

XALI GOLD CORP.

FORM 51-102F6V

STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS (THE “STATEMENT”)

FOR THE FISCAL YEAR ENDED MARCH 31, 2022

General

The following information of the Company is provided in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*:

“**Company**” means Xali Gold Corp.;

“**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 Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

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

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

- (a) each individual who, during any part of the Company’s financial year ended March 31, 2022 served as chief executive officer (“**CEO**”) of the Company, including an individual performing functions similar to a CEO;
- (b) each individual who, during any part of the Company’s financial year ended March 31, 2022, served as chief financial officer (“**CFO**”) of the Company, including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officers other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year ended March 31, 2022 whose total compensation was more than \$150,000, as determined in accordance with subsection 1.2(5) of Form 51-102F6V, for the financial year ended March 31, 2022; and
- (d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, as at March 31, 2022.

Based on the foregoing definition, the Company has two Named Executive Officers: Joanne Freeze, the Company’s CEO and President and Mark Lotz, the Company’s CFO.

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

“**Underlying Securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

COMPENSATION DISCUSSION & ANALYSIS

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

2.1 Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to the Company's Named Executive Officers and directors for each of the Company's two (2) most recent completed financial years:

| Table of Compensation Excluding Compensation Securities | | | | | | | |
|---|---------------------|--|---------------|-----------------------------------|------------------------------|---|----------------------------|
| Name and position | Year Ended March 31 | Salary, consulting fee, retainer or commission (Cdn\$) | Bonus (Cdn\$) | Committee or meeting fees (Cdn\$) | Value of perquisites (Cdn\$) | Value of all other compensation (Cdn\$) | Total compensation (Cdn\$) |
| Joanne Freeze ⁽²⁾ President, CEO and Director | 2022 | 48,000 ⁽¹⁾ | Nil | N/A | Nil | Nil | 48,000 ⁽¹⁾ |
| | 2021 | 48,000 ⁽¹⁾ | Nil | N/A | Nil | Nil | 48,000 ⁽¹⁾ |
| Mark Lotz ⁽³⁾ CFO and Director | 2022 | 29,925 ⁽¹⁾ | Nil | N/A | Nil | 5,850 ⁽¹⁾ | 35,775 ⁽¹⁾ |
| | 2021 | 29,125 ⁽¹⁾ | Nil | N/A | Nil | Nil | 29,125 ⁽¹⁾ |
| Larry D. Kornze ⁽⁴⁾ Director | 2022 | Nil | Nil | N/A | Nil | Nil | Nil |
| | 2021 | Nil | Nil | N/A | Nil | Nil | Nil |
| Ian Ward ⁽⁵⁾ Director | 2022 | Nil | Nil | N/A | Nil | Nil | Nil |
| | 2021 | Nil | Nil | N/A | Nil | Nil | Nil |
| Matthew Melnyk ⁽⁶⁾ Director Operations and Director | 2022 | 52,170 ⁽¹⁾ | Nil | N/A | Nil | Nil | 52,170 ⁽¹⁾ |
| | 2021 | 91,894 ⁽¹⁾ | Nil | N/A | Nil | Nil | 91,894 ⁽¹⁾ |

Notes:

- (1) Amounts are unpaid and accrued as at March 31, 2022.
- (2) Ms. Joanne Freeze was appointed President, CEO and director of the Company on April 24, 2009. All amounts pertain to Consulting Fees for Management and Geological Services billed to the Company by Ridley Rocks Inc. and provided by J. Freeze.
- (3) Mr. Mark Lotz was appointed CFO of the Company on October 1, 2018 and director of the Company on February 13, 2019. All amounts pertain to Consulting Fees billed to the Company by Lotz CPA Inc. and provided by M. Lotz.
- (4) Mr. Larry D. Kornze was appointed a director of the Company on May 12, 2009.
- (5) Mr. Ian Ward was appointed a director of the company on February 3, 2017.
- (6) Mr. Matthew Melnyk was appointed a director of the Company on June 6, 2019 and Director of Operations on April 28, 2020.

2.2 External Management Companies

Ms. Joanne Freeze owns a management and geological consulting company, Ridley Rocks Inc., which bills the Company for her services.

Mr. Mark Lotz owns an accounting consulting company, Lotz CPA Inc., which bills the Company for his services.

2.3 Stock Options and Other Compensation Securities

The following table sets out all Compensation Securities granted or issued to all Named Executive Officers and directors by the Company or one of its subsidiaries during the most recently completed financial fiscal year ended March 31, 2022 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

| Compensation Securities | | | | | | | |
|---|-------------------------------|---|------------------------|--|---|--|-------------|
| Name and position | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of security on date of grant (\$) | Closing Price of Security on date at year end (\$) | Expiry Date |
| Joanne Freeze ⁽¹⁾ President, CEO and Director | Stock options | N/A | N/A | N/A | N/A | N/A | N/A |
| Mark Lotz ⁽²⁾ CFO and Director | Stock options | N/A | N/A | N/A | N/A | N/A | N/A |
| Larry D. Kornze ⁽³⁾ Director | Stock options | N/A | N/A | N/A | N/A | N/A | N/A |
| Ian Ward ⁽⁴⁾ Director | Stock options | N/A | N/A | N/A | N/A | N/A | N/A |
| Matthew Melnyk ⁽⁵⁾ Dir. Operations and Director | Stock options | N/A | N/A | N/A | N/A | N/A | N/A |

Notes:

- (1) As at March 31, 2022, Ms. Joanne Freeze held stock options exercisable into 2,400,000 common shares, all of which have now vested.
- (2) As at March 31, 2022, Mr. Mark Lotz held stock options exercisable into 650,000 common shares, all of which have now vested.
- (3) As at March 31, 2022, Mr. Larry D. Kornze held stock options exercisable into 750,000 common shares, all of which have now vested.
- (4) As at March 31, 2022, Mr. Ian Ward held stock options exercisable into 750,000 common shares, all of which have now vested.
- (5) As at March 31, 2022, Mr. Matthew Melnyk held stock options exercisable into 850,000 common shares, all of which have now vested.

No director or NEO of the Company exercised stock option during the most recently completed financial fiscal year ended March 31, 2022.

2.4 Stock Option Plans and Other Incentive Plans

The Company's 2015 stock option plan (the "Plan") was adopted in August 17, 2015 and ratified and approved by shareholders at the Company's last annual general meeting held on December 14, 2021.

The Plan is a "rolling" stock option plan, and the purpose is to allow the Company to grant options to Directors, Employees and Consultants, as an incentive to dedicate their efforts to advance the success of the Company and its subsidiaries.

Material Terms of the Plan

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

- a) **Vesting Provisions:** Options issued to Persons retained to provide Investor Relations Activities will be subject to a vesting schedule of at least 12 months whereby no more than twenty-five percent (25%) of the Options granted may be vested in any three (3)-month period. Options issued to Optionees other than Persons retained to provide Investor Relations Activities may, at the discretion of the Board, be subject to vesting conditions, such vesting conditions to be provided for in the Option Agreement to be entered into between the Company and the Optionee.
- b) **Maximum Term of options granted:** The option Period for an Option grant is determined by the Board at the time the Option is granted and may be up to ten (10) years from the date the Option is granted.
- c) **Max. Number of Options that can be granted:** The maximum aggregate number of Shares issuable pursuant to the exercise of Options under the plan is ten percent (10%) of the Outstanding Issue as at the date of any Option grant.
- d) **Method of Settlement:** The exercise of any Option will be contingent upon receipt by the Company of cash payment in full for the exercise price of the Shares being purchased by way of certified cheque, wire transfer or bank draft.

2.5 Employment, Consulting and Management Agreements

The Company and its subsidiaries have no employment contracts with any NEOs, any contract, agreement, plan or arrangement that provides for payments to the NEOs at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation or a change in the NEOs' responsibilities, except as follows:

Pursuant to the RRI Agreement made as of April 1, 2018, between the Company and Ridley Rocks Inc. ("RRI", a company in respect of which Ms. Joanne Freeze, the Company's President and CEO, is the principal), the Company has agreed to pay RRI a monthly retainer of \$4,000 for 20% of her time and a daily fee for services rendered by RRI to the Company for time that exceeds the amount of time covered by the retainer. The RRI Agreement also contains a provision for the potential payment of an annual bonus (the "Target Bonus") to be determined by the Company's Compensation Committee. The Target Bonus has initially been set at the amount of \$75,000. Both the Target Bonus and the daily fee are subject to adjustment on an annual basis. On a "change of control" of the Company, at any time to the date that is sixty (60) days following the date of the change of control, either the Company or RRI may terminate the RRI Agreement, in which case the Company or the Surviving Corporation will pay to Consultant a fee equal to \$500,000, together with all applicable taxes including GST on such amounts (collectively, the "Control Fee"). In addition, the RRI Agreement provides for a Termination payment of \$200,000 on termination of the consulting services, by the Company, without cause. Any Termination payment would be deducted from the Change in Control payment.

Pursuant to a consulting services agreement (the "Lotz CPA Agreement") made as of October 1, 2018, between the Company and Lotz CPA Inc. ("Lotz CPA"), a company owned by Mr. Mark Lotz, the Company agreed to retain Mr. Lotz to provide financial consulting & Chief Financial Officer services at a fee of \$28,500 per annum. In the event the Company enters into a definitive agreement providing for a "change of control" (as defined in the Lotz CPA Agreement) or a change of control of the Company occurs, Lotz CPA has the right under the Lotz CPA Agreement at any time to the date that is sixty (60) days following the date of the change of control, to terminate the Lotz CPA Agreement, whereupon the Company is required to pay to Lotz CPA a fee of \$28,500. In addition, the Lotz CPA Agreement provides for Severance payment of \$28,500 on termination of the consulting services, by the Company, without

cause. Any Severance payment would be deducted from the Change in Control payment. Effective January 1, 2021 the annual fee was increased to \$29,925 per annum.

2.6 Oversight and Description of Named Executive Officer and Director Compensation

The Company does not have a formal executive compensation program. The Company's Named Executive Officer and Director Compensation is administered by the Board with recommendations made to it by the Compensation Committee. The Board has primary responsibility for approval with respect to the appointment and remuneration of Named Executive Officers of the Company and the remuneration of the Board. The Board also evaluates the performance of the Company's senior executive officers and reviews the design and competitiveness of the Company's compensation plans.

The executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. Base salaries are competitive with corporations of a comparable size and stage of development within the mineral exploration industry, thereby enabling the Company to compete for and retain executives critical to the Company's long term success. Incentive compensation is directly tied to corporate and individual performance. Share ownership opportunities are provided to align the interests of executive officers with the longer term interests of shareholders. Compensation for each of the Named Executive Officers consists of a base fee, along with annual incentive compensation in the form of a performance based bonus, and a longer term incentive in the form of stock options.

Base Fee

The Board approves ranges for base salaries/fees to be paid to the Chief Executive Officer, Chief Financial Officer and Corporate Secretary of the Company based on reviews of market data from peer companies in the mineral exploration industry. In selecting peer group companies, the Board primarily looks for public companies that are comparable in terms of business and size. The level of base salary for each employee within a specified range is determined by the level of past performance, as well as by the level of responsibility and the importance of the position to the Company.

The Board approves the base fees to be paid to the Chief Executive Officer, Chief Financial Officer and Corporate Secretary.

Annual Bonus

Senior managers are eligible for annual incentive awards. Corporate performance, as assessed by the Board, determines the aggregate amount of bonus to be paid by the Company to all eligible senior managers in respect of a fiscal year.

The aggregate amount of bonus to be paid will vary with the degree to which targeted corporate performance was achieved for the year. The individual performance factor allows the Company effectively to recognize and reward those individuals whose efforts have assisted the Company to attain its corporate performance objective.

The Board approves the bonuses to be paid to the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary.

Stock Options

The Plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and

ability and to reward individuals for current performance and expected future performance. The Board considers stock option grants when reviewing executive officer compensation packages as a whole.

The Board has sole discretion to determine the key employees to whom it recommends that grants be made and to determine the terms and conditions of the options forming part of such grants. The Board approves ranges of stock option grants for each level of executive officer. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position to the Company.

The number of stock options which may be issued under the Plan in the aggregate and in respect of any fiscal year is limited under the terms of the Plan and cannot be increased without shareholder approval.

Directors

The Board of Directors determined that no Directors fees are to be paid until the Company has a minimum Market Value of \$75,000,000. This is reviewed annually and could be changed.

In addition, all directors are entitled to be reimbursed for reasonable travel expenses incurred with respect to their attendance at meetings of the Board of Directors and the Board Committees. In addition, each director is eligible to receive stock options pursuant to the Plan.

2.7 Pension Disclosure

The Company does not have any pension plans in place that provide for payments or benefits made to the NEOs or directors at, following, or in connection with retirement during the during the most recently completed financial fiscal year ended March 31, 2022.