

HIGHWAY 50 GOLD CORP.

Form 51-102F6V - Statement of Executive Compensation - Venture Issuers

The following information pertaining to Highway 50 Gold Corp. (the "**Corporation**" or "**Highway 50**") is presented pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") for the Corporation's financial year ended December 31, 2022.

GENERAL

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

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries;

"**named executive officer**" or "**NEO**" means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

"**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; and

"**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.

Currency

In this Statement of Executive Compensation, unless otherwise indicated, all dollar amounts and references to "\$" are to Canadian dollars.

COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS

During the Corporation's financial year ended December 31, 2022, the Corporation's named executive officers were: (i) Gordon P. Leask, CEO, President and a director of the Corporation; and (ii) Scott Davis, CFO of the Corporation.

Table of Compensation Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation or a subsidiary of the Corporation to each NEO and director of the Corporation in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Corporation for services provided and for services to be provided, directly or indirectly, to the Corporation or a subsidiary of the Corporation, for each of the Corporation's two (2) most recent completed financial years.

The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans for its NEOs.

| Name and Position | Fiscal Year Ended December 31 | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or Meeting Fees (\$) | All other Compensation ⁽¹⁾ (\$) | Total Compensation (\$) |
|--|-------------------------------|---|------------|--------------------------------|--|-------------------------|
| Gordon P. Leask NEO, President, CEO and Director | 2022 | 120,000 ⁽²⁾ | Nil | Nil | Nil | Nil ⁽²⁾ |
| | 2021 | 120,000 ⁽²⁾ | Nil | Nil | Nil | Nil ⁽²⁾ |
| Scott Davis NEO and CFO | 2022 | 36,000 ⁽³⁾ | Nil | Nil | Nil | 36,000 |
| | 2021 | 36,000 ⁽³⁾ | Nil | Nil | Nil | 36,000 |
| John M. Leask Director | 2022 | 120,000 ⁽⁴⁾ | Nil | Nil | Nil | Nil ⁽⁴⁾ |
| | 2021 | 120,000 ⁽⁴⁾ | Nil | Nil | Nil | Nil ⁽⁴⁾ |
| Megan Cameron-Jones Corporate Secretary and Director | 2022 | 60,000 ⁽⁵⁾ | Nil | Nil | Nil | Nil ⁽⁵⁾ |
| | 2021 | 60,000 ⁽⁵⁾ | Nil | Nil | Nil | Nil ⁽⁵⁾ |
| Paul Reynolds Director | 2022 | Nil | Nil | Nil | Nil | Nil |
| | 2021 | Nil | Nil | Nil | Nil | Nil |
| Edwin Rees ⁽⁶⁾ Director | 2022 | Nil | Nil | Nil | Nil | Nil |
| | 2021 | N/A | N/A | N/A | N/A | N/A |
| Peter Krag-Hansen ⁽⁷⁾ Director | 2022 | Nil | Nil | Nil | Nil | Nil |
| | 2021 | Nil | Nil | Nil | Nil | Nil |

Notes:

- (1) The value of perquisites received by each named executive officer and director, including property or other personal benefits provided that are not generally available to all employees, was not in the aggregate greater than \$15,000 of each named executive officer's and each director's total salary for the financial year.
- (2) Represents consulting fees incurred by a private company controlled by Mr. Gordon Leask for his position of President and CEO of the Corporation. See "*EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS, INCLUDING TERMINATION AND CHANGE OF CONTROL BENEFITS*". Mr. Leask charged \$120,000 for each of 2022 and 2021 and forgave those amounts at December 31, 2022.
- (3) This amount was paid to Cross Davis & Co. LLP, an accounting firm of which Mr. Davis, the CFO of the Corporation, is a partner, for accounting services.
- (4) Represents consulting fees incurred by a private company controlled by Mr. John Leask. See "*EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS, INCLUDING TERMINATION AND CHANGE OF CONTROL BENEFITS*". Mr. Leask charged \$120,000 for each of 2022 and 2021 and forgave those amounts at December 31, 2022.
- (5) Represents consulting fees incurred by Megan Cameron-Jones in her capacity as Corporate Secretary of the Corporation. Ms. Cameron-Jones charged \$60,000 for each of 2022 and 2021 and forgave those amounts at December 31, 2022.
- (6) Edwin Rees was appointed as director on December 2, 2022.
- (7) Peter Krag-Hansen did not stand for re-election at the Corporation's AGM on December 2, 2022.

OPTION-BASED AWARDS

As at December 31, 2022, the Corporation did not have any share-based award plans for its NEOs.

During the fiscal year ended December 31, 2022, no incentive stock options were re-priced, cancelled and replaced, had their terms extended, or otherwise been materially modified.

The following table sets out the incentive stock options granted to directors and NEOs by the Corporation or its subsidiaries which were outstanding at the most recently completed financial year ended December 31, 2022.

| Name and position | Number of options, number of common shares underlying unexercised options and percentage of class | Date of issue or grant | Option exercise price (\$) | Closing price of common shares on date of grant ⁽²⁾ (\$) | Expiry date |
|--|---|--|----------------------------|---|--|
| Gordon P. Leask ⁽³⁾ NEO, President, CEO and Director | 300,000 ⁽¹⁾ 450,000 ⁽¹⁾ 22.83% | May 17, 2018 Nov 17, 2020 | 0.25 0.37 | 0.25 0.37 | May 17, 2023 Nov 17, 2025 |
| Megan Cameron-Jones ⁽⁴⁾ Secretary and Director | 300,000 ⁽¹⁾ 450,000 ⁽¹⁾ 22.83% | May 17, 2018 Nov 17, 2020 | 0.25 0.37 | 0.25 0.37 | May 17, 2023 Nov 17, 2025 |
| Scott Davis ⁽⁵⁾ NEO and CFO | 100,000 ⁽¹⁾ 50,000 ⁽¹⁾ 50,000 ⁽¹⁾ 6.09% | May 17, 2018 Nov 17, 2020 Apr 30, 2021 | 0.25 0.37 0.35 | 0.25 0.37 0.39 | May 17, 2023 Nov 17, 2025 Apr 30, 2026 |
| John M. Leask ⁽⁶⁾ Director | 450,000 ⁽¹⁾ 300,000 ⁽¹⁾ 22.83% | Nov 17, 2020 Apr 30, 2021 | 0.37 0.35 | 0.37 0.39 | Nov 17, 2025 Apr 30, 2026 |
| Peter Krag-Hansen ⁽⁷⁾ Director | 200,000 ⁽¹⁾ 6.09% | Nov 17, 2020 | 0.37 | 0.37 | Nov 17, 2025 |
| Paul Reynolds ⁽⁸⁾ Director | 200,000 ⁽¹⁾ 6.09% | Jan 4, 2021 | 0.38 | 0.38 | Jan 4, 2026 |
| Edwin Rees ⁽⁹⁾ Director | 200,000 ⁽⁹⁾ 6.09% | Dec 2, 2022 | 0.25 | 0.10 | Dec 2, 2027 |

Notes:

- (1) Options fully vested.
- (2) Closing price of common shares at December 30, 2022 was \$0.125.
- (3) At December 31, 2022, Mr. G. Leask held a total of 750,000 stock options.
- (4) As at December 31, 2022, Ms. Cameron-Jones held a total of 750,000 stock options.
- (5) As at December 31, 2022, Mr. Davis held a total of 200,000 stock options.
- (6) As at December 31, 2022, Mr. J. Leask held a total of 750,000 stock options.
- (7) As at December 31, 2022, Mr. Krag-Hansen held a total of 200,000 stock options. Mr. Krag-Hansen did not stand for re-election at the Corporation's AGM on December 2, 2022 and his stock options expired 90 days later.
- (8) As at December 31, 2022, Mr. Reynolds held a total of 200,000 stock options.
- (9) As at December 31, 2022, Mr. Rees held a total of 200,000 stock options. These options will vest on December 2, 2023.

EXERCISE OF OPTION-BASED AWARDS BY DIRECTORS AND NEOS

No compensation securities were exercised by the directors and named executive officers of the Corporation and its subsidiaries during the financial year ended December 31, 2022.

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

Stock Option Plans and other Incentive Plans

The Corporation currently has in place a “rolling 10%” stock option plan (the “**Plan**”), which replaced the Corporation's prior rolling 10% stock option plan on December 21, 2022 (the “**Prior Plan**”). The purpose of the Plan is to, among other things: (i) provide the Corporation with a mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Corporation and its subsidiaries; (ii) reward directors, officers, employees and consultants that have been granted stock options (each, an “**Option**”) under the Plan for their contributions toward the long-term goals and success of the Corporation; and (iii) enable and encourage such directors, officers, employees and consultants to acquire common shares (the “**Shares**”) of the Corporation as long-term investments and proprietary interests in the Corporation.

The following is a summary of certain provisions of the Plan:

Eligibility

The Plan allows the Corporation to grant Options to attract, retain and motivate qualified directors, officers, employees and consultants of the Corporation and its subsidiaries (collectively, the “**Plan Participants**”).

Number of Shares Issuable

The aggregate number of Shares that may be issued to Plan Participants under the Plan will be that number of Shares equal to 10% of the issued and outstanding Shares on the particular date of grant of the Option, inclusive of the stock options currently outstanding under the Prior Plan.

Limits on Participation

The Plan provides for the following limits on grants, for so long as the Corporation is subject to the requirements of the TSX Venture Exchange (the “**TSXV**”), unless disinterested shareholder approval is obtained or unless permitted otherwise pursuant to the policies of the TSXV:

- (i) the maximum number of Shares that may be issued to any one Plan Participant (and where permitted pursuant to the policies of the TSXV, any company that is wholly-owned by the Plan Participant) under the Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 5% of the issued Shares calculated on the date of grant;
- (ii) the maximum number of Shares that may be issued to insiders collectively under the Plan, together with any other security based compensation arrangements, within a 12-month period, may not exceed 10% of the issued Shares calculated on the date of grant; and
- (iii) the maximum number of Shares that may be issued to insiders collectively under the Plan, together with any other security based compensation arrangements, may not exceed 10% of the issued Shares at any time.

For so long as such limitation is required by the TSXV, the maximum number of Options which may be granted within any 12-month period to Plan Participants who perform investor relations activities must not exceed 2% of the issued and outstanding Shares, and such Options must vest in stages over 12 months with no more than 25% vesting in any three month period. In addition, the maximum number of Shares that may be granted to any one consultant under the Plan,

together with any other security based compensation arrangements, within a 12-month period, may not exceed 2% of the issued Shares calculated on the date of grant.

Administration

The plan administrator of the Plan (the "**Plan Administrator**") will be the board of directors (the "**Board**") of the Corporation or a committee of the Board, if delegated. The Plan Administrator will, among other things, determine which directors, officers, employees or consultants are eligible to receive Options under the Plan; determine conditions under which Options may be granted, vested or exercised, including the expiry date, exercise price and vesting schedule of the Options; establish the form of option certificate ("**Option Certificate**"); interpret the Plan; and make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Plan.

Subject to any required regulatory or shareholder approvals, the Plan Administrator may also, from time to time, without notice to or without approval of the shareholders or the Plan Participants, amend, modify, change, suspend or terminate the Options granted pursuant thereto as it, in its discretion, determines appropriate, provided that no such amendment, modification, change, suspension or termination of the Plan or any Option granted pursuant thereto may materially impair any rights of a Plan Participant or materially increase any obligations of a Plan Participant under the Plan without the consent of such Plan Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements or as otherwise permitted pursuant to the Plan.

All of the Options are subject to the conditions, limitations, restrictions, vesting, exercise and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Plan, and will be evidenced by an Option Certificate. In addition, subject to the limitations provided in the Plan and in accordance with applicable law, the Plan Administrator may accelerate the vesting of Options, cancel or modify outstanding Options and waive any condition imposed with respect to Options or Shares issued pursuant to Options.

Exercise of Options

Options shall be exercisable as determined by the Plan Administrator at the time of grant, provided that no Option shall have a term exceeding 10 years so long as the Shares are listed on the TSXV.

Subject to all applicable regulatory rules, the vesting schedule for an Option, if any, shall be determined by the Plan Administrator. The Plan Administrator may elect, at any time, to accelerate the vesting schedule of an Option, and such acceleration will not be considered an amendment to such Option and will not require the consent of the Plan Participant in question. However, no acceleration to the vesting schedule of an Option granted to a Plan Participant performing investor relations services may be made without prior acceptance of the TSXV.

The exercise price of an Option shall be determined by the Plan Administrator and cannot be lower than the greater of: (i) the minimum price required by the TSXV; and (ii) the market value of the Shares on the applicable grant date.

A Plan Participant may exercise the Options in whole or in part through any one of the following forms of consideration, subject to applicable laws, prior to the expiry date of such Options, as determined by the Plan Administrator:

- the Plan Participant may send a wire transfer, certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate exercise price of the Shares being purchased pursuant to the exercise of the Options;
- subject to approval from the Plan Administrator and the Shares being traded on the TSXV, a brokerage firm may be engaged to loan money to the Plan Participant in order for the Plan Participant to exercise the Options to acquire the Shares, subsequent to which the brokerage firm shall sell a sufficient number of Shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of Shares from the exercise of the Options, and the Plan Participant shall receive the balance of the Shares or cash proceeds from the balance of such Shares; and
- subject to approval from the Plan Administrator and the Shares being traded on the TSXV, consideration may be paid by reducing the number of Shares otherwise issuable under the Options, in lieu of a cash payment to the Corporation, a Plan Participant, excluding those providing investor relations services, only receives the number of Shares that is equal to the quotient obtained by dividing: (i) the product of the number of Options being exercised multiplied by the difference between the volume-weighted average trading price of the Shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the Shares. The number of Shares delivered to the Plan Participant may be further reduced to satisfy applicable tax withholding obligations. The number of Options exercised, surrendered or converted, and not the number of Shares issued by the Issuer, must be included in calculating the number of Shares issuable under the Plan and the limits on participation.

If an exercise date for an Option occurs during a trading black-out period imposed by the Corporation to restrict trades in its securities, then, notwithstanding any other provision of the Plan, the Option shall be exercised no more than ten business days after the trading black-out period is lifted by the Corporation, subject to certain exceptions.

Termination of Employment or Services and Change in Control

The following describes the impact of certain events that may, unless otherwise determined by the Plan Administrator or as set forth in an Option Certificate, lead to the early expiry of Options granted under the Plan.

| | |
|---|---|
| Termination by the Corporation for cause: | Forfeiture of all unvested Options. The Plan Administrator may determine that all vested Options shall be forfeited, failing which all vested Options shall be exercised in accordance with the Plan. |
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| Voluntary resignation of a Plan Participant: | Forfeiture of all unvested Options. Exercise of vested Options in accordance with the Plan. |
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|---|---|
| Termination by the Corporation other than for cause: | Acceleration of vesting of a portion of unvested Options in accordance with a prescribed formula as set out in the Plan. ¹ Forfeiture of the remaining unvested Options. Exercise of vested Options in accordance with the Plan. |
| Death or disability of a Plan Participant: | Acceleration of vesting of all unvested Options. ¹ Exercise of vested Options in accordance with the Plan. |
| Termination or voluntary resignation for good reason within 12 months of a change in control: | Acceleration of vesting of all unvested Options. ¹ Exercise of vested Options in accordance with the Plan. |

Notes: (1) Any acceleration of vesting of unvested Options granted to an investor relations service provider is subject to the prior written approval of the TSXV.

Any Options granted to a Plan Participant under the Plan shall terminate at a date no later than 12 months from the date such Plan Participant ceases to be a Plan Participant.

In the event of a triggering event, which includes a change in control, dissolution or winding-up of the Corporation, a material alteration of the capital structure of the Corporation and a disposition of substantially all of the Corporation's assets, the Plan Administrator may, without the consent of the Plan Participant, cause all or a portion of the Options granted to terminate upon the occurrence of such event.

Amendment or Termination of the Plan

Subject to any necessary regulatory approvals, the Plan may be suspended or terminated at any time by the Plan Administrator, provided that no such suspension or termination shall alter or impact any rights or obligations under an Option previously granted without the consent of the Plan Participant.

The following limitations apply to the Plan and all Options thereunder as long as such limitations are required by the TSXV:

- any adjustment to Options, other than in connection with a security consolidation or security split, is subject to prior TSXV acceptance and the issuance of a news release by the Corporation outlining the terms thereof;
- any amendment to the Plan is subject to prior TSXV acceptance, except for amendments to reduce the number of Shares issuable under the Plan, to increase the exercise price of Options or to cancel Options;
- any amendments made to the Plan shall require regulatory and shareholder approval and the issuance of a news release by the Corporation outlining the terms thereof, except for amendments to: (i) fix typographical errors; and (ii) clarify existing provisions of the Plan and which do not have the effect of altering the scope, nature and intent of such provisions; and
- the exercise price of an Option previously granted to an insider must not be reduced, or the extension of the expiry date of an Option held by an insider may not be extended,

unless the Corporation has obtained disinterested shareholder approval to do so in accordance with TSXV policies.

Subject to the foregoing limitations and any necessary regulatory approvals, the Plan Administrator may amend any existing Options or the Plan or the terms and conditions of any Option granted thereafter, although the Plan Administrator must obtain written consent of the Plan Participant (unless otherwise excepted out by a provision of the Plan) where such amendment would materially decrease the rights or benefits accruing to a Plan Participant or materially increase the obligations of a Plan Participant.

In accordance with the policies of the TSXV, "rolling 10% stock option plans" must be approved annually at the annual meeting by the shareholders of the Corporation. Accordingly, the Corporation will be seeking the approval of its shareholders to the ratification of the Plan at the annual meeting of the shareholders of the Corporation to be held by December 31, 2023. The Plan was last approved by the shareholders at the Corporation's annual general and special meeting held on December 2, 2022 and by the TSXV on December 21, 2022.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS, INCLUDING TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation has entered into consulting agreements with private companies controlled by each of Gordon P. Leask and John M. Leask (the "**Consulting Agreements**"). See "*TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES*".

The Consulting Agreements continue on a month-to-month basis until terminated by the applicable consultant or the Corporation. The consultants are entitled to participate in the Plan and also agree to keep the Corporation's information confidential during the term of the Consulting Agreements and indefinitely after the Consulting Agreements are terminated so long as such information remains confidential. The Consulting Agreements may be terminated by the Corporation at any time upon 15 months' payment, and may also be terminated by the applicable consultant at any time if the Corporation fails to perform its obligations as described in the applicable Consulting Agreement. Additionally, following a Change of Control (as defined in the applicable Consulting Agreement), the applicable consultant has the right to voluntarily terminate its services under the applicable Consulting Agreement for any reason within 60 days following the effective date of a Change of Control and will be entitled to a lump sum payment calculated by multiplying the Consulting Fee (as defined in the applicable Consulting Agreement) by 24. In addition, any stock options granted to the Consultant will accelerate and vest on the Consultant's voluntary termination date following the Change of Control. If any of the Consulting Agreements are terminated for any reason other than a Change of Control, there is no automatic resulting acceleration of, or any other benefit relating to, any stock options held by the optionholder.

If the Consulting Agreements were terminated by the Corporation at December 31, 2022 without cause, the termination payment payable thereunder to Messrs. Gordon P. Leask and John M. Leask would have been \$150,000, respectively. If the Consulting Agreements were terminated by the Corporation at December 31, 2022 following a Change of Control, the termination payment payable thereunder to Messrs. Gordon P. Leask and John M. Leask would have been \$240,000, respectively.

DIRECTOR COMPENSATION

John M. Leask, Megan Cameron-Jones, Paul Reynolds and Edwin Rees were the directors of the Corporation who are not also named executive officers during the year ended December 31,

2022. The Corporation's Board reviews directors' compensation from time to time as considered appropriate having regard to current trends in directors' compensation and compensation data for directors of issuers of comparative size to Highway 50. The Corporation does not currently pay any cash compensation to its directors for services rendered in their capacities as directors of the Corporation or for committee participation. Directors are entitled to receive compensation from the Corporation to the extent that they provide other services to the Corporation and such compensation is based on rates that would be charged by such directors for such services to arm's length parties. Members of the Board are entitled to stock options granted pursuant to the Plan. The Corporation reimburses directors for all reasonable expenses incurred in order to attend meetings.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Named Executive Officer Compensation

The Board determines named executive officer compensation at the time of the engagement of an NEO and, if applicable, at the time an NEO enters into a management services agreement with the Corporation. Compensation payable to an NEO is subsequently reviewed at the discretion of the Board from time to time. The objectives of the Company's executive compensation policy are to attract and retain individuals of high caliber to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Corporation's shareholders. The Corporation's primary compensation policy is to pay for performance and, accordingly, the performance of the Corporation and its named executive officers are both examined by the Board.

For the Corporation's financial year ended December 31, 2022, the significant elements of compensation paid and awarded to each of the named executive officers were consulting fees accrued indirectly to Mr. Gordon P. Leask and Mr. John M. Leask, consulting fees accrued directly to Ms. Megan Cameron-Jones, and accounting fees of \$36,000 paid indirectly to Mr. Scott Davis. See "*COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS*".

The Corporation paid base compensation in the form of consulting fees to Mr. Gordon Leask that is competitive with that of comparable companies in the mineral exploration industry. The base compensation payable to Mr. Leask was determined at the time the Corporation entered into the Consulting Agreement. See "*EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS, INCLUDING TERMINATION AND CHANGE OF CONTROL BENEFITS*". The base compensation was determined by the Board by comparing the base compensation of Mr. Leask with that of executive officers of surveyed peer companies in the mineral exploration industry to ensure that the base compensation paid to Mr. Leask is consistent with the industry average for such position while attempting to adjust for the Corporation's size. The following companies comprised the peer companies surveyed by the Corporation: Nevada Exploration Inc., Sonoro Metals Corp., NV Gold Corporation and Prosper Gold Corp. The Board considered the peer companies to be relevant as the total assets, total level of capital expenditures, total operating and general and administrative expenses and number of employees of each of the peer companies is similar to that of the Corporation. The Board has also used a lower base compensation for its senior management to take into account the equity positions of these individuals.

Compensation Discussion and Analysis

Executive Compensation Principles

Our compensation program is based on a "pay-for-performance" philosophy which supports the Corporation's commitment to delivering performance for Highway 50 Shareholders. Our compensation policies are founded on the principle that compensation should be aligned with Highway 50 Shareholders' interests, while also recognizing that Highway 50's corporate performance is dependent upon retaining highly trained, experienced and committed executive officers, employees and directors who have the necessary skill sets, education, experience and personal qualities required to manage our business. Our program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the mineral exploration industry and the impact of internal and market-related occurrences from time to time.

Our executive compensation program is comprised of the following principal components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation comprised of share options. Together, these components support our long-term growth strategy and are designed to address the following key objectives of our compensation program:

- align executive compensation with Highway 50 Shareholders' interests;
- attract and retain highly qualified management; and
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results.

The aggregate value of these principal components and related benefits, is used as a basis for assessing the overall competitiveness of the Corporation's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, management and the Board reviews the compensation practices of companies in its selected peer group. These companies compete with Highway 50 for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

The Corporation's peer group for these purposes is comprised of similar companies that are exploring and/or developing mining projects, and that have market capitalizations roughly similar to that of the Corporation.

The Corporation's compensation program is primarily designed to reward performance and, accordingly, the performance of both the Corporation, as well as the individual performance of executive officers during the year in question, are examined by the Board in conjunction with setting executive compensation packages. The Board does not set specific performance objectives in assessing the performance of the CEO and other executive officers; rather the Board uses its experience and judgment in determining an overall compensation package for the CEO and other executive officers. Some of the factors looked at by the Board in assessing the performance of the Corporation and its executive officers are as follows: (a) exploration successes; (b) additions to mineral resources; (c) ability to raise capital as required; (d) compliance with legal and regulatory requirements; and (e) ability to raise the profile of the Corporation within the investment community. The Corporation weighs and reviews its performance for all of the above relative to its goals and objectives and in relation to the performance of its industry peer group.

Elements of our Executive Compensation Program

Each element of the Corporation's executive compensation program is described in more detail below.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. The Corporation intends to pay base salaries to its executive officers, including the CEO, that are in the range of those for similar positions within our selected peer group. For our executive officers, base salaries are currently below the average of our comparison peer group but are considered to be high enough to accomplish the intended objectives. Salaries of the executive officers, including that of the CEO, are reviewed annually by the Board.

Short Term Incentive Compensation – Discretionary Cash Bonuses

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which the Board may award annual cash bonuses to executive officers. The annual cash bonus element of the executive compensation program is designed to reward both corporate and individual performance during the Corporation's last completed financial year. It is the Board's philosophy that an individual bonus should be tied primarily to that individual's contribution to corporate performance. In addition, the discretionary bonus plan is intended to help ensure that overall executive cash compensation (i.e. salary and bonus) is comparable to the average cash compensation of executives at peer surveyed companies during the year in question. The amount of the bonus paid is not set in relation to any formula or specific criteria but is the result of a subjective determination of the Corporation's and the individual's performance. The Board has not established strict predetermined quantitative performance criteria linked to the payment of bonuses.

Long Term Incentive Compensation – Stock Options

Executive officers, along with all of Highway 50's officers, directors, employees, contractors and other service providers, are eligible to participate in the Plan. The Plan and the Shares reserved thereunder have been approved by the shareholders of Highway 50. The Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering the Corporation's success. As with most companies in the Corporation's peer group, options form an integral component of the total compensation package provided to the Corporation's executive officers. Participation in the Plan rewards overall corporate performance, as measured through the price of the Shares. In addition, the Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Options to purchase the Shares are normally awarded by the Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, we evaluate the number of options an individual has been granted, the exercise price and value of the options and the term remaining on those options.

PENSION PLAN BENEFITS

The Corporation does not have in place any pension plan or similar benefit program that provides for payments or benefits to its directors and NEOs at, following or in connection with retirement.