

TELSON MINING CORPORATION
(the “Company”)

STATEMENT OF EXECUTIVE COMPENSATION

The following information is presented in accordance with *Form 51-102F6-Statement of Executive Compensation*.

For the purposes of this Statement of Executive Compensation:

a “**Named Executive Officer**” means each of the following individuals:

- (a) a CEO of the Company;
- (b) a CFO of the Company;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2017 year end; and
- (d) each individual who would be an Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, at December 31, 2017.

During the financial year ended December 31, 2017, the Company had three Named Executive Officers comprising of Jose Antonio Berlanga Balderas the Company’s Chief Executive Officer (“**CEO**”), Omar Garcia Abrego, the Company’s Chief Financial Officer (“**CFO**”), Ralph Shearing the Company’s President and Enrique Margalef Vergara, VP of Business Development.

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program; however, it has established a Human Resources and Compensation Committee to assist the Board of Directors in fulfilling its responsibility by reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Company and its subsidiaries in the context of the budget and business plan of the Company. The Human Resources and Compensation Committee meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis.

The general objectives of the Company’s compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding 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 commensurate with other mineral exploration companies to enable the Company to attract and retain talent; and (d) to ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a company without a history of revenues.

The Human Resources and Compensation Committee ensures that total compensation paid to all Named Executive Officers, is fair and reasonable. The Human Resources and Compensation Committee relies

on the experience of its members as officers and directors with other mining companies in assessing compensation levels.

The Human Resources and Compensation Committee did not consider the implications of the risks associated with the Company's compensation practices; however, given the Company's size and nature of compensation provided to its executives in the last financial year, the Human Resources and Compensation Committee does not view significant risk that would be likely to have a material adverse effect on the Company.

The Company's management is not permitted to purchase financial instruments, including, for greater certainty, 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 of the Company granted as compensation or held, directly or indirectly, by management.

Analysis of Elements

Base salary is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's stock option plan (the "**Stock Option Plan**").

Long Term Compensation and Option Based Awards

The Company has no long term incentive plans other than the Stock Option Plan. The Company's directors, officers, consultants and employees are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Named Executive Officer and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

The Human Resources and Compensation Committee makes recommendations to the Board of directors with regard to granting options. The Board reviews the recommendations and determines whether or not to approve the option grants. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contributions to shareholder value, previous option grants and the objectives set for the Name Executive Officers and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. 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 Stock Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than prescribed discount permitted by the TSX Venture Exchange (the "**Exchange**") from the market price on the date of grant;

- the date on which each 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 Stock Option Plan. The board of directors reviews and approves grants of options recommended by the Human Resources and Compensation Committee on an annual basis and periodically during a financial year.

Pursuant to the Company's Stock Option Plan, the Company's Board of Directors grants options to directors, officers, consultants and employees as incentives. The level of stock options awarded to a Named Executive Officer is determined by his position and his potential future contributions to the Company. The exercise price of stock options is determined by the Board of Directors but shall in no event be less than the trading price of the common shares of the Company on the Exchange at the time of the grant of the option. The Company granted stock options to Named Executive Officers during the year ended December 31, 2017.

Compensation Governance

The Human Resources and Compensation Committee determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Human Resources and Compensation Committee consists of the following three Directors: Mr. Berlanga, Mr. Bonillas and Mr. Sun of which Mr. Bonillas and Mr. Sun are independent Directors (as that term is defined below).

The role of the Human Resources and Compensation Committee is to assist the Board of Directors of the Company in fulfilling its responsibility by reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Company and its subsidiaries within the context of the budget and business plan of the Company when applicable. This includes matters such as compensation philosophy and remuneration policy, Board retainer fees, performance objectives and evaluation of the CEO and President, compensation and benefit package for senior officers, proposed stock option or share purchase plans, bonuses, and the annual disclosure of compensation information as required by securities law.

The Human Resources and Compensation Committee bears in mind the stage of development of the Company, the small number of executive officers and financial resources of the Company. These factors influence both the elements of compensation and the sophistication of the manner of their determination.

It is the objective of the Company's compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. The Human Resources and Compensation Committee's goal is to endeavour to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation program. The Human Resources and Compensation Committee gives consideration to the Company's contractual obligations, performance, quantitative financial objectives, including relative shareholder return, as well to the qualitative aspects of each individual's performance and achievements.

The Company's compensation program is comprised of base salary and benefits and long term incentives including an incentive stock option plan. Each component of the executive compensation program is addressed below.

Summary Compensation Table

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the financial years ended December 31, 2017, December 31, 2016 (10 months) and February 29, 2016 in respect of Jose Antonio Berlanga Balderas, the Company's CEO and Omar Garcia Abrego, the Company's CFO, Ralph Shearing, the Company's President and Enrique Margalef Vergara, the Company's VP of Business Development. For the information concerning Named Executive Officers' compensation related to previous years, please refer to the Company's previous Information Circulars available at www.sedar.com.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$) ⁽²⁾	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Jose Antonio Berlanga Balderas, CEO and Director	2017	256,430	Nil	397,362	Nil	Nil	Nil	Nil	653,792
	2016 ⁽⁴⁾	90,786	Nil	135,776	Nil	Nil	Nil	Nil	226,562
	2016 ⁽⁵⁾	18,220	Nil	Nil	Nil	Nil	Nil	Nil	18,220
Omar Garcia Abrego, CFO ⁽²⁾	2017	Nil	Nil	177,202	Nil	Nil	Nil	110,583	287,785
	2016 ⁽³⁾⁽⁴⁾	Nil	Nil	17,681	Nil	Nil	Nil	51,000	68,681
	2016 ⁽⁵⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ralph Shearing, President and Director	2017	148,333	Nil	236,270	Nil	Nil	Nil	Nil	384,603
	2016 ⁽⁴⁾	85,000	Nil	135,776	Nil	Nil	Nil	Nil	220,776
	2016 ⁽⁵⁾	72,000	Nil	Nil	Nil	Nil	Nil	Nil	72,000
Enrique Margalef Vergara, VP Business Development and Director	2017	174,456	Nil	300,707	Nil	Nil	Nil	Nil	475,163
	2016 ⁽⁴⁾	61,627	Nil	81,465	Nil	Nil	Nil	Nil	143,092
	2016 ⁽⁵⁾	15,784	Nil	Nil	Nil	Nil	Nil	Nil	15,784

- (1) The value of the option-based award was determined using the Black-Scholes option pricing model. Please refer to the notes to the Company's audited financial statements for the year ended December 31, 2017 for more information on the pricing model.
- (2) The amounts in this column consist of consulting and accounting fees charged by the Named Executive Officer during the financial years set forth above. Perquisites and other personal benefits have not been included as are not worth in aggregate more than \$50,000 or 10% of the Named Executive Officer's total annual salary.
- (3) Omar Garcia Abrego was appointed as CFO on May 19, 2016, so the information for the year ended December 31, 2016 is not for a full financial year.
- (4) During 2016 the Company changed its fiscal year-end from February 29 to December 31. As 2016 is the transition year, these amounts represent a ten month period ended December 31, 2016.
- (5) Amounts for the year ended February 29, 2016.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table discloses the particulars for each Named Executive Officer for awards outstanding at the end of December 31, 2017:

Name	Option –based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)⁽¹⁾	Number of share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Jose Antonio Berlanga Balderas, CEO and Director	1,250,000	0.13	March 28, 2021	737,500	N/A	Nil
	616,667	0.71	November 13, 2022	6,167		
Omar Garcia Abrego, CFO	375,000	0.13	March 28, 2021	221,750	N/A	Nil
	275,000	0.71	November 13, 2022	2,750		
Ralph Shearing, President and Director	1,250,000	0.13	March 28, 2021	737,500	N/A	Nil
	366,667	0.71	November 13, 2022	3,667		
Enrique Margalef Vergara, VP Business Development and Director	750,000	0.13	March 28, 2021	442,500	N/A	Nil
	466,666	0.71	November 13, 2022	4,667		

(1) This amount is based on the difference between the market value of the Company's shares underlying the options as at December 31, 2017, which was \$0.72, and the exercise price of the option.

Incentive Plan Awards - value vested or earned during the year

The following table sets forth details of the aggregate dollar value that would have been realized by the NEO's in the most recently completed financial year if the options under the option-based awards had been exercised on their respective vesting dates.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jose Antonio Berlanga Balderas, CEO and Director	91,667	Nil	Nil
Omar Garcia Abrego, CFO	27,500	Nil	Nil
Ralph Shearing, President and Director	91,667	Nil	Nil
Enrique Margalef Vergara, VP Business Development and Director	55,000	Nil	Nil

Stock options granted to NEO's are typically granted for a period of five years and have a vesting period as determined by the Board.

Narrative Discussion - Stock Option Plan

The only equity compensation plan which the Company currently has in place is the 2018 stock option plan (the “**2018 Plan**”) which was previously approved by shareholders on April 10, 2018 at the Company's annual general meeting of shareholders. The 2018 Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company in accordance with and subject to the rules and policies of the Exchange. The purpose of the 2018 Plan is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

Under the 2018 Plan, the total number of common shares allotted and reserved for future issuance will be equivalent to 10% of the issued and outstanding share capital of the Company from time to time. The Company is presently classified as a Tier 1 Issuer by the Exchange.

Terms of the 2018 Plan

The following is a summary of the material terms of 2018 Plan:

Number of Shares Reserved. The number of common shares reserved for issuance under the 2018 Plan is 10% of the number of common shares outstanding at any given time.

Administration. The 2018 Plan is to be administered by the Board of Directors of the Company or by a committee to which such authority is delegated by the Board of Directors from time to time.

Eligible Persons. The 2018 Plan provides that stock options may be issued only to directors, officers, employees and consultants and part-time dependent contractors of the Company or of any of its affiliates or subsidiaries, to employees of consultant companies providing management or administrative services to the Company, and to consultant companies themselves. Such persons and entities are referred to herein as “Eligible Persons”.

Board Discretion. The 2018 Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company or any committee to which such authority is delegated by the Board of Directors from time to time.

Maximum Term of Options. Options granted under the 2018 Plan will be for a term not exceeding ten years from the date of grant.

Maximum Options per Person. The number of shares reserved for issuance to any one option holder pursuant to options granted under the 2018 Plan during any twelve month period may not exceed 5% (or, in the case of a consultant, 2%) of the outstanding shares of the Company at the time of grant. The number of shares reserved for issuance to consultants and employees who are engaged in investor relations activities is limited to an aggregate of 2% of the outstanding shares of the Company at the time of grant.

No Assignment. The options may not be assigned or transferred.

Termination Prior to Expiry. If an optionee ceases to be a director, officer, employee or consultant for any reason other than death, then such optionee's option will terminate within a reasonable period to be determined by the administrator of the 2018 Plan (the "**Exercise Period**") commencing on the effective date the optionee ceases to be employed by or provide services to the Company (but only to the extent that such option has vested on or before the date the optionee ceased to be so employed or provide services to the Company) as provided for in the written option agreement between the Company and the optionee, and all rights to purchase shares under such option will expire as of the last day of such Exercise Period, provided however that the maximum Exercise Period shall be three (3) months, unless the optionee has entered into a valid employment or consulting agreement that provides for a longer Exercise Period, but in no case shall the Exercise Period be greater than one (1) year unless prior Exchange approval has been given. If an option holder dies, the options of the deceased option holder will be exercisable by his or her estate for a period not exceeding 12 months or the balance of the term of the options, whichever is shorter.

Exercise Price. Options granted under the terms of the 2018 Plan will be exercisable at a price which is not less than the Discounted Market Price, as that term is defined in the Exchange policy manual as of the date hereof, or such other minimum price as is permitted by the Exchange in accordance with its policies from time to time.

Full Payment for Shares. The Company will not issue shares pursuant to options granted under the 2018 Plan unless and until the shares have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their options.

Reduction of Exercise Price. The exercise price of stock options granted to Insiders may not be decreased without disinterested shareholder approval (as described above).

Termination of Plan. The 2018 Plan will terminate pursuant to a resolution of the Board or the Company's shareholders.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

The Company entered into an employment agreement with Ralph Shearing effective October 31, 2007, as amended effective August 1, 2008, and July 1, 2013 (the "**Shearing Agreement**") under which Mr. Shearing receives a base salary of \$72,000 per annum. Further to an amendment of August 1, 2016 and October 1, 2017 the base salary was \$120,00 and \$200,000 per annum respectively.

Under the terms of the Shearing Agreement, in the event of Mr. Shearing's death or as a result of Disability Termination (as that term is defined in the Shearing Agreement) the Company will pay and provide Mr. Shearing or his estate, any unpaid Base Salary and any outstanding and accrued regular and special vacation pay through the termination date and reimbursement for any unreimbursed expenses incurred through to the termination date.

Mr. Shearing is entitled to be paid a severance package consisting of an amount equal to two years' Base Salary in the event his employment is terminated other than for Just Cause (as that term is defined in the Shearing Agreement) or where Mr. Shearing provided the Company with written notice of resignation at any time within 12 months of a Change of Control (as that term is defined in the Shearing Agreement).

In the event of a Change of Control where Mr. Shearing’s employment is terminated other than for Just Cause in the twelve month period following the Change of Control, Mr. Shearing is entitled to receive an amount equal to two times the sum of the Base Salary, payable within 30 days and the contributions to twelve month’s benefits.

The following table shows the estimated compensation that would have been payable to Mr. Shearing assuming termination and/or Change of Control events occurred on December 31, 2017:

Payment Upon Death or Disability Termination⁽¹⁾	Payment Upon Termination after Change of Control Other than for Just Cause⁽²⁾	Payment Upon Resignation after Change of Control⁽²⁾	Payment Upon Termination without Cause⁽²⁾
\$51,598	\$458,798	\$458,798	\$451,598
[December 31, 2016: \$38,976]	[December 31, 2016: \$366,176]	[December 31, 2016: \$366,176]	[December 31, 2016: \$358,976]

(1) This amount assumes that there was no unpaid Base Salary or reimbursement for any unreimbursed expenses. It does include accrued unpaid vacation pay.

(2) This amount is based on the following assumptions:

- (a) Mr. Shearing receives the Base Payment as compensation; and
- (b) the contributions to twelve month’s benefits are approximately \$600.

Other than as set out above, there are no compensatory plans or arrangements, with respect to the any Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the officer’s employment or from a change of any Named Executive Officers’ responsibilities following a change in control.

Director Compensation

The Company has seven directors, two of whom are also Named Executive Officers.

The Company currently does not pay directors who are not employees or officers of the Company for attending directors’ meetings or for serving on committees. The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year. None of the Company’s directors have received any cash compensation for services provided in their capacity as directors during the Company’s financial year ended December 31, 2017. Mr. Margalef received other compensation for consulting services provided to the Company in his senior officer capacity.

During the financial year ended December 31, 2017 the following compensation was granted to our directors. For a description of the compensation paid to the Named Executive Officers of the Company who also acted as directors, see “Summary Compensation Table”.

Name	Fees earned (\$)	Share based awards (\$)	Option based awards (\$)⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)⁽²⁾	Total (\$)
Yao Sun	Nil	Nil	48,328	Nil	Nil	Nil	48,328
Arturo Bonillas	Nil	Nil	48,328	Nil	Nil	Nil	48,328
Remigio Martinez Muller ⁽³⁾	Nil	Nil	322,186	Nil	Nil	Nil	322,186

Name	Fees earned (\$)	Share based awards (\$)	Option based awards (\$)⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)⁽²⁾	Total (\$)
Rory S. Godinho ⁽⁴⁾	Nil	Nil	64,437	Nil	Nil	Nil	64,437

- (1) The value of the option-based award was determined using the Black-Scholes option pricing model. Please refer to the notes to the Company's audited financial statements for the year ended December 31, 2017 for more information on the pricing model.
- (2) The value of perquisites and benefits, if any, for each director was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.
- (3) Mr. Muller was appointed as a director on March 28, 2017, therefore the information included in the table is for less than a full financial year.
- (4) Mr. Godinho was appointed as a director on November 14, 2017, therefore the information included in the table is for less than a full financial year.

Incentive Plan Awards

Outstanding share-based awards and option-based awards. For a description of the compensation paid to the Named Executive Officers of the Company who also acted as directors, see "Summary Compensation Table".

The following table discloses the particulars for each director for awards outstanding at the end of December 31, 2017:

Name	Option –based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)⁽¹⁾	Number of share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Arturo Bonillas	500,000	0.13	March 28, 2021	295,000	N/A	Nil
	75,000	0.71	November 13, 2022	750		
Yao Sun	500,000	0.13	March 28, 2021	295,000	N/A	Nil
	75,000	0.71	November 13, 2022	750		
Remigio Martinez Muller	500,000	0.71	November 13, 2022	5,000	N/A	Nil
Rory S. Godinho	100,000	0.71	November 13, 2022	1,000	N/A	Nil

- (1) This amount is based on the difference between the market value of the Company's shares underlying the options as at December 31, 2017, which was \$0.72, and the exercise price of the option.

Incentive Plan Awards - value vested or earned during the year

The following table sets forth details of the aggregate dollar value that would have been realized by the directors, who are not NEOs in the most recently completed financial year if the options under the option-based awards had been exercised on their respective vesting dates.

<i>Name</i>	<i>Option-based awards – Value vested during the year (\$)</i>	<i>Share-based awards – Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation – Value earned during the year (\$)</i>
Arturo Bonillas	36,667	Nil	Nil
Yao Sun	36,667	Nil	Nil
Remigio Martinez Muller ⁽¹⁾	Nil	Nil	Nil
Rory S. Godinho ⁽²⁾	Nil	Nil	Nil

- (1) Mr. Muller was appointed as a director on March 28, 2017
(2) Mr. Godinho was appointed as a director on November 14, 2017

Additional Information

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at 450 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7 (Telephone: (604) 684-8071) to request copies of the Company's financial statements and MD&A. Financial information about the Company is contained in the Company's comparative audited financial statements and MD&A for its year ended December 31, 2017.

DATED at Vancouver, British Columbia, this 29th day of June, 2018.

ON BEHALF OF THE BOARD OF DIRECTORS

“Jose Antonio Berlanga Balderas”

Jose Antonio Berlanga Balderas
CEO and Director