

Lithium South

DEVELOPMENT CORPORATION

STATEMENT OF EXECUTIVE COMPENSATION

Lithium South Development (the “Company”)

(for the year ended December 31, 2021)

For the purposes of this Statement of Executive Compensation, a Named Executive Officer (“NEO”) of the Company means each of the following individuals:

In this section “NEO” means the CEO, the 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.

During the year ended December 31, 2021, the Company had three NEOs; Adrian Hobkirk, the President and CEO of the Company, Christopher P. Cherry, CFO of the Company and Fernando Alcocer, the VP, Business Development.

Compensation Discussion and Analysis

The board of directors (the “Board”) of the Company 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 programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. In determining and approving the base salary for each NEO, the Board take into consideration available market data. A specific benchmark is not targeted and a formal peer group has not yet been established by the Board.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options (“Options”) and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

Philosophy and Objectives

The Company’s compensation policies and programs are designed to be competitive with similar mining exploration companies and to recognize and reward executive performance consistent with the success of the Company’s business. The compensation program for the senior management of the Company 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 encouraged equity participation and in furtherance thereof employs its stock option plan (the “Option Plan”).

Equity Participation

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 has been accomplished through the Company's Option Plan. Options are granted to executives and employees taking into account a number of factors, including the amount and term of Options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of Options granted are determined by the Board.

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

Option-Based Awards

On March 23, 2017, the Board adopted its Option Plan, which is a 10% rolling stock option plan.

All Option grants require approval of the Board.

The Option 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.

Summary Compensation Table

Name and Principal Positions	Year ⁽¹⁾	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Adrian Hobkirk ⁽²⁾ President and CEO	2021	331,820	N/A	508,969	N/A	N/A	N/A	Nil	840,789
	2020	171,625	N/A	65,450	N/A	N/A	N/A	Nil	237,075
	2019	156,165	N/A	N/A	N/A	N/A	N/A	Nil	156,165
Christopher P. Cherry ⁽³⁾ CFO	2021	270,000	N/A	326,262	N/A	N/A	N/A	Nil	596,262
	2020	120,000	N/A	74,375	N/A	N/A	N/A	Nil	194,375
	2019	97,500	N/A	N/A	N/A	N/A	N/A	Nil	97,500
Fernando Alcocer ⁽⁴⁾ VP, Business Development and Director, Project Development	2021	240,454	N/A	326,409	N/A	N/A	N/A	Nil	566,863
	2020	Nil	N/A	44,625	N/A	N/A	N/A	Nil	44,625
	2019	Nil	N/A	N/A	N/A	N/A	N/A	Nil	Nil

(1) For the financial years ended December 31.

(2) Mr. Hobkirk has served as President, CEO and a director of the Company since October 20, 2014.

(3) Mr. Cherry has served as CFO and a director of the Company since November 26, 2014.

(4) Mr. Alcocer was appointed as the VP, Business Development, on November 9, 2018 and Director of Project Development on April 12, 2021.

Incentive Plan Awards

Pursuant to the Option Plan, the Company may grant up to 10% of the issued and outstanding common shares of the Company.

The following table sets out all Option-based awards outstanding as at the year-ended December 31, 2021 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Positions	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$) ⁽¹⁾
Adrian Hobkirk President and CEO	120,000	0.20	February 10, 2025	73,200
	100,000	0.305	April 9, 2025	50,500
	780,000	0.70	February 4, 2026	85,800
Christopher P. Cherry CFO	150,000	0.20	February 10, 2025	91,500
	100,000	0.305	April 9, 2025	50,500
	500,000	0.70	February 4, 2026	55,000

Option-based Awards				
Name and Principal Positions	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$) ⁽¹⁾
Fernando Alcocer VP, Business Development and Director, Project Development	150,000	0.20	February 10, 2025	91,500
	100,000	0.70	February 4, 2026	11,000
	350,000	0.80	March 24, 2026	3,500

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 31, 2021, which was \$0.81, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding Options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out the value vested during the financial year-ended December 31, 2021 for Options awarded under the Option Plan for the NEO, as well as the value earned under non-equity incentive plans for the same period.

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 (\$)
Adrian Hobkirk President and CEO	209,500	Nil	Nil
Christopher P. Cherry CFO	197,000	Nil	Nil
Fernando Alcocer VP, Business Development and Director, Project Development	106,000	Nil	Nil

Termination and Change of Control Benefits

There are no compensatory plans or arrangements with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of an NEO's responsibilities following a change in control.

Director Compensation

During the most recently completed financial year-ended December 31, 2021, the directors who were not NEOs received the following compensation for services provided to the Company:

Name	Fees earned (\$)	Share-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Allen Ambrose ⁽¹⁾	33,000	139,868	N/A	N/A	N/A	172,868
Gordon Kenneth Neal ⁽²⁾	Nil	139,868	N/A	N/A	N/A	139,868
Alison Xiao Tian Dai ⁽³⁾	Nil	391,514	N/A	N/A	N/A	391,514
Yi Hua Dai ⁽⁴⁾	Nil	159,214	N/A	N/A	N/A	159,214

(1) Mr. Ambrose served as a director of the Company from August 10, 2006 to June 30, 2021.

(2) Mr. Neal served as a director of the Company from June 13, 2017 to June 30, 2021.

(3) Ms. Dai was appointed a director of the Company on December 22, 2017.

(4) Mr. Dai was appointed a director of the Company on June 30, 2021.

Outstanding Option-Based Awards

The following table sets forth for each director, other than those who are also NEOs of the Company, all awards outstanding at the end of the most recently completed financial year-ended December 31, 2021, including awards granted before the most recently completed financial year.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Allen V. Ambrose	50,000	0.20	February 10, 2025	30,500
	100,000	0.70	February 4, 2026	11,000
	100,000	0.80	March 24, 2026	1,000
Gordon Kenneth Neal	100,000	0.20	February 10, 2025	61,000
	100,000	0.70	February 4, 2026	11,000
	100,000	0.80	March 24, 2026	1,000
Alison Xiao Tian Dai	50,000	0.20	February 10, 2025	30,500
	100,000	0.305	April 9, 2025	50,500
	600,000	0.70	February 4, 2026	66,000
Yi Hua Dai	250,000	0.68	October 26, 2026	32,500

(1) This amount is based on the difference between the market value of the securities underlying the Options on December 31, 2021, which was \$0.81, being the last trading day of the Company's shares for the financial year and the exercise price of any outstanding Options.

Narrative Discussion

The Company has no arrangements, standard or otherwise, pursuant to which directors were compensated by the Company for their services as directors, for committee participation, for involvement in special assignments during the most recently completed financial year.

The purpose of granting such Options is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants and to closely align the personal interests of such persons to that of the shareholders.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each director, other than those who are also NEOs of the Company, the value of all incentive plan awards vested during the financial year-ended December 31, 2021:

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 (\$)
Allen V. Ambrose	42,500	Nil	Nil
Gordon Kenneth Neal	73,000	Nil	Nil
Alison Xiao Tian Dai	147,000	Nil	Nil
Yi Hua Dai	32,500	Nil	Nil

ADDITIONAL INFORMATION

Additional information concerning the Company can be found on SEDAR at www.sedar.com and on the Company's website at <https://www.lithiumsouth.com/>.

Financial information relating to the Company is provided in the Company's audited financial statements and the management discussion and analysis ("MD&A") for the year-ended December 31, 2021. Shareholders may

download the financial statements and MD&A from SEDAR (www.sedar.com) or contact the Company directly to request copies of the financial statements and MD&A by: mail to Suite 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6; or fax to 604-737-1140. Additional financial information concerning the Company may be obtained by any shareholder free of charge by contacting the Company at 604-737-2303.