

MINERAL HILL INDUSTRIES LTD.
(the “Company”)
Form 51-102F6
STATEMENT OF EXECUTIVE COMPENSATION
(for the year ended December 31, 2023)

1- GENERAL PROVISIONS

Definitions

In this form,

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

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

“**closing market price**” means the price at which the Company’s was last sold, on the applicable date on the TSXV;

“**equity incentive plan**” means an incentive plan or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment.

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**grant date**” means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*”

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid, or payable under an incentive plan;

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

- (a) a CEO;
- (b) a CFO;
- (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 CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with applicable securities laws; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

“**non-equity incentive plan**” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“**replacement grant**” means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

“**repricing**” means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

“**share-based award**” means an award under an equity incentive plan of equity- based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Determining if an individual is an NEO

Based on the foregoing definition, during the last completed fiscal year of the Company, the Company had two NEOs, namely, Dieter Peter, CEO and Eric Peter-Kaiser as Interim CFO.

2 – COMPENSATION DISCUSSION AND ANALYSIS

Role of the Corporate Governance & Human Resources Committee

On December 16, 2016, the Company appointed a CGHRC for the ensuing year. The CGHRC is responsible for annually reviewing the Company’s compensation arrangements with its executive officers. When reviewing the compensation of the executive officers, the CGHRC considers the objectives of: (i) recruiting and retaining the executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and shareholders of the Company; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. The CGHRC has the responsibility of negotiating the senior executive officers’ total compensation package, reviewing and advising on stock option guidelines, including making recommendations on specific option grants and to review and communicate to the Board the compensation policies and principles that will be applied to other executives and employees of the Company.

On December 11, 2017 the CGHRC was dissolved as the agreement that was instrumental in appointing the CGHRC the previous year was terminated. The Board of Directors now has the responsibility for determining compensation for the Directors and senior management. As such in the following paragraphs the “CGHRC” is interchangeable with the “Board of Directors”.

With the previous consent of Mr. Andrew von Kursell, the Board of Directors, on July 23, 2020, appointed Mr. von Kursell as designated Director with primary oversight of the Company’s corporate governance compliances. In January 2023, Mr. Andrew von Kursell passed away and the CEO assumed primary oversight of the Company’s corporate governance compliances on a temporarily basis until the Board of Directors has been restuctured.

Compensation Philosophy

In accordance to the Company’s compensation philosophy all employees of the Company will receive their compensation based on market value for the type of role they perform. Additional consideration will be given to internal pay equity and performance. Currently, the compensation payable to employees still consists entirely of long-term incentives by way of the grant of stock options in accordance with the policies of the TSX Venture Exchange (“TSXV”) and the Company’s Stock Option Plan as long-term incentives.

Base Salary

Although no NEO of the Company received, by mutual agreement, a base salary during the year ended December 31, 2023, in the CGHRC's view, paying base compensation, that is competitive in the market in which the Company operates, can and will be a first step to attracting and retaining talented, qualified and effective executives to be applied as soon as a sustainable financial situation has been established for the Company.

The base salary of each particular executive officer was and will again be determined by an assessment by the CGHRC of such executive officer's performance, a consideration of competitive compensation levels in companies similar to the Company and a review of the Company's overall performance of the and the role an executive officer played in such company performance.

Long-Term Incentive

The incentive component of the Company's compensation program is the potential longer term reward provided through the grant of stock options. The Company's Stock Option Plan is intended to attract, retain and motivate officers and directors of the Company and to align the interests of those individuals with those of the Company's shareholders. The Company will grant stock options to executive officers, consultants and employees in accordance with the policies of the TSXV. On March 29, 2005, the Board approved the adoption of a new stock option plan, which was approved by the shareholders at the 2005 annual meeting. It replaced a previous stock option plan. The stock option plan was subsequently amended and approved by the Company's shareholders at the annual meeting on June 27, 2012 and again on November 27, 2014, December 18, 2018, December 18, 2019, December 18, 2020, August 27, 2021, June 16, 2022 and December 22, 2023.

The Stock Option Plan provides that the number of common shares under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 20% of the total number of issued and outstanding common shares. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis. The Stock Option Plan must be approved by a majority of the votes cast by shareholders other than insiders or their associates to whom shares may be issued pursuant to the New Stock Option Plan if the number of options granted to insiders exceeds 10% of the issued shares of the Company. The objective of granting options is to encourage each option recipient to acquire an ownership interest in the Company over a period of time, which acts as a financial incentive for such optionees to consider the long-term interests of the Company and its shareholders.

When determining the number of stock options to be granted to an executive officer, the Board of Directors takes into account the number and terms of outstanding stock options and vesting provisions when determining whether or not new stock option grants should be made to such executive officer.

CEO's Compensation

The components of the CEO's compensation to be granted are the same as those that apply to all of the Company's executive officers, namely base compensation and long-term incentives in the form of stock options. Due to the Company's tight budget, since 2014 the CEO has not received base compensation (salary) from the Company.

The general compensation philosophy of the Company for executive officers is to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Company to be successful, and to provide long-term incentive compensation which aligns the interest of executives with those of the shareholders and provide long-term incentives to members of senior management whose actions have a direct and identifiable impact on the performance of the Company and who have had a material responsibility for long-range strategy development and implementation.

In establishing the CEO's compensation, the CGHRC reviews salaries paid to other equivalent executive positions within the industry for companies of similar size and stage of development and the CEO's contribution to the affairs of the Company and makes recommendations with respect to the CEO compensation to the Board. In their review, the Board of Directors took in to consideration that both the CEO and the CFO provide administrative services to public companies with common directors and officers, for which the Company (not the Executives) receives reimbursements of 60% of the monthly salaries of the CEO and CFO from the related companies for which such services are provided, as reflected in the Company's Financial Statements which have been filed on SEDAR.

The Board of Directors meets to discuss and determine executive compensation without reference to formal objectives, criteria or analysis. In making its determinations regarding the various elements of executive compensation, the Board of Directors does not benchmark its executive compensation program.

During 2016, the Board of Directors was responsible for all issues and responsibilities pertaining to the CGHRC. On December 16, 2016, the Board established a CGHRC in anticipation of completing a contracted acquisition of an oil and gas company ("Acquisition-Target-2016") which was dissolved on December 11, 2017 due to non-compliance of the contacted term by the Acquisition-Target. From that time forward, the Board of Directors assumed the responsibilities of the CGHRC.

Elements of Compensation

The Company's executive compensation policy consists of an annual base salary and long term incentives in the form of stock options granted under the Company's Stock Option Plan.

Since January 2014, the President & CEO, the interim CFO and the Senior Assistant to the CFO of the Company (the "Team Members") forfeited their base salaries for the time being in order to keep the company in good standing for as long as it is not in the position to provide competitive pay that reflects each of the Team Members' primary duties and responsibilities and the level of skill and experience required to successfully perform their role. As soon as the Company has reached a sustainable financial situation, the Company intends to pay base salaries to the Team Members that are competitive with those for similar positions in the mining industry to attract and retain executive talent in the market in which the Company competes for talent. Base salaries of officers are reviewed annually by the Board of Directors.

Compensation Policies and Risk Management

The Board of Directors considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. Commencing in 2012, the Board of Directors intends to review at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

The Company's executive compensation was and will be comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board of Directors is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular

Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging of Economic Risks in the Company's Securities

The Company has not adopted a policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers. However, the Company is not aware of any Directors or officers having entered into this type of transaction.

Option-Based Awards

The Company's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Board of Directors as a whole has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

Compensation Governance

Options are granted at the discretion of the Board of Directors, which considers factors such as how other junior exploration companies grant options and the potential value that each optionee is contributing to the Company and the various board committees. The number of options granted to an individual is based on such considerations.

3 – COMPENSATION TABLE

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 "**Statement of Executive Compensation**" (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the most recently completed financial year (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the CEO and the CFO and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at December 31, 2023 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

Summary Compensation Table

<i>Name and Principal Position</i>	<i>Year</i>	<i>Salary⁽²⁾⁽³⁾⁽⁴⁾ (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards (\$)⁽¹⁾</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>		<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total Compensation (\$)</i>
					<i>Annual Incentive Plans</i>	<i>Long-term Incentive Plans</i>			
Dieter Peter, CEO	2023	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eric Peter-Kaiser, Interim CFO, appointed in January 2023	2023	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew von Kursell, deceased in January 2023	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) These amounts represent the value of stock options granted to the respective Named Executive Officer. The methodology used to calculate these amounts was the Black-Scholes-Merton model. This is consistent with the accounting values used in the Company's financial statements. The dollar amount in this column represents the total value ascribed to the stock options.

4 – INCENTIVE PLAN AWARDS

The following table provides information regarding the total incentive plan awards for each Named Executive Officer outstanding as of December 31, 2023.

Outstanding Share-Based Awards and Option-Based Awards

<i>Name</i>	<i>Option-based Awards</i>				<i>Share-based Awards</i>		
	<i>Number of securities underlying unexercised options</i>	<i>Option Exercise Price</i>	<i>Option Expiration Date</i>	<i>Value of unexercised in-the-money options</i>	<i>Number of shares or units of shares that have not vested (#)</i>	<i>Market or payout value of share-based awards that have not vested (\$)</i>	<i>Market or payout value of vested share based awards not paid out or distributed (\$)</i>
Dieter Peter CEO	Nil	N/A	N/A	Nil	Nil	Nil	Nil
Eric Peter-Kaiser, Interim CFO	Nil	N/A	N/A	Nil	Nil	Nil	Nil

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each Named Executive Officer for the financial year ended December 31, 2023.

Value Vested or Earned During the Financial Year ended December 31, 2023

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 (\$)
Dieter Peter, CEO ⁽¹⁾	\$Nil	Nil	Nil
Eric Peter-Kaiser, CFO ⁽²⁾	\$Nil	Nil	Nil

(1) No options outstanding at the year ended December 31, 2023

(2) No options outstanding at the year ended December 31, 2023

As no options were outstanding no stock options were exercised and sold by the Named Executive Officers during the financial year ended December 31, 2023.

Option Exercised During the Financial Year ended December 31, 2023

Name	Number of options exercised and sold	Option exercise price	Value realized (\$)
Dieter Peter, CEO	Nil	Nil	Nil
Eric Peter-Kaiser, Interim CFO from January 2023	Nil	Nil	Nil

5 – PENSION PLAN BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

6- TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company had a consulting agreement with MerFin Management Limited and Dieter Peter, a Named Executive Officer, pursuant to the terms of which the Company pays an annual consulting fee in the amount of \$110,000 to MerFin Management Limited. In February 2014 the consulting agreement with MerFin Management Limited was suspended until financing of the Company can be obtained. This suspension was still in effect as at December 31, 2023.

The Company and its subsidiaries have no other compensatory plan, contract or arrangement where a Named Executive Officer is entitled to compensation in the event of resignation, retirement or other termination, a change of control of the Company or its subsidiaries or a change in responsibilities following a change in control. There are no conditions or obligations which MerFin Management Limited has to comply with in order to receive its severance fee.

7 - DIRECTOR COMPENSATION

No compensation was provided to the Directors, who are each not also a Named Executive Officer, for the Company's most recently completed financial year.

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Statement of Executive Compensation.

The Company has a Stock Option Plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating,

attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

Director Compensation Table

The following table sets forth all amounts of compensation provided to the Directors, who are not also a Named Executive Officer, for the financial year ended December 31, 2023.

	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan	Pension Value (\$)	All other compensation (\$)	Total (\$)
Grant Hendrickson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Reno Calabrigo- elected on December 22, 2023	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table provides information regarding the incentive plan awards for each non-executive director outstanding as of December 31, 2023.

	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	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Reno Calabrigo	Nil	N/A	N/A	Nil	Nil	Nil
Grant Hendrickson	Nil	N/A	N/A	Nil	Nil	Nil

The following table provides information vested or earned of incentive plan awards for each non-executive director for the financial year ended December 31, 2023.

Value Vested or Earned During the Financial Year ended December 31, 2023

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 (\$)
Reno Calabrigo	Nil	Nil	Nil
Grant Hendrickson	Nil	Nil	Nil

No options outstanding, hence none vested during the year ended December 31, 2023.