

**QUARTZ MOUNTAIN RESOURCES LTD.**  
**(The "Company")**  
**15th Floor, 1040 West Georgia Street**  
**Vancouver, British Columbia V6E 4H1**  
**Telephone No.: (604) 684-6365 Fax No.: (604) 681-2741**

**National Instrument Form 51-102F6**  
**STATEMENT OF EXECUTIVE COMPENSATION**

**As at July 31, 2019 (except as otherwise indicated)**

This Statement of Executive Compensation (the "Statement") should be read in conjunction with the Annual Financial Statements of the Quartz Mountain Resources Ltd. (the "Company") for the Company's financial year ended July 31, 2019 and with the Information Circular of the Company dated April 8, 2019, both of which are publicly available on SEDAR at [www.sedar.com](http://www.sedar.com).

In this Statement, references to "the Company", "Quartz", "we", and "our", refer to Quartz Mountain Resources Ltd. "Common Shares" means common shares without par value in the capital of the Company.

All monetary amounts herein are expressed in Canadian Dollars ("\$") unless otherwise stated.

The Board of Directors of the Company (the "Board") determines the compensation for directors and executives. See *Compensation Discussion and Analysis*, the *NEO Summary Compensation Table*, and *Director Compensation* below, for details of compensation paid to management of the Company during the fiscal year ended July 31, 2019.

### **Board of Directors**

At July 31, 2019, there were three members of the Board, namely: Trevor Thomas (Chair, President, and CEO), Leonie Tomlinson, and Matthew Dickinson.

On February 15, 2019, Robert Dickinson resigned as Executive Chairman and CEO and Rene Carrier resigned as director. Trevor Thomas was appointed Chairman, President, and CEO, and Matthew Dickinson was appointed director. All directors have a term of office expiring at the next annual general meeting of the Company's shareholders, which is expected to be held in mid 2020. All officers have a term of office lasting until their removal or replacement by the Board of Directors.

### **Named Executive Officer**

In this section, "Named Executive Officer" ("NEO") means the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

Trevor Thomas (Chair, President, and CEO), and Michael Lee (CFO), are the NEOs of the Company for the purposes of the following disclosure.

## **Compensation Discussion and Analysis**

The Board has not appointed a compensation committee, so the responsibilities relating to executive and director compensation, including: reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees, evaluating performance of officers generally and in light of annual goals and objectives, are performed by the plenary Board. No compensation consultants have been retained by the Company.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's share 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 the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that 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 is able to closely monitor and consider any risks that may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board 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.

### **Report on Executive Compensation**

This report on executive compensation has been authorized by the Board, which assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. Ordinarily, the Board determines the type and amount of compensation for the Company's executive officers. In addition, the Board reviews the methodology utilized by the Company for setting salaries of employees throughout the organization.

The NEOs do not serve the Company solely on a full-time basis, and, consequently, compensation paid to them is allocated based on the estimated amount of time spent on their work for the Company.

#### *Philosophy and Objectives*

The compensation program for the Company's senior management is designed to ensure that the level and form of compensation achieves certain objectives, including:

- a) Attracting and retaining talented, qualified and effective executives;
- b) Motivating the short and long-term performance of these executives; and
- c) Better aligning their interests with those of the Company's shareholders

In compensating its senior management, the Company has employed a combination of base salary, bonus compensation, and equity participation through its share option plan.

### *Base Salary*

In the Board's view, paying base salaries, which are competitive in the markets in which the Company operates, is a first step to attracting and retaining talented, qualified, and effective executives. The NEOs are paid a salary in order to ensure that the compensation package offered by the Company is in line with that offered by other companies in our industry, and as an immediate means of rewarding the NEO for efforts expended on behalf of the Company.

The salary to be paid to a particular NEO is determined by gathering competitive salary information paid by comparable companies within the industry from a variety of sources, including surveys conducted by independent consultants and national and international list publications such as the Mercer Mining Industry Salary Survey and the Hays Group Global Mining Compensation Review. Payment of a cash salary fits within the objective of the compensation program since it rewards each NEO for performance of his or her duties and responsibilities. Compensation of the CEO is approved annually by the Board. Base salary and bonus levels are determined taking into account independent market survey data.

Mr. Thomas and Mr. Lee are employees of Hunter Dickinson Services Inc. ("HDSI"). The compensation amounts shown in the compensation tables herein reflect the amounts paid by the Company in respect of these individuals. Their compensation from the Company for time spent providing services is allocated based on time incurred on the Company's business.

### *Executive Compensation-Related Fees*

The Company obtained salary and bonus information through its affiliation with HDSI, and the receipt of such information was part of the overall services rendered by HDSI to the Company. No compensation was paid directly to HDSI or any compensation consultants in respect of executive compensation studies for the Company's two most recently completed financial years.

### *All Other Fees*

There were no other fees paid to any consultants or advisors relating to executive compensation.

### *Bonus Compensation*

The Board considers performance, shareholder benefits achieved, competitive factors, and other matters in awarding bonuses, including if sufficient cash resources are available for the granting of bonuses.

### *Risk & Hedging Policy*

The Company considered the implications of the risks associated with the Company's compensation policies and practices and concluded that, given the nature of the Company's business and the role of the Board in overseeing the Company's executive compensation practices, the compensation policies and practices do not serve to encourage any NEO or individual at a principal business unit or division to take inappropriate or excessive risks, and no risks were identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

#### *Equity Participation – Option-Based Awards*

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's share option plan. Share options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives, which vest on terms established by the Board.

The only equity compensation plan that the Company has in place is the share option plan dated for reference March 15, 2012. The Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company thereby encouraging their continuing association with the Company. The Plan is administered by the Board and provides that options will be issued to directors, officers, employees, or consultants of the Company or a subsidiary of the Company. The Plan also provides that the number of Common Shares issuable under the Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. All options expire on a date not later than 10 years after the date of grant of such option. As at July 31, 2019, there were no options outstanding and there are currently no options outstanding.

#### *Actions, Decisions or Policies Made After July 31, 2019*

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management to address the objectives identified above.

#### **Incentive Plan Awards**

There were no outstanding share-based or option-based awards outstanding at July 31, 2019 and there were no incentive plan awards vested or earned during the year ended July 31, 2019.

#### **Pension Plan and Benefits**

The Company has no pension or deferred compensation plans for its directors, officers, or employees.

#### **Termination and Change of Control Benefits**

Except as described herein, there is no written employment contract between the Company and any NEO.

Mr. Thomas and Mr. Lee are employed by HDSI and are seconded to the Company.

There are no compensatory plan(s) or arrangement(s), with respect to the NEOs resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of the NEO's responsibilities following a change in control.

## Summary Compensation Table for NEOs

The compensation paid to the NEOs during the Company's three most recently completed financial years of July 31, 2019, 2018 and 2017 is as set out below and expressed in Canadian dollars unless otherwise noted:

| Name and principal position | Fiscal year | Salary<br>(\$) | Share-based awards<br>(\$) | Option-based awards<br>(\$) | Pension value<br>(\$) | All other compensation<br>(\$) | Total compensation<br>(\$) |
|-----------------------------|-------------|----------------|----------------------------|-----------------------------|-----------------------|--------------------------------|----------------------------|
| Trevor Thomas, CEO (1)      | 2019        | 414            | Nil                        | Nil                         | Nil                   | Nil                            | 414                        |
| Robert Dickinson, CEO (1)   | 2019        | Nil            | Nil                        | Nil                         | Nil                   | Nil                            | Nil                        |
|                             | 2018        | Nil            | Nil                        | Nil                         | Nil                   | Nil                            | Nil                        |
|                             | 2017        | Nil            | Nil                        | Nil                         | Nil                   | Nil                            | Nil                        |
| Michael Lee, CFO            | 2019        | 10,561         | Nil                        | Nil                         | Nil                   | Nil                            | 10,565                     |
|                             | 2018        | 10,578         | Nil                        | Nil                         | Nil                   | Nil                            | 10,578                     |
|                             | 2017        | 12,547         | Nil                        | Nil                         | Nil                   | Nil                            | 12,547                     |

Note (1) Mr. Thomas replaced Mr. Dickinson as Chair, President, and CEO on February 15, 2019

## Director Compensation

There was no compensation paid to the directors, excluding a director who is also a NEO as set out in disclosure above, for the Company's most recently completed financial year ended July 31, 2019.

### *Incentive Plan Awards*

There were no outstanding share-based or option-based awards outstanding at July 31, 2019, and there were no incentive plan awards vested or earned during the year ended July 31, 2019.

**DATED** at Vancouver, British Columbia, January 8, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

"Trevor Thomas"

**Trevor Thomas**

**Chair, President, and CEO**