may not exceed 2% of the total issued and outstanding Common Shares and must vest in stages over a 12-month period with no more than ¼ of the Options vesting in any three-month period;

in each case calculated as at the date of grant of the Option, including all other shares under Option to such Person at that time.

3. The exercise price of an Option may not be set at less than the minimum price permitted by the Exchange or less than the Discounted Market Price.
4. Options granted will have a maximum term of up to 10 years from the date of grant.
5. Options are non-assignable and non-transferable.
6. Options can only be exercised by the Optionee as long as the Optionee remains an eligible Optionee pursuant to the Plan or within a period of not more than 90 days after ceasing to be an eligible Optionee (30 days in the case of a person engaged in Investor Relations Activities).
7. In the event of death of an Optionee, the Optionee's heirs or administrators may exercise any portion of such Optionee's outstanding Option until the earlier of one year following the date of the Optionee's death or the expiry of the Option Period.
8. In the event that the Optionee shall cease to be a Director, Employee or Consultant by reason of such Optionee's disability, any Options held by such Optionee that could have been exercised immediately prior to such cessation shall be exercisable by such Optionee, or by his Guardian, for a period of 30 days following the date of such cessation. If such Optionee dies within that 30-day period, any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of 30 days following the death of such Optionee and the expiry of the Option Period.
9. Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 180 days or, if longer, for so long as the Optionee's right to re-employment with the Company or its subsidiary is guaranteed either by statute or by contract. If the period of such leave exceeds 180 days and the Optionee's re-employment is not so guaranteed, then the Optionee's employment shall be deemed to have terminated on the 181st day of such leave.
10. In the event an Optionee shall cease to be a Director, Employee or Consultant of the Company for termination for cause, the Option shall terminate and shall cease to be exercisable upon such termination for cause.
11. Subject to any required regulatory approval, the Board may, in its discretion, accelerate the vesting or exercisability of any Option and all Option shares subject to an Option become vested in the event of a take-over bid. The exercise price and the number of Common Shares which are subject to an Option may be adjusted from time to time for share dividends, and in the event of recapitalization, subdivision, arrangement, amalgamation, reorganization or change in the capital structure of the Company.
12. Subject to Exchange approval and certain other conditions, the exercise price of an Option may be reduced at the discretion of the Board if prior Exchange approval is obtained and at least six (6) months have elapsed since the date the Option was granted and the date the exercise price for such Option was last amended. For any reduction

in the exercise price of an Option held by an Insider of the Company, approval by the Disinterested Shareholders (as defined below) will be required.

- Options issued to Optionees other than Consultants who perform Investor Relations Activities, may at the discretion of the Board be subject to vesting conditions.

The Exchange requires that “rolling” stock Option plans such as the Company’s Plan must receive annual approval by the Shareholders. Thereafter, notice of Options granted under the Plan must be given to the Exchange. Any amendments to the Plan must also be approved by the Exchange and, if necessary, approval by the Disinterested Shareholders of the Company obtained prior to becoming effective.

“**Approval by the Disinterested Shareholders**” means approval by a majority of votes cast by all Shareholders at the Meeting, excluding votes attached to Common Shares beneficially owned by Insiders of the Company to whom Options may be granted pursuant to the Plan and their associates in accordance with the policies of the Exchange.

A copy of the Plan may be inspected at the offices of Gowling (WLG) Canada LLP, counsel to the Company, Suite 2300, 550 Burrard Street, Vancouver, BC, during normal business hours and at the Meeting. In addition, a copy of the Plan will be mailed, free of charge, to any holder of Common Shares who makes a request in writing to the Company. Any such requests should be mailed to the Company, at its head office at Suite 2390, 1055 West Hastings Street, Vancouver, BC V6E 2E9, Canada, to the attention of the Corporate Secretary. See “*Particulars of Matters to Be Acted upon –Approval of the Plan*”.

Employment, Consulting and Management Agreements

The Company does not have any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the NEO’s responsibilities.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation Discussion and Analysis

The Board is responsible for implementing and overseeing the human resources and compensation philosophy of the Company and making recommendations with respect to the compensation to the NEO and directors of the Company. The Board ensures that total compensation paid to NEO and directors is fair and reasonable and is consistent with the Company’s compensation philosophy, subject to the restrictions set forth in the policies of the Exchange relating to CPCs. See “*Statement of Executive Compensation*”.

During the financial year ended December 31, 2016, no compensation has been awarded to, earned by, paid or payable to the NEO of the Company. On the completion of the Company’s IPO, the Company granted stock options to the NEO. See “*Stock Options and other compensation securities*”.

During the financial year ended December 31, 2016, no compensation was paid to directors in their capacity as directors of the Company or in their capacity as members of a committee of the Board. On the completion of the Company’s IPO, the Company granted stock options to the directors of the Company. See “*Stock Options and other compensation securities*”

Executive Compensation Philosophy and Objectives

The Company’s principal goal is to create value for its Shareholders. The Company’s compensation philosophy reflects this goal and is based on the following fundamental principles:

- compensation programs align with Shareholders’ interests – the Company aligns the goals of executives with maximizing long-term Shareholder value;

2. performance sensitive – compensation for executive officers should be linked to operating and market performance of the Company and fluctuate with the performance; and
3. offer market competitive compensation to attract and retain talent – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing executive officers who are performing according to their objectives and to attract new individuals of the highest calibre.

The objectives of the Company in compensating all NEOs were developed based on the above-mentioned compensation philosophy and are as follows: to attract, motivate and retain highly qualified executive officers; to align the interests of executive officers with Shareholders' interests by making long-term, equity-based incentives through the granting of stock options and evaluating executive performance on the basis of key measurements that correlate to long-term Shareholder value; and to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Option-based Awards

The Company has no long-term incentive plan other than its Plan. The Company's Plan provides for the grant of stock options to directors, officers, employees and consultants of the Company. The purpose of the Plan is to provide an incentive for directors, officers, employees and consultants of the Company to directly participate in the Company's growth and development by providing them with the opportunity through options to purchase Common Shares. The grant of such stock options advances the interests of the Company and its shareholders through the motivation, attraction and retention of these individuals.

The Board determines the ranges of stock option grants for each level of directors, officers, employees and consultants to whom it recommends that grants be made. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position and contribution to the Company.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the Exchange from the market price of the Common Shares on the date of grant;
- the date on which each stock option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year. Previous grants are taken into account when considering new grants.

See "*Particulars of Matters to be Acted Upon – Approval of the Plan*".

The Board has responsibility for determining the appropriate levels of compensation for management and for determining related compensatory matters such as the granting of incentive stock options.

The Board has not formally considered the implications of the risks associated with the Company's compensation policies and practices.

The Company has not placed a restriction on NEOs or directors concerning the purchase of 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 the market value of equity securities granted as compensation or held, directly or indirectly by the NEOs or employees.