



Notes:

- (1) Paid to Mill Street Services Ltd. ("**Mill Street**") for the corporate development and financial advisory services of Simon Ridgway.
- (2) Mr. Ridgway resigned as President and CEO on January 4, 2021.
- (3) Bruce Smith was appointed a director and as President and CEO on January 4, 2021. Amount paid in 2020 was paid for geological consulting services.
- (4) Paid or payable to Gold Group Management Inc. ("**Gold Group**") for the services of Kevin Bales as CFO of the Company.

Compensation Securities

The Company did not grant or issue any stock options, convertible securities, exchangeable securities or similar instruments including stock appreciation rights, deferred share units or restricted stock units (collectively "**Compensation Securities**") to its NEOs and directors during the fiscal year ended December 31, 2021.

The Company's NEOs and directors did not exercise any Compensation Securities during the fiscal year ended December 31, 2021.

Stock Option Plans and Other Incentive Plans

The Company has a stock option plan (the "**Option Plan**") which was approved by the shareholders of the Company on December 8, 2021. The TSX Venture Exchange (the "**Exchange**") requires that the Company obtain shareholder approval to its stock option plan yearly at its annual general meeting. The material terms of the Option Plan are as follows:

1. the Option Plan reserves a rolling maximum of 10% of the issued capital of the Company at the time of granting of each option, with no vesting provisions other than the vesting restrictions required by the Exchange for options granted to investor relations consultants;
2. no more than 5% of the issued capital may be reserved for issuance to any one individual in any 12 month period;
3. no more than 2% of the issued capital may be reserved for issuance to any Consultant (as defined by the Exchange) or to an optionee providing investor relations services in any 12 month period;
4. the minimum exercise price of an option cannot be less than the Market Price (as defined by the Exchange) of the Company's shares;
5. options will be granted for a period of up to ten years;
6. options are non-assignable and non-transferable;
7. unless otherwise determined by the Company's Board of Directors ("**Board**"), a vested option is exercisable for up to 90 days from the date the optionee ceases to be a director, officer, employee or service provider of the Company or of its subsidiaries, unless: (i) such optionee was terminated for cause, in which case the option shall be cancelled, or (ii) if an optionee dies, the legal representative of the optionee may exercise the option for up to one year from the date of death;
8. unless otherwise determined by the Board, if an optionee's employment or service with the Company is terminated by the Company without cause, by the optionee for "Good Reason" (as defined in the Option Plan) or due to disability or death, a portion of the unvested options held by such optionee shall immediately vest according to a set formula;
9. unless otherwise determined by the Board, where an optionee's employment is terminated by the Company within 12 months after a change of control of the Company, the optionee resigns for Good Reason within 12 months after a change of control, or if the optionee dies while performing his or her regular duties as a director, officer and/or employee of the Company or its subsidiaries, then all of his or her outstanding options shall immediately vest; and
10. there are provisions for adjustment in the number of shares issuable on exercise of options in the event of a share consolidation, split, reclassification or other relevant change in the Company's corporate structure or capitalization.

### **Compensation Agreements or Arrangements**

On January 4, 2021, Bruce Smith was appointed President and CEO of the Company in the place of Simon Ridgway. Mr. Smith was also appointed to the Board. Pursuant to agreements dated effective January 1, 2021:

- (a) Mr. Smith is paid a monthly fee for his services as President and CEO of the Company. The agreement has no fixed expiry date and contains provisions regarding fees and expenses, and termination of services. The agreement may be terminated by the Company without cause on six months' notice and by Mr. Smith on three months' notice. If, on December 31, 2021, the Company had terminated the agreement without cause, \$90,000 would have been payable to Mr. Smith, and in the event of a change of control of the Company, \$270,000 would have been payable to Mr. Smith.
- (b) the Company agreed to issue to Mr. Smith up to 500,000 common shares of the Company for his services as President and CEO of the Company. The shares are issuable over a period of two years in equal half-yearly instalments. The agreement is subject to Exchange approval, and no shares have been issued to date to Mr. Smith pursuant to this agreement.
- (c) the Company agreed to issue to Mr. Smith as a bonus 500,000 common shares of the Company in the event that as a result of exploration work conducted on any property in which the Company has an interest, the Company publishes a mineral resource calculated in accordance with National Instrument 43-101 having an equivalent gross metal value greater than US\$1.0 billion. The share issuance will be subject to Exchange approval, and to Mr. Smith's being engaged or employed by the Company at the time the mineral resource is published.

Pursuant to an agreement dated effective June 1, 2019, Mill Street is paid a monthly fee for the corporate development and financial advisory consulting services of Simon Ridgway, a director and former President and CEO of the Company. The agreement has no fixed expiry date and contains provisions regarding fees and expenses, and termination of services. The agreement may be terminated by the Company without cause on 12 months' notice and by Mill Street on three months' notice. If, on December 31, 2021, the Company had terminated the agreement without cause, \$25,500 would have been payable to Mill Street. Mill Street is controlled by Simon Ridgway, a director and Chairman of the Board of the Company.

Pursuant to an agreement dated July 1, 2012, as amended June 1, 2019, Gold Group is reimbursed by the Company on a monthly basis for certain shared business-related expenses paid by Gold Group on behalf of the Company, including the services of the Company's Chief Financial Officer. The agreement may be terminated by Gold Group on three months' notice and by the Company on 12 months' notice. Gold Group is controlled by Simon Ridgway, a director and Chairman of the Board of the Company.

### **Oversight and Description of Director and NEO Compensation**

The Compensation Committee of the Company's Board is responsible for ensuring that the Company has appropriate procedures for making recommendations to the Board with respect to the compensation of the Company's executive officers and directors. The Compensation Committee consists of William Katzin, Mario Szotlender and Bradford Cooke, all of whom are independent directors.

The general philosophy of the Company's compensation strategy is to: (a) encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interest of shareholders; (c) provide a compensation package that is designed to attract and retain highly qualified executives and directors; and (d) ensure that total compensation paid takes into account the Company's overall financial position.

Compensation of the Company's NEOs is comprised of salaries and/or incentive stock options. The compensation to the Company's NEOs for the fiscal year ended December 31, 2021 consisted solely of cash salaries. The Company may in the future grant stock options to its NEOs and directors.

In establishing levels of cash compensation and the granting of stock options, the individual's performance, level of expertise, and responsibilities are considered. Stock options are generally granted at the time of the individual's appointment and periodically thereafter. Previous grants of options are taken into account by the Board when it considers the granting of new stock options.

Incentive stock options are granted pursuant to the Company's stock option plan which is designed to encourage share ownership on the part of the Company's management, directors, employees and consultants. The Board believes that the stock option plan aligns the interests of the Company's personnel with shareholders by linking compensation to the longer term performance of the Company's shares. The granting of incentive stock options is an important component of executive compensation as it allows the Company to reward an individual's efforts to increase shareholder value without requiring the use of the Company's cash reserves.