

VENZEE TECHNOLOGIES INC.

(the “Company”)

Form 51-102F6V

STATEMENT OF EXECUTIVE COMPENSATION – Venture Issuers

(for financial years ended December 31, 2019 and December 31, 2018)

GENERAL

The following information, dated as of June 16, 2020, is provided as required under Form 51-102F6V for Venture Issuers (the “Form”), as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

For the purposes of this Form:

“**Company**” means Venzee Technologies Inc.;

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments 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;

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

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the company 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, 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 company, and was not acting in a similar capacity, at the end of that financial year.

“**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.

During the financial year ended December 31, 2019, the NEOs of the Company were as follows:

- Peter Mackay - President, CEO, director (resigned from all positions on August 14, 2019)
- Issa Nakhleh – CFO (resigned July 19, 2019)
- John Sexton Abrams - President, CEO, director (appointed August 14, 2019)
- Peter Montross - Chairman, President, director (appointed October 25, 2019)

- Darren Battersby - CFO (appointed August 1, 2019)
- Markus Westerholz – CTO (appointed March 13, 2019)

The board of directors (the “**Board**”) of the Company who were not NEOs during the financial year ended December 31, 2019, were Brian Budd (resigned on October 25, 2019), Michael Clark (resigned October 25, 2019), Dan Jeffries (resigned October 25, 2019), Markus Westerholz (appointed as a director on October 25, 2019 and resigned on February 7, 2020), Sean Copeland and Daniel Wilkinson.

The Company has an unlimited number of authorized common shares with no par value and an unlimited number of authorized preferred shares with no par value. The Company’s common shares are listed on the TSX Venture Exchange under stock symbol “VENZ”.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of compensation paid by the Company to each NEO and director of the Company for the two most recently completed financial years of the Company ended December 31, 2019, and December 31, 2018. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” below.

Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)
John Sexton Abrams ⁽²⁾ <i>Chief Executive Officer, President, Director</i>	2019	152,816 ⁽³⁾	18,841	Nil	Nil	5,974 ⁽¹⁾	177,631
	2018	N/A	N/A	Nil	Nil	Nil	N/A
Peter Montross ⁽⁴⁾ <i>Chairman, Director</i>	2019	152,816	18,841	Nil	Nil	2,511 ⁽¹⁾	174,168
	2018	N/A	N/A	Nil	Nil	Nil	N/A
Darren Battersby ⁽⁵⁾ <i>Chief Financial Officer</i>	2019	27,885	Nil	Nil	Nil	Nil	27,885
	2018	N/A	N/A	Nil	Nil	Nil	N/A
Dan Wilkinson ⁽⁶⁾ <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	N/A	N/A	Nil	Nil	Nil	N/A
Sean Copeland ⁽⁷⁾ <i>Director</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	N/A	N/A	Nil	Nil	Nil	N/A
Markus Westerholz ⁽⁸⁾ <i>Chief Technical Officer, Former Director</i>	2019	113,045	21,667	Nil	Nil	18,817 ⁽¹⁾	153,529
	2018	N/A	N/A	Nil	Nil	Nil	N/A
Peter Mackay ⁽⁹⁾ <i>Former President, Former Chief Executive Officer</i>	2019	98,915	26,377	Nil	Nil	3,472 ⁽¹⁾ 142,531 ⁽¹⁰⁾	271,295
	2018	141,100	18,900	Nil	Nil	Nil	160,000
Issa Nakhleh ⁽¹¹⁾ <i>Former Chief Financial Officer</i>	2019	53,593	13,189	Nil	Nil	7,452 ⁽¹²⁾	74,234
	2018	76,900	11,400	Nil	Nil	Nil	88,300
Katharine Hiscox ⁽¹³⁾ <i>Former President</i>	2019	N/A	N/A	Nil	Nil	Nil	N/A
	2018	111,300	20,300	Nil	Nil	Nil	131,600
Marco Sylvestre ⁽¹⁴⁾ <i>Former Chief Technology Officer</i>	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	98,300	20,300	Nil	Nil	Nil	118,600
Joshua Lebovic ⁽¹⁵⁾ <i>Former Chief Financial Officer</i>	2019	N/A	N/A	Nil	Nil	Nil	N/A
	2018	67,300	Nil	Nil	Nil	Nil	67,300
Dan Jeffries ⁽¹⁶⁾ <i>Former Director</i>	2019	11,304	5,562	Nil	Nil	21,517 ⁽¹⁾	38,473
	2018	3,800	Nil	Nil	Nil	Nil	3,800

Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)
Brian Budd ⁽¹⁷⁾ <i>Former Director</i>	2019	11,305	5,652	Nil	Nil	21,517 ⁽¹⁾	38,474
	2018	3,800	Nil	Nil	Nil	Nil	3,800
Michael Clark ⁽¹⁸⁾ <i>Former Director</i>	2019	11,305	5,562	Nil	Nil	21,517 ⁽¹⁾	38,474
	2018	3,800	Nil	Nil	Nil	Nil	3,800

⁽¹⁾ This amount represents the fair value of incentive stock options granted during the year ended December 31, 2019 and was estimated at the grant date using the Black-Scholes option pricing model in accordance with the Company's accounting policies with the following assumptions: Expected life 3.75 years; Expected annual volatility 127%; Expected dividend yield 0%; Risk-free interest rate 1.75%. These values do not represent actual amounts received by the optionees as the gain, if any, will depend on the market value of the shares on the date that the stock option is exercised.

⁽²⁾ Mr. Abrams received \$62,625 as President and Chief Executive Officer from the date of his appointment on August 14, 2019.

⁽³⁾ Mr. Abrams received \$90,191 during his tenure as VP Channel Partnerships. Mr. Abrams was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽⁴⁾ Mr. Montross was appointed to the Board of Directors on October 25, 2019 and as Chairman on October 25, 2019. Mr. Montross was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽⁵⁾ Mr. Battersby was appointed as Chief Financial Officer effective August 1, 2019. Mr. Battersby was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽⁶⁾ Mr. Wilkinson was appointed to the Board of Directors on October 25, 2019. Mr. Wilkinson was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽⁷⁾ Mr. Copeland was appointed to the Board of Directors on October 25, 2019. Mr. Copeland was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽⁸⁾ Mr. Westerholz was appointed as Chief Technology Officer on March 13, 2019, and to the Board of Directors on October 25, 2019. Mr. Westerholz resigned as a director on February 7, 2020. Mr. Westerholz was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽⁹⁾ Mr. MacKay was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽¹⁰⁾ Mr. MacKay was President and Chief Executive Officer of the Company from September 1, 2018, until his resignation on August 14, 2019. Pursuant to his agreement with the Company, Mr. MacKay received \$142,531 with respect to his resignation.

⁽¹¹⁾ Mr. Nakhleh received a salary of \$53,593 as Chief Financial Officer until he resigned on July 30, 2019. Mr. Nakhleh was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽¹²⁾ Pursuant to his agreement with the Company, Mr. Nakhleh received \$7,452 upon his resignation.

⁽¹³⁾ Ms. Hiscox was President of the Company until her resignation on August 29, 2018. Ms. Hiscox was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.2957.

⁽¹⁴⁾ Mr. Sylvestre was a director of the Company until his resignation on March 12, 2019. Mr. Sylvestre was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.2957.

⁽¹⁵⁾ Mr. Lebovic was the Chief Financial Officer until his resignation on June 6, 2018. Mr. Lebovic was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.2957.

⁽¹⁶⁾ Mr. Jeffries was a director of the Company until his resignation on October 25, 2019. Mr. Jeffries was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽¹⁷⁾ Mr. Budd was a director of the Company until his resignation on October 25, 2019. Mr. Budd was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

⁽¹⁸⁾ Mr. Clark was director of the Company from December 21, 2017, until his resignation on October 25, 2019. Mr. Clark was paid in Canadian dollars, therefore each element of his compensation paid in Canadian dollars was converted to U.S. dollars using an average exchange rate for the period associated with the payments of 1.3269.

Stock Option Plans and Other Incentive Plans

The Company has established a “fixed” stock option plan (the “**Stock Option Plan**”) dated for reference April 11, 2012, and amended as of December 21, 2017. The Stock Option Plan is to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management of the Company proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board. The Stock 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.

Under the Stock Option Plan, the maximum number of shares reserved for issuance is a fixed amount of 11,059,120 and grants to any one optionee may not exceed 5% of the issued shares on a yearly basis. The exercise price of each option granted under the Stock Option Plan (an “**Option**”) shall not be less than the market price of the Company’s stock at the date of grant. The Options have expiry dates of no later than 10 years after the grant date. The vesting of Options is determined by the Board at the time of grant. Currently, there are 4,072,500 Options outstanding. The following is a summary of the material terms of the Stock Option Plan.

Persons who are service providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of Options under the Stock Option Plan. Options granted under the Stock Option Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years. For Options granted to service providers, the Company must ensure that the proposed optionee is a *bona fide* service provider of the Company or its affiliates.

An Option granted to any service provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the optionee at any time prior to expiry of the Option), after the date the optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the optionee ceased to be so employed by or to provide services to the Company. If an optionee dies, any vested option held by him at the date of death will become exercisable by the optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option.

In the case of an optionee being dismissed from employment or service for cause, such optionee’s options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same. The exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Stock Option Plan).

Vesting of Options is at the discretion of the Board, and will generally be subject to: (i) the service provider remaining employed by or continuing to provide services to the Company or any of its affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its affiliates during the vesting period, or (ii) the service provider remaining as a director of the Company or any of its affiliates during the vesting period.

The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Stock Option Plan with respect to all Stock Option Plan shares in respect of options which have not yet been granted under the Stock Option Plan. Any amendment to any provision of the Stock Option Plan will

be subject to any necessary TSXV approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of the Stock Option Plan to service providers.

The Stock Option Plan also provides that the Board may, without shareholder approval: (a) amend the Stock Option Plan to correct typographical, grammatical or clerical errors; (b) change the vesting provisions of an option granted under the Stock Option Plan, subject to prior written approval of the TSXV, if applicable; (c) change the termination provision of an option granted under the Stock Option Plan if it does not entail an extension beyond the original expiry date of such option; (d) make such amendments to the Stock Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company; (e) make such amendments as may otherwise be permitted by the TSXV Policies, if applicable; (f) if the Company becomes listed or quoted on a stock exchange or stock market, make such amendments as may be required by the policies of such stock exchange or stock market; and (g) amend the Stock Option Plan to reduce the benefits that may be granted to service providers.

The Stock Option Plan contains a black-out provisions restricting all or any of the Company's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Company's securities until the restriction has been lifted by the Company.

Stock Options and Other Compensation Securities

Outstanding Compensation Securities of NEOs and Directors

The following table provides a summary of all option-based awards granted or issued to each director and Named Executive Officer in the most recently completed financial year of the Company ending on December 31, 2019. The Company does not have any other equity incentive plans other than its fixed Stock Option Plan.

Name and position	Type of compensation security	# of compensation securities, # of underlying securities and % of class ⁽¹⁾	Date of issue or grant (Fiscal 2019)	Issue, conversion or exercise price (CAD\$)	Closing price of security or underlying security on date of grant (CAD\$)	Closing price of security or underlying security at year end (CAD\$)	Expiry date
Peter Mackay ⁽²⁾ <i>Former President, Former Chief Executive Officer, Former Director</i>	Stock options	700,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
Issa Nakhleh ⁽³⁾ <i>Former Chief Financial Officer</i>	Stock options	300,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
Markus Westerholz ⁽⁴⁾ <i>Chief Technical Officer, former Director</i>	Stock options	400,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
		300,000	June 25, 2019	0.10	0.065	0.035	Jun 25, 2024
John Abrams <i>Chief Executive Officer, President, Director</i>	Stock options	400,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
		200,000	Jun 25, 2019	0.10	0.065	0.035	Jun 25, 2024
Peter Montross <i>Chairman, Director</i>	Stock options	300,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
		200,000	Jun 25, 2019	0.10	0.065	0.035	Jun 25, 2024

Name and position	Type of compensation security	# of compensation securities, # of underlying securities and % of class ⁽¹⁾	Date of issue or grant (Fiscal 2019)	Issue, conversion or exercise price (CAD\$)	Closing price of security or underlying security on date of grant (CAD\$)	Closing price of security or underlying security at year end (CAD\$)	Expiry date
Daniel Jeffries ⁽⁵⁾ <i>Former Director</i>	Stock options	250,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
Michael Brian Budd ⁽⁶⁾ <i>Former Director</i>	Stock options	250,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024
Michael Clark ⁽⁷⁾ <i>Former Director</i>	Stock options	250,000	Jan 17, 2019	0.10	0.09	0.035	Jan 17, 2024

(1) No compensation security had been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the Company's financial year ended December 31, 2019.

(2) Mr. Mackay resigned on August 14, 2019 and all options expired May 23, 2020.

(3) Mr. Nakhleh resigned on July 19, 2019 and all options expired on October 17, 2019.

(4) Mr. Westerholz was appointed to the board of directors on October 25, 2019 and resigned on February 7, 2020. Mr. Westerholz remains as Chief Technology Officer.

(5) Mr. Jeffries resigned on October 25, 2019 and all options expired on January 23, 2020.

(6) Mr. Budd resigned on October 25, 2019 and all options expired on January 23, 2020.

(7) Mr. Clark resigned on October 25, 2019 and all options expired on January 23, 2020.

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a NEO or director of the Company during the most recently completed fiscal year of the Company ending December 31, 2019.

Employment, Consulting and Management Agreements

John Sexton Abrams, President and Chief Executive Officer

Venzee Inc., a wholly-owned subsidiary of the Company entered into an employment agreement with John Abrams (the "**Abrams Agreement**") pursuant to which Mr. Abrams agreed to act as President and CEO of the Company until December 31, 2021 ("**Employment Term**"). Commencing on December 31, 2021, and on each subsequent anniversary thereof, the Employment Term shall be extended an additional year until written notice is provided to the other party at least 90 days prior to the anniversary date. Pursuant to the Abrams Agreement, Mr. Abrams receives an annual salary of USD\$200,000 and is entitled to participate in the Company's Stock Option Plan as offered to other Company management and personnel from time to time, at the sole discretion of the Board.

The Abrams Agreement also contains provisions for payment upon termination or in the event of a Change of Control (as such term is defined in the Abrams Agreement). Pursuant to the Abrams Agreement, in the event the Abrams Agreement is terminated without cause, or a Change of Control of the Company, Mr. Abrams is entitled to his salary through the date of the employment termination, to be reimbursed any reasonable pre-approved expenses, any bonus amounts due and to receive his salary for an additional 24 months.

In the event Mr. Abrams is terminated with cause, as outlined in the Abrams Agreement, Mr. Abrams will be entitled to his salary through the date of employment termination and to be reimbursed any pre-approved expenses. If Mr. Abrams resigns from the Company, he is entitled to receive his salary through the date of employment termination, to be reimbursed any pre-approved expenses, to receive any bonus amounts due and to receive salary for an additional period of months equal to the period of time that Mr. Abrams' Covenant Not to Compete are in place.

Peter H. Montross – Chairman of the Board and Vice-President

Venzee Inc., a wholly-owned subsidiary of the Company entered into an employment agreement with Peter Montross (the “**Montross Agreement**”) pursuant to which Mr. Montross agreed to act as Executive Vice President – Commercial Operations of the Company until December 31, 2021 (“**Employment Term**”). Commencing on December 31, 2021, and on each subsequent anniversary thereof, the Employment Term shall be extended an additional year until written notice provided to the other party at least 90 days prior to the renewal date. Pursuant to the Montross Agreement, Mr. Montross receives an annual salary of USD\$175,000 and is entitled to Company’s Stock Option Plan as offered to other Company’s personnel from time to time, at the sole discretion of the Board.

The Montross Agreement also contains provisions for payment upon termination or in the event of a Change of Control (as such term is defined in the Abrams Agreement). Pursuant to the Montross Agreement, in the event the Montross Agreement is terminated without cause, or a Change of Control of the Company, Mr. Montross is entitled to his salary through the date of the employment termination, to be reimbursed any reasonable pre-approved expenses, any bonus amounts due and to receive his salary for an additional 24 months.

In the event Mr. Montross is terminated with cause, as outlined in the Montross Agreement, Mr. Montross will be entitled to his salary through the date of employment termination and to be reimbursed any pre-approved expenses. If Mr. Montross resigns from the Company, he is entitled to receive his salary through the date of employment termination, to be reimbursed any pre-approved expenses, to receive any bonus amounts due and to receive salary for an additional period of months equal to the period of time that Mr. Montross’ Covenant Not to Compete are in place.

Darren Battersby – Chief Financial Officer

The Company entered into a consulting agreement dated July 25, 2019, with Finance Matters Consulting Inc. (“**FMC**”). The agreement with FMC outlines the provision of CFO services to be provided by Darren Battersby to the Company and FMC will receive CAD\$8,000 per month.

Oversight and description of Director and NEO Compensation

The Board has assessed and continues to review and assess the Company’s compensation plans and programs for its executive officers to ensure alignment with the Company’s business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

Pursuant to the Company’s insider trading policy, executive officers and directors of the Company are restricted from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers and directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

Compensation, Philosophy and Objectives

The primary goal of the Company’s executive compensation program is to attract, retain and motivate the key executives and to align their interests with those of the Company’s shareholders. The key elements of the executive compensation program are: (i) base salary; (ii) stock-based compensation; and (iii) potential annual bonuses or awards. The Board is of the view that all elements of the total program should be considered, rather than any single element.

The Company has no formal policy regarding the allocation between base salary, stock based compensation, cash based bonuses or awards or other forms of compensation, but the Board as a whole will consider and evaluate the total compensation package received or to be received by an executive officer, and seek to ensure that such total compensation package is fair, reasonable and competitive, and balances the interests of management and the Company's shareholders.

The Company does not have a formal compensation committee. The Board as a whole assumes responsibility for reviewing and monitoring the long-term compensation strategy of the Company. As well, the Company's Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO, or such person acting in capacity of CEO of the Company, the directors and key management, and for reviewing the recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

In arriving at its compensation recommendations, the Board considers several factors, including the responsibilities and experience of the individuals, the performance of the individuals within the Company, the overall financial and operating performance of the Company, and the long-term interest of the Company. With respect to base salaries, the Board discusses their collective knowledge and understanding of salaries paid to executive officers at companies that the members have personal knowledge of, however, no formal benchmark group of companies has been referenced. For share option grants under the Company's fixed Stock Option Plan, the Board makes recommendations based on such criteria as performance, previous grants, base salary and bonuses, hiring incentives, and other competitive factors (the Company's fixed Stock Option Plan is administered by the Board of the Company and all grants require approval of the Board). When considering the grant of bonus compensation, the Board assesses whether the Company has met certain strategic objectives and milestones and whether there are sufficient cash resources available for the granting of bonuses (the Board will approve bonus compensation dependent upon compensation levels).

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 employed a combination of base salary, variable cash incentive awards, and equity participation through its stock option plan. Recommendations for senior management compensation are presented to the Board for review.

The Company has not provided monetary compensation to its directors, including fees for attending Board or Board committee meetings. However, during the recently completed financial year ended December 31, 2019, the Company made grants of 3,840,000 incentive share options to its directors, as consideration for fulfilling the responsibilities attendant with their directorships.

Risks Associated with the Company's Compensation Practices

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board

considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

Debt payable

As at December 31, 2019, included in accounts payable and accrued liabilities was \$44,632 (2018 - \$11,361) of consulting payments owed to key management personnel.

Benefits and Perquisites

The Company currently provides a limited number of perquisites to its NEOs, the nature and value of which, in the view of the Board, are reasonable and competitive.

Hedging by Named Executive Officers or Directors

Pursuant to the Company's insider trading policy, executive officers and directors of the Company are restricted from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officers and directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

Pension Disclosure

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.