



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

**DATED JUNE 29, 2017**

**Compensation Oversight and Description**

*Overview*

The Corporation has a corporate governance, compensation and nomination committee (the “**Compensation Committee**”), comprised solely of independent directors, that is responsible for setting the overall compensation strategy of the Corporation and evaluating and making recommendations to the Board for the compensation of directors and senior officers on an annual basis.

In developing the compensation strategy, the Compensation Committee considers the stage of development of the Corporation, the small number of executive officers, the external market for similar positions and the financial performance of the Corporation. These factors influence both the elements of compensation and the sophistication of the manner of their determination. In addition, the Corporation relies on the flexibility of the executive officers in relation to their receipt of compensation.

No significant events occurred or compensation policies changed during the Corporation’s most recently completed financial year that have had a significant effect on the Director or NEO compensation.

*Objectives of Compensation Program*

It is the objective of the Corporation’s compensation program to attract and retain highly qualified executives and to link incentive compensation to personal and corporate performance and enhancing shareholder value. In evaluating the annual performance of the executive officers, the Compensation Committee considers quantitative objectives including relative shareholder value as well as qualitative aspects of the individual’s performance and achievements. However, total annual compensation for each NEO is not tied to certain performance criteria or goals of the Corporation.

*Role of the Executive Officers in the Compensation Process*

The Compensation Committee will receive and review any recommendations of the President and Chief Executive Officer relating to the general compensation structure and programs for the Corporation and the salary and benefit levels of executive officers.

*Risks of Compensation Program*

The Compensation Committee has considered the implications of the risks associated with the Corporation’s compensation policies and practices and it has a significant role in this risk oversight through regular discussions with the Corporation’s President and Chief Executive Officer. An identified risk is the ability of the Corporation to attract and retain qualified executives and employee’s given the current development stage status of the Corporation requiring it to offer below-market salaries and bonuses to these individuals.

### *Elements of the NEO Compensation Program*

The Corporation's compensation comprises: (i) base salary and benefits, (ii) a discretionary incentive bonus plan and (iii) incentive stock options under a fixed stock option plan. Each component of the executive compensation program is addressed below.

#### *Base Salaries and Benefits*

Salaries for each of the executive officers are reviewed annually based on corporate and personal performance and on individual levels of responsibility. Salaries for the executive officers are not determined based on a specific formula or comparison with a peer group. The Compensation Committee submits its recommendation to the Board as to the salary of the President and Chief Executive Officer. The Compensation Committee considers, and if thought appropriate, approves salaries recommended by the President and Chief Executive officer for the other executive officers of the Corporation. Base salaries are established to be competitive in order to attract and retain highly qualified executives.

Other components of compensation may include personal benefits as determined by the Compensation Committee that are consistent with the overall compensation strategy. There is no formula for how personal benefits are utilized in the total compensation package. The Corporation does not provide any pension or retirement benefits to its executive officers.

#### *Incentive Bonus Plan*

To relate the compensation of the senior executive officers of the Corporation to the performance of the Corporation, the Board, on the recommendation of the Compensation Committee, adopted a senior executive bonus plan (the "**Bonus Plan**") pursuant to which a discretionary incentive bonus is provided from time to time. Special bonuses may be provided related to significant projects.

The Board, through the Compensation Committee, will review the Bonus Plan on an annual basis at the time of approving the annual budget. The Board, through its Compensation Committee, has the authority to make any changes to the Bonus Plan at any time to take into account any extenuating circumstances or to correct any inequities which may have not been foreseen at the time the Bonus Plan was established or at any annual review. The last bonus payments under the Bonus Plan were those related to the 2013 fiscal period.

#### *Stock Option Plan*

The Compensation Committee is responsible for making recommendations to the Board regarding the administration of and the awarding of options under the Corporation's stock option plan ("**Option Plan**"). The shareholders approved a fixed Option Plan on October 19, 2012, which provides 10,600,000 of the issued and outstanding Common Shares to be reserved for issuance to directors, officers, employees and consultants of the Corporation on the exercise of options granted under the Option Plan. The Compensation Committee determines the number of options to be granted to each executive officer based on the level of responsibility and experience in the position.

The Compensation Committee regularly reviews and where appropriate adjusts the number of options granted to individuals and determines the vesting provisions of such options. The maximum term of options granted may not exceed ten years.

The Compensation Committee sets the number of options as appropriate to attract and retain qualified and talented employees. The Compensation Committee also takes account of the Corporation's contractual obligations and the award history for all participants in the Option Plan. The Option Plan is designed to provide a long-term incentive to officer and employees that is linked to shareholder value. Executive officers and directors of the Board are 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 granted as compensation or held, directly or indirectly, by the officer or director.

## Director and Named Executive Officer Compensation

The following table provides a summary of compensation, excluding compensation securities, earned in respect of the Corporation's two most recently completed financial years by the Chief Executive Officer and the Chief Financial Officer (the "NEO's") who served as executive officers of the Corporation during the year ended December 31, 2016. There were no other executive officers of the Corporation at the end of the most recently completed financial year whose total compensation exceeded \$150,000 per year.

No compensation was earned by the members of the Board of Directors (the "Directors") during the Corporation's two most recently completed financial years.

Name and Position	Year	Salary (\$)	Value of Perquisites <sup>(2)</sup> (\$)	Total Compensation (\$)
Eric Laing President, Chief Executive Officer and Director <sup>(1)</sup>	2016	150,000	10,800	160,800
	2015	150,000	10,800	160,800
Susan Scullion Chief Financial Officer	2016	140,000	9,600	149,600
	2015	140,000	9,600	149,600

Notes:

- (1) All compensation earned by Mr. Laing was received in his position of President and CEO only.  
(2) Consists of vehicle allowances.

## Director and Named Executive Officer Stock Option and Other Compensation Securities

No stock options or other compensation securities were granted or issued to Directors or NEO's of the Corporation during the financial year ended December 31, 2016.

### Exercise of Compensation Securities by Directors and NEO's

No stock options or other compensation securities were exercised by Directors or NEO's of the Corporation during the financial year ended December 31, 2016.

The following table provides a summary of all compensation securities outstanding to the Directors and NEO's of the Corporation as at December 31, 2016.

Name & Principal Position	Stock Options			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date <sup>(3)</sup>	Value of unexercised in-the- money options <sup>(1)(2)</sup> (\$)
Eric Laing President, Chief Executive Officer and Director	180,000	0.14	February 8, 2017	19,800
	1,223,750	0.24	August 23, 2017	12,237
	526,250	0.43	November 5, 2017	-
	100,000	1.15	November 17, 2019	-
Susan Scullion Chief Financial Officer	700,000	0.42	January 31, 2018	-
	80,000	0.98	December 3, 2019	-

Name & Principal Position	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date <sup>(3)</sup>	Value of unexercised in-the-money options <sup>(1)(2)</sup> (\$)
Sherry Austin Director	75,000	0.14	February 8, 2017	8,250
	125,000	0.51	November 22, 2017	-
Dell Chapman Director	150,000	0.14	February 8, 2017	16,500
	100,000	0.51	November 22, 2017	-
Marvin Clifton Director	150,000	0.14	February 8, 2017	16,500
	100,000	0.51	November 22, 2017	-
Rod Graham Director	150,000	0.51	November 22, 2017	-
	100,000	1.15	November 17, 2019	-
Ken Zinger Director	150,000	0.51	November 22, 2017	-
	100,000	1.15	November 17, 2019	-

**Notes:**

- (1) The closing price of the Common Shares on the TSX-V on December 31, 2016 was \$0.25, which was the last trading day of the Corporation's most recently completed fiscal year.
- (2) The value of unexercised in-the-money options is calculated by multiplying the number of options by the difference between the closing price of the Common Shares on the TSX-V on December 31, 2016 and the exercise price of the option.
- (3) All options granted expire five years after the date of the grant and vesting terms vary by grant with one-third released at each of three specified dates during the vesting period.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

Other than as set forth below, the Corporation has no 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 in control of the Corporation or a change in a NEO's responsibilities.

Pursuant to an employment agreement (the "**Employment Agreement**") between Mr. Eric Laing and the Corporation dated June 17, 2011, the Corporation agreed to engage Mr. Laing upon the following terms and conditions:

- (a) Mr. Laing was appointed as President of the Corporation;
- (b) the annual compensation was initially set at \$150,000, subject to review by the board of directors on a periodic basis, and Mr. Laing is eligible, under certain circumstances, to bonuses and stock options;
- (c) Mr. Laing will be reimbursed for reasonable expenses incurred in connection with his employment, including those incurred while traveling on business on the Corporation's behalf;
- (d) after the end of his employment, Mr. Laing is subject to a number of conditions owing to non-competition, non-solicitation and confidentiality provisions; and
- (e) Mr. Laing is entitled to receive a \$300,000 termination payment in the event that he is terminated or constructively dismissed without cause or he resigns his position as a result of the following:
  - (i) there is a change of control event as defined by the Employment Agreement that was not supported by Mr. Laing; or
  - (ii) there is a material breach of the Employment Agreement by the Corporation.