



FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION
(for the Fiscal Year ended December 31, 2016)

During the fiscal year ended December 31, 2016, two individuals were “named executive officers” of Volcanic Gold Mines Inc. (formerly Volcanic Metals Corp.) (the “**Company**”) within the meaning of the definition set out in National Instrument Form 51-102F6V, “Statement of Executive Compensation – Venture Issuers” (“**Form 51-102F6V**”). As required by Form 51-102F6V, the following includes disclosure of the compensation paid or payable by the Company to Michael Iverson, its Chief Executive Officer (“**CEO**”) and former President, and Jonathan Richards, its former Chief Financial Officer (“**CFO**”) (hereinafter together referred to as “**NEOs**”), and to its directors.

Compensation Excluding Compensation Securities

The following summarizes compensation, excluding Compensation Securities (as defined below), paid or payable to NEOs and directors of the Company during the fiscal years ended December 31, 2016 and 2015:

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 (\$)	Total Compensation (\$)
Michael Iverson ⁽¹⁾ CEO & Director (& former President)	2016	60,000 ⁽²⁾	Nil	Nil	Nil	6,000 ⁽³⁾	66,000
	2015	60,000 ⁽²⁾	Nil	Nil	Nil	6,000 ⁽³⁾	66,000
Jonathan Richards ⁽⁴⁾ Former CFO	2016	9,190 ⁽⁵⁾	Nil	Nil	Nil	Nil	9,190
	2015	9,845 ⁽⁵⁾	Nil	Nil	Nil	Nil	9,845
Scott Ackerman Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil
Craig Goldenberger Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Michael Iverson resigned as President on January 19, 2017.
- (2) Paid or payable to Triple K Ventures Ltd. (“**Triple K**”) for the services of Michael Iverson as President and CEO of the Company.
- (3) Paid or payable to Triple K for office rent.
- (4) Jonathan Richards resigned as CFO on March 27, 2017.
- (5) Paid or payable to Red Fern Consulting Ltd. (“**Red Fern**”) for the services of Jonathan Richards as CFO of the Company.

Compensation Securities

The Company did not grant or issue any stock options, convertible securities, exchangeable securities or similar instruments including stock appreciation rights, deferred share units or restricted stock units (collectively “**Compensation Securities**”) to its NEOs and directors during the fiscal year ended December 31, 2016. The Company’s NEOs and directors did not exercise any Compensation Securities during the fiscal year ended December 31, 2016.

As at December 31, 2016, no Compensation Securities were held by NEOs or directors.

Stock Option Plan and Other Incentive Plans

The Company has a stock option plan (the “**Option Plan**”) which was approved by the shareholders of the Company on December 13, 2016. The TSX Venture Exchange (the “**Exchange**”) requires that the Company obtain shareholder approval to its stock option plan yearly at its annual general meeting. The material terms of the Option Plan are as follows:

- (a) the Option Plan reserves, for issue pursuant to stock options, a maximum number of Common Shares equal to 10% of the outstanding Common Shares of the Company from time to time, with no mandatory vesting provisions (apart from options granted to Consultants performing Investor Relations Activities, see (e) below);
- (b) the number of Common Shares reserved for issue to any one person in any 12 month period under the Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant without Disinterested Shareholder Approval (as defined in Policy 4.4 of the Exchange);
- (c) the number of Common Shares reserved for issue to any Consultant in any 12 month period under the Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
- (d) the aggregate number of Common Shares reserved for issue to any person employed to provide Investor Relations Activities in any 12 month period under the Option Plan may not exceed 2% of the outstanding Common Shares at the time of grant;
- (e) options granted to Consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period;
- (f) the exercise price per Common Share for a stock option may not be less than the Market Price of the Common Shares at the time of the grant;
- (g) stock options may have a term not exceeding ten years;
- (h) stock options (other than options held by a person involved in Investor Relations Activities) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a “reasonable period” after the optionee ceases to serve in such capacity, as determined by the Company’s board of directors (“**Board**”). Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a “reasonable period” after the optionee ceases to serve in such capacity, as determined by the Board.
- (i) stock options are non-assignable and non-transferable;
- (j) the Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares;
- (k) upon the occurrence of an Accelerated Vesting Event (as defined in the Option Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of Shareholders or the holder of any stock option, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Common Shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the

Board in respect of any such Accelerated Vesting Event shall for the purposes of the Option Plan be final, conclusive and binding; and

- (l) in connection with the exercise of an option, as a condition to such exercise, the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option.

“Consultant”, “Director”, “Employee”, “Investor Relations Activities”, “Management Company Employee”, “Market Price” and “Eligible Charitable Organization” all have the same definition as in the policies of the Exchange.

Compensation Agreements or Arrangements

Triple K was paid a monthly fee for the services of Michael Iverson as President and CEO of the Company. Triple K is a private company controlled by Mr. Iverson. There is no written agreement between the parties regarding these services.

Red Fern was paid a monthly fee for the services of Jonathan Richards as CFO of the Company. Red Fern is a private company controlled by Mr. Richards. There is no written agreement between the parties regarding these services.

Oversight and Description of Director and NEO Compensation

The Compensation Committee of the Company’s Board is responsible for ensuring that the Company has appropriate procedures for making recommendations to the Board with respect to the compensation of the Company’s executive officers and directors. During the fiscal year ended December 31, 2016, the Compensation Committee consisted of Michael Iverson, Scott Ackerman and Craig Goldenberger, of whom Messrs. Ackerman and Goldenberger were independent directors.

The general philosophy of the Company’s compensation strategy is to: (a) encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interest of shareholders; (c) provide a compensation package that is designed to attract and retain highly qualified executives and directors; and (d) ensure that total compensation paid takes into account the Company’s overall financial position.

Compensation of the Company’s NEOs is comprised of salaries and/or incentive stock options. The compensation to the Company’s NEOs for the fiscal year ended December 31, 2016 was comprised solely of salaries. The Company may in the future grant stock options to its NEOs. In establishing levels of cash compensation and the granting of stock options, the executive’s performance, level of expertise, and responsibilities are considered.

Incentive stock options are granted pursuant to the Company’s stock option plan which is designed to encourage share ownership on the part of the Company’s management, directors, employees and consultants. The Board believes that the stock option plan aligns the interests of the Company’s personnel with shareholders by linking compensation to the longer term performance of the Company’s shares. The granting of incentive stock options is an important component of executive compensation as it allows the Company to reward each executive officer’s efforts to increase shareholder value without requiring the use of the Company’s cash reserves.

Stock options are generally granted at the time of the executive’s hiring or appointment and periodically thereafter. Previous grants of options are taken into account by the Board when it considers the granting of new stock options.