



## STATEMENT OF EXECUTIVE COMPENSATION

TSX: KNT  
OTCQX: KNTNF

For the Year Ended  
December 31, 2020

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### Overview

This Statement of Executive Compensation provides information on the executive compensation practices and results of K92 Mining Inc. (“K92” or the “Company”). It includes all direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the Company or a subsidiary of the Company.

Determining executive compensation is a key responsibility of the Board. The board of directors of the Company (the “Board”) and the Compensation and Benefits Committee (the “Compensation Committee”) of the Board are committed to ensuring K92’s compensation practices are designed to pay for performance, align the interests of management with shareholders, and allow us to attract and retain the talent that is essential to delivering long-term value for K92’s shareholders.

All dollar amounts in this Statement of Executive Compensation are stated in US Dollars unless otherwise noted. The Company’s shares are listed for trading on the Toronto Stock Exchange (“TSX”) under the trading symbol “KNT”.

### COMPENSATION DISCUSSION AND ANALYSIS

This compensation discussion and analysis describes our executive compensation philosophy, policies and practices, the objectives of our executive compensation program, what the compensation program is designed to reward, the program’s elements and how the Company decides the amount of each element, and the impact of Company performance on compensation results. It also describes how and why the Compensation Committee of the Board arrived at specific 2020 executive compensation decisions and the factors the Compensation Committee considered in making those decisions.

The objective of this disclosure is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to each Named Executive Officer (as defined below) and director for the financial year ended December 31, 2020, and the general decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company and will help investors understand K92’s executive compensation decisions.

### Definitions

For the purposes of this Statement of Executive Compensation, below are definitions used in the compensation disclosure:

“Change of Control” means

- (a) if any individual, partnership, company, Company, society, or other legal entity (a “Person”), alone or together with any other Persons with whom it is acting jointly or in concert, becomes the beneficial owner of, or acquires the power to exercise control or direction over, directly or indirectly, such securities (or securities convertible into, or exchangeable for, securities) entitled to 50% or more of the votes exercisable by holders of the then outstanding securities generally entitled to vote for the election of directors (“Voting Stock”) of the Company or if any Persons that previously were not acting jointly or in concert commence acting jointly or in concert and together beneficially own, or have the power to exercise control or direction over, securities entitled to more than 50% of the votes, exercisable by Holders of Voting Stock of the Company, and such Persons did not at the date hereof own or otherwise exercise control over 50% or more of the votes exercisable by holders of voting stock, nor have rights of conversion which, if exercised, would permit such Persons to own or control such a percentage of votes;

- (b) the Company is merged, amalgamated or consolidated into or with another Person and, as a result of such business combination, securities entitled to more than 50% of the votes, exercisable by holders of the Voting Stock of the Company or of such Person into which the Voting Stock of the Company is converted in or immediately after such transaction are held by a Person alone or together with any other persons with whom it is acting jointly or in concert and such Person, together with those with whom it is acting jointly or in concert, held securities representing less than 50% of the votes exercisable by the holders of the Voting Stock of the Company immediately prior to such transaction;
- (c) the capital of the Company is reorganized and, as a result of such reorganization, securities entitled to more than 50% of the votes exercisable by the holders of the Voting Stock of the Company upon or immediately after such reorganization are held by a Person alone or together with any other Persons with whom it is acting jointly or in concert and such Person, together with those with whom it is acting jointly or in concert, held securities representing less than 50% of the votes exercisable by the holders of the Voting Stock of the Company immediately prior to such reorganization; or
- (d) the Company sells or otherwise transfers all or substantially all of its assets to another Person and immediately following such sale or transfer securities entitled to more than 50% of the votes exercisable by the holders of the Voting Stock of the acquiring Person are held by a Person that alone or together with any other Person or Persons with whom it is acting jointly or in concert, and such person, together with those with whom it is acting jointly or in concert, held securities representing less than 50% of the votes exercisable by holders of the Voting Stock of the Company immediately prior to such transaction.

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, performance 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.

“**executive officer**” means, for the Company, an individual who is a president; a chief executive officer or chief financial officer; a vice-president in charge of a principal business unit, division or function including sales, finance or production; or an individual who performs a policy-making function of the Company.

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

- (a) each individual who served as chief executive officer (“**CEO**”) of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (b) each individual who served as chief financial officer (“**CFO**”) of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (c) the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year ended December 31, 2020, whose total compensation was, more than \$150,000 for that financial year ended December 31, 2020; and
- (d) each individual who would be an NEO under (iii) but for the fact that the individual was neither an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

“**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.

“Shares” means the common shares of the Company.

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, performance share units, phantom shares, phantom share units, common share equivalent units, and stock.

## Named Executive Officers for 2020

The following executive compensation disclosure describes the Company’s compensation policies, practices and results for the executive officers who were, during or as at the end of the financial year ended December 31, 2020, Named Executive Officers.

During the financial year ended December 31, 2020, the Company had five NEOs:

<b>John D. Lewins</b>	Chief Executive Officer and Director
<b>Justin Blanchet</b>	Chief Financial Officer
<b>Warren Uyen</b>	Senior Vice President, Operations (appointed May 27, 2019)
<b>Christopher Muller</b>	Vice President, Exploration
<b>David Medilek</b>	Vice President, Business Development and Investor Relations (appointed June 6, 2019)

## Compensation Philosophy

K92 has been through a remarkable transition from a development company to a gold producer in just three years. Over this period of rapid development, the Board has overseen the creation of a management team capable of executing against the ambitious plan for the Kainantu Gold Mine. During this period, the Compensation Committee has worked to ensure that the Company’s compensation program aligns with the Company’s stage of development and is sufficiently competitive to ensure that K92 is able to recruit, retain and motivate high performance executives and directors and to align the interests of the Company with those of its shareholders.

We believe that a compensation structure that contains a mix of fixed and variable compensation, with short- and long-term components, will create the desired motivation and focus in our executives. As part of that structure, the Compensation Committee and Board have a median pay philosophy aligning the targeted total direct compensation of the NEOs at approximately the 50<sup>th</sup> percentile of the Company’s compensation peer group.

The objectives of the Company's executive compensation policies are to:

- attract, retain and motivate high-calibre executives that are critical to the success of the Company;
- provide fair, competitive and cost-effective compensation programs to its executives;
- align the interests of Management with those of the holders of the shareholders while not encouraging excessive or inappropriate risk taking in order to maximize shareholder return; and
- provide rewards for outstanding corporate and individual performance.

This is accomplished by considering:

- internal and external comparisons;
- Management’s long-term interests and the long-term interests of shareholders;
- K92’s financial and operating performance, and business strategy;
- the scope and complexity of the executive role;
- each executive’s individual performance and contribution towards meeting corporate objectives; and
- recommendations made by independent compensation consultants retained by the Company.

### Attract, Retain and Inspire Key Talent

Executive compensation meets the goal of attracting, retaining and motivating key talent in a highly competitive mineral exploration and extraction environment through the following elements:

- a competitive cash compensation program, consisting of base salary and bonus opportunity that is in the median range of remuneration of similar roles in other companies;
- promotion of talent and leadership development that contributes to long-term sustainability, profitability and growth of the Company;
- time and performance vested equity awards; and
- opportunity to participate in the Company's growth through share-based compensation.

### Alignment of Interests of Management with Interests of the Company's Shareholders

Executive compensation meets the goal of aligning the interest of Management with the interest of the Company's shareholders through the grant of share-based compensation including stock options ("**options**"):

- if the price of the Shares increases, both executives and Shareholders will benefit;
- inclusion of performance-vested units ensures alignment with Shareholder interests; and
- by providing a vesting period on share-based grants, the Company ensures Management has an interest in increasing the price of the Shares over time, rather than focusing on short-term increases.

### Pay for Performance

Our executive compensation program is performance-based and payouts are directly linked to both the Company's and the individual's achievements. A significant proportion of executive target pay is "at risk", in the form of performance based short- and long-term incentives. Our equity incentives reward achievement of long-term results, which align with K92's goals and the interests of our shareholders.

## Compensation Practices

### What We Do

- ✓ More Long-Term than Short-Term Awards
- ✓ Pay for Performance
- ✓ Align pay to shareholder returns
- ✓ Caps on short- and long-term incentive award payouts
- ✓ Benchmarking
- ✓ Clawback and anti-hedging policies
- ✓ Seek independent compensation advice
- ✓ 100% independent Compensation Committee

### What We Don't Do

- ✗ No hedging or monetizing of equity awards
- ✗ No excessive perquisites
- ✗ No excessive severance payments
- ✗ No multi-year guarantees in employment agreements
- ✗ No loans to directors or executives
- ✗ No repricing or backdating of stock options
- ✗ No single trigger Change of Control payments

## COMPENSATION GOVERNANCE

### Compensation and Benefits Committee

The purpose of the Company's compensation program is to provide incentives to attract, motivate and retain qualified and experienced executives, to ensure their interests are aligned with the interests of shareholders of the Company and to provide for transparent and defensible compensation. The Board, through the independent Compensation Committee, is committed to the transparent presentation of its compensation program.

The Board has the overall responsibility for the Company's compensation program. The Board has delegated certain research and oversight responsibilities to the Compensation Committee but retains final authority over the compensation program and process, including approval of material amendments to or the adoption of new equity-based compensation plans and the review and approval of Compensation Committee recommendations. Further detail on the Compensation Committee is set out in the Compensation Committee Charter that can be accessed on the Company's website at [www.k92mining.com](http://www.k92mining.com).

Management also plays an important role in executive compensation and human resources policy decisions by making recommendations to the Compensation Committee. Our Board solicits input from our CEO and the Compensation Committee regarding the performance of the Company's other executive officers.

The responsibilities of the Compensation Committee include assisting the Board with:

- overseeing the implementation of the Company's executive compensation policies and philosophy, ensuring that it is fair and competitive and consistent with the best interests of the Company and its shareholders;
- reviewing the adequacy and form of compensation and benefits for executives to for alignment with the objectives of the Company;
- administration of the Company's incentive compensation and equity-based compensation plans;
- evaluation of the adequacy and form of compensation and/or benefits paid or awarded to directors of the Company;
- consideration of the evaluations and recommendations of the CEO;
- assessing corporate and individual performance against established performance goals and criteria; and
- reviewing and assessing compensation related best-practices.

The Compensation Committee makes recommendations to the Board based on its compensation philosophy and the Compensation Committee's assessment of corporate and individual performance, recruiting and retention needs.

Based on these recommendations, the Board makes decisions concerning the nature and scope of the compensation to be paid to the Company's executive officers and directors.

The Compensation Committee reviews the Company's compensation practices and executive performance at least annually. The Compensation Committee may seek independent compensation advice where appropriate from external consultants to assist it in assessing executive remuneration levels and aligning directors and executive remuneration packages with comparable market compensation.

The Compensation Committee has the authority to retain and receive advice from compensation consultants to carry out its duties. See *"Independent Compensation Advisors"*.

The Company's policy is that the Compensation Committee must comprise at least three directors, all of whom must be independent under applicable laws, policies and stock exchange rules. In addition, in keeping with governance best practices, the Compensation Committee should consist of directors who are knowledgeable about issues related to compensation, governance and risk management.

The Compensation Committee is composed of the following directors: Mark Eaton (Chair), R. Stuart (Tookie) Angus and Saurabh Handa, each of whom is considered “independent” within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees*. Each member of the Compensation Committee has direct experience that is relevant to their responsibilities in executive compensation. Collectively, the Compensation Committee members have extensive experience through experience as senior executives of publicly traded companies as well as members of boards and human resources/compensation committees of other public companies in the resource sector. The following are the skills and experience of each member of the Compensation Committee that enable the Compensation Committee to make decisions on the suitability of the Company’s compensation policies and practices:

**Mark Eaton, Chair** – Mr. Eaton is an experienced investment professional with over 25 years of experience in equity capital markets specializing in the resource sector. He is currently the Chair and is the former CEO of Belo Sun Mining Corp. Mr. Eaton was a Partner and Director of Loewen Ondaatje McCutcheon Ltd., a Toronto-based investment dealer, from January 2007 until March 2008. He previously held the position of Managing Director of Global Mining Sales, a division of CIBC World Markets of Toronto and Manager of US Equity Sales for CIBC World Markets. Mr. Eaton has served in the capacity of CEO, President and director of several TSX and TSX Venture Exchange listed companies, and in these roles has been involved in executive compensation proposals and decisions. Mr. Eaton is a former member of the Compensation and Benefits Committee of UEX Company.

**R. Stuart Angus** – Mr. Angus is a retired lawyer who has served on the boards and compensation committees of numerous publicly traded companies in the resource sector. He sits on the Compensation Committee of Sun Summit Minerals Corp. and Kenadyr Mining (Holdings Corp.) and was previously Chair of the Compensation Committees of Bema Gold Corp., SouthGobi Resources Ltd. and First Quantum Minerals Ltd.

**Saurabh Handa** – Mr. Handa is a mining professional with diverse senior experience that includes finance, mergers and acquisitions and multi-jurisdictional public company disclosures. He is currently CFO of Metalla Royalty & Streaming Ltd. (TSX, NYSE). He serves on the Compensation Committee of Carbon Streaming Corporation and is a former director of Mucho Cobre Resources Ltd. and Banks Island Gold Ltd. He is the former CFO of Titan Mining Corp., Vice President, Finance of Imperial Metals Corp., Chief Financial Officer of Meryllion Resources Corp., Chief Financial Officer of Yellowhead Mining Inc., and former Controller for SouthGobi Resources Ltd.

All the members of the Compensation Committee have been directly involved in the design, review and implementation of compensation programs. The Board is confident that the collective experience of the Compensation Committee members ensures that it has the knowledge and experience to execute its mandate effectively and to make executive compensation decisions in the best interest of the Company.

### Peer Benchmarking Group

The Company aims to remunerate executives fairly and at a level that is competitive with the median of the marketplace. In pursuit of this goal, the Compensation Committee reviews the compensation programs for both executives and directors annually to ensure that the Company’s compensation philosophy is applied and that its objectives continue to be met. As part of this process, the Company reviews the compensation practices of its peer group (the “Peer Group”) as it relates to salary as well as short-term and long-term incentives for executives. In addition, the annual retainer and committee fees paid to directors are benchmarked against the Company’s peers to ensure that Company’s approach to director compensation is competitive and reasonable.

During 2020, many of the companies included in the Company’s 2019 Peer Group were acquired or merged. In addition, the Company’s size and production changed relative to its peers. Given the significant changes to the Company’s peers, and to reflect the growth and maturation of the Company, a new Peer Group has been selected.

The 2020 Peer Group, consisting of 15 intermediate size gold producers, is listed below:

Coeur Mining, Inc.	IAMGOLD Company	Silvercorp Metals Inc.
Dundee Precious Metals Inc.	Lundin Gold Inc.	Teranga Gold Company <sup>(1)</sup>
Eldorado Gold Company	New Gold Inc.	Torex Gold Resources Inc.
Equinox Gold Corp.	OceanaGold Company	Wesdome Gold Mines Ltd.
Hochschild Mining plc	Pretium Resources Inc.	Victoria Gold Corp.

(1) Acquired by Endeavour Mining Company in February 2021.

To identify appropriate peer companies, we used the following criteria:

- publicly-traded, primarily North American companies, trading on the TSX or a major US stock exchange;
- mining in the materials sector with emphasis on the gold or precious metals;
- comparable intermediate size range to K92 in market capitalization, production, assets and revenues; and
- companies with a similar mining operations profile.

### **Market Positioning**

Our market positioning strategy for executives is to set the total compensation (base salary + short-term incentive + long-term incentive) to reflect the median of the Peer Group, where appropriate.

### **Risk Management**

The Board has considered the implications of the risks associated with the Company's compensation policies and practices and believes that the current structure of the Company's executive compensation arrangements is focused on long-term value and is designed to correlate to the long-term performance of the Company. Although the Company does not have formal policies specifically targeting risk taking in a compensation context, the practice of the Compensation Committee and the Board is to consider all factors related in an executive's performance, including any risk mitigation efforts, in determining compensation. The Company's executive compensation program is structured to provide an appropriate balance of risk and reward consistent with the Company's risk profile and to ensure that compensation practices do not encourage excessive risk-taking by executives.

The Board provides regular oversight of the Company's risk management practices and delegates to the Compensation Committee the responsibility to provide risk oversight of the Company's compensation policies and practices, and to identify and mitigate compensation policies and practices that could encourage inappropriate or excessive risk taking by the NEOs. The following factors that discourage the Company's executives from taking unnecessary or excessive risk:

- the Company's approach to performance evaluation and compensation provides greater rewards for achieving both short-term and long-term objectives;
- short-term incentive payments are derived from performance against pre-approved annual objectives for both the Company and the individuals and the Board has discretion with respect to incentive awards and payouts in the event incentives are understated or overstated due to extraordinary circumstances;
- a hedging prohibition that prohibits executive officers from engaging in hedging activities in respect of the Company's securities or related financial instruments;
- a clawback policy that specifies the recoupment of incentive compensation applicable to executive officers upon material financial restatements and misconduct; and
- the Compensation Committee retains a compensation consultant that is independent of management and does not provide advice to management.

The Compensation Committee believes that the Company's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk and has not identified any risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

### Anti-Hedging Policy

The Company is of the view that its securities should be purchased by its directors and officers for investment purposes only. Transactions that could be perceived as speculative or influenced by positive or negative perceptions of the Company's prospects, including the use of prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, puts, calls, spread bets, and contracts for difference and hedging transactions are not considered to be in the Company's best interests and must be avoided. Directors and officers of the Company are prohibited from engaging in personal hedging activities of any kind involving the Company's securities or related financial instruments (other than the sale of Company securities shortly after they were acquired through the exercise of securities granted under a share-based compensation arrangement).

### Clawback Policy

The Board has adopted a clawback policy that allows it to require reimbursement of excess incentive compensation paid or granted to any officer, Director, or employee, if:

1. the Company is required to restate its financial statements to correct a material error;
2. the officer, Director, or employee engaged in intentional misconduct which directly or partially caused the need for the restatement or correction; and
3. the compensation paid to the officer, Director, or employee would have been lower had it been based on the properly reported financial results (the difference being the "excess incentive compensation").

If these three events occur, the Board and the Compensation Committee will determine how to apply the policy to the situation. If the Board and Compensation Committee determine that the policy should be triggered, the Company will seek to claw back the excess incentive cash and/or equity-based compensation paid or granted during or for the years subject to the restatement.

### Independent Compensation Advisors

The Compensation Committee has authority to select, retain and terminate compensation advisors, consultants and experts at its discretion, to assist it in fulfilling its duties and responsibilities. In September 2020, the Compensation Committee engaged independent compensation advisor, Korn Ferry to assist the Compensation Committee in respect of its review and assessment of the Company's approach to executive and independent director compensation and recommend any appropriate changes to various pay elements and/or strategies to ensure alignment with market practices.

Following its detailed analysis of the compensation programs for the Company's directors and executives, Korn Ferry provided recommendations regarding changes to the compensation program. Korn Ferry's services included:

- market pay review, and development of equity plan alternatives for the board of directors;
- general advice and counsel on executive pay approach and structure, including performance metrics;
- market pay review, and development of short-term incentive and long-term incentive alternatives for the executive team.
- a gap analysis with considerations of Company objectives and external factors;

- evaluation of target pay levels;
- the executive roles relative to the Company’s operations, development and goals;
- analysis of external compensation benchmarking data for executive and directors using Korn Ferry’s proprietary survey of 44 Canadian mining organizations and K92’s selected Peer Group shown under “Peer Benchmarking Group”; and
- a report consisting of pay level analysis and key findings for all K92 executive roles with respect to the pay elements of annual salary, total cash combining salary and annual bonus, and long-term incentive value of equity components of compensation.

The results of the Korn Ferry analysis showed that the total compensation (cash, short-term incentives, and long-term incentives) of each of the Company’s NEOs was below the range of the Peer Group. As a result, the NEOs salaries were increased to be in the median of those in the Company’s Peer Group.

The fees charged by Korn Ferry for its services in 2020 are set out below. The Company did not engage any compensation advisors in 2019.

**Table 1 – Advisors’ Fees**

Financial Year	Executive Compensation-Related Fees \$	Director Compensation-Related Fees \$	All Other Fees <sup>(1)</sup> \$	Total <sup>(2)</sup> \$
2019	-	-	-	-
2020	29,848	47,757	9,313	86,917
Total	29,848	47,757	9,313	86,917

(1) This represents Korn Ferry’s standard administration fee.

(2) Fees were paid in CAN\$ and converted to US\$ for disclosure in this table using the Bank of Canada 2020 average exchange rate of 0.7462.

## Elements of Compensation

The Company’s compensation program has three primary elements: base salary, short-term annual cash bonus incentive and long-term equity incentives in the form of stock options. The combination of elements is designed to encourage executives to achieve strong results which drive long-term sustainable growth and long-term shareholder value. The Company regularly reviews all elements of executive compensation to ensure that all of these components of compensation fit into the Company’s overall compensation objectives to attract and retain talented executives, reward individual and corporate performance, and align executive compensation with shareholder interests.

Compensation Component	Objectives	Period	Form
<b>Base Salary</b>	To provide fixed compensation that reflects the market value of the role, skills and experience of the executive. To attract, retain and motivate a competent, strong and effective executive management group.	Annual	Cash
<b>Cash Bonus Incentive</b>	To pay for performance and provide alignment with the Company’s annual and long-term business strategy. This is “at risk” compensation.	Annual	Cash
<b>Long-term Equity Incentive</b>	To provide alignment with shareholder interests and the Company’s long-term business strategy. This is “at risk” compensation.	Term of 5 years Vesting over 1-year period	Equity

The Compensation Committee has not established a strict policy regarding the mix of base salary, cash and equity incentives to be paid or awarded to executives. However, long-term equity incentives are intended to be the largest form of compensation to NEOs in order to link performance goals to long-term objectives. Incentive plan awards are not guaranteed; they are “at risk” and performance based. This allows the Company to be flexible in tailoring the compensation mix for each executive to the circumstances in effect at the time. The Compensation Committee believes that a greater percentage of compensation for the Company’s executives should come from the variable, performance-based elements, and the mix of compensation should be structured to balance the need to drive results based on the executive’s position as well as to support the long-term growth of the Company overall.

The compensation program also includes termination and Change of Control benefits and minimal perquisites.

**Base Salary**

Base salary is a fixed element of compensation for each executive officer for performing the specific responsibilities of his or her position and is typically determined with general reference to, among other things, base salary compensation of the Company’s peers. Base salary is intended to fit into the Company’s overall compensation objectives by serving to attract and retain high-calibre, experienced executive officers by providing compensation at competitive rates.

For executive officers, the Compensation Committee considers the following factors in setting base salaries:

- the level of responsibility related to each executive officer’s position;
- the stage of development of the Company;
- the base salaries generally paid to equivalent executive officers by industry peers;
- the objective of retaining the executive officers and aligning their interests with the Company’s goals;
- the experience of the executive officer; and
- the executive officer’s overall performance.

Base salary is linked to other elements of compensation as it may influence the level of annual incentives and Change of Control benefits.

NEO base salaries were historically below the benchmarks for peers. To better position the NEOs closer to market competitiveness for their positions among our Peer Group, among other reasons, increases were made to base salaries in 2021 (effective November 1, 2020). Changes to the base salaries of 2020 are shown below:

NEO	Base Salary 2020 \$	Base Salary 2021 \$	% Change
John Lewins, CEO and Director	516,670	600,000	16%
Justin Blanchet, CFO	199,584	268,682	35%
Warren Uyen, VP Operations	283,187	331,536	17%
Christopher Muller, VP Exploration	183,036	196,021	7%
David Medilek, VP Business Development	223,860	268,632	20%

### Short-term Annual Bonus Incentives

An annual bonus incentive is a short-term variable element of compensation that rewards the executive officers for corporate and individual performance and is typically determined with reference to pre-set corporate and/or individual performance objectives. Annual incentives can be awarded either in cash or, share-based awards. Annual incentives are awarded up to the targeted amounts or percentages on the basis of the achievement of pre-set corporate and/or personal objectives for the year. These may include both quantitative and qualitative objectives for both the Company and the individual executive officer. All bonuses are considered and recommended by the Compensation Committee to the Board. Annual incentives are linked to other elements of compensation as they may influence the level of Change of Control benefits.

Overall Company performance is measured by a combination of: (i) corporate achievement based on technical and strategic achievements relative to the goals set out at the beginning of the year; and (ii) market performance.

Short-term incentive awards are granted based on the Company's performance against corporate and individual objectives, both of which are tied to our core strategy. Short-term incentives are calculated as a percentage of base salary and approved by the Board as recommended by the Compensation Committee.

The bonus ranges were structured around a target bonus opportunity for each NEO in 2020, as follows:

NEO	Target Award (as a % of base salary)	Actual Award Payable \$	Actual Award (as a % of base salary)
John Lewins, CEO and Director	50%	201,500	39%
Justin Blanchet, CFO	30%	48,551	23%
Warren Uyen, VP Operations	50%	145,623	50%
Christopher Muller, VP Exploration	30%	87,305	29%
David Medilek, VP Business Development	50%	52,880	39%

Each year the Company completes a rigorous budget process. The annual budget is determined in conjunction with mine development plans and the Company's corporate strategic targets. The annual budget and therefore the specific performance benchmarks for management are determined to be in line with the Company outlook and are set to achieve long-term value. The cash bonus links the award amount to management's performance relative to these benchmarks. Each individual cash bonus award is based on corporate performance and personal objectives against the benchmarks.

The NEOs are entitled to a bonus equal to 30%-50% of the NEO's base salary, depending on the NEO's role, based on certain key performance indicators ("**KPIs**") of the Company. The Compensation Committee reviews the performance of the Company and the NEO and determines if the applicable business performance objectives, established by the Board or the Compensation Committee, have been met. The KPIs include the Company's performance in the areas of safety, statutory compliance, production, operating costs, capital and share price. The KPIs are reviewed annually by the Compensation Committee and adjusted as deemed appropriate. The Board approves payment of the bonuses on the recommendation of the Compensation Committee. The 2020 KPI structure, based on 2019 performance, for each NEO is set out below.

**John Lewins, CEO and Director**  
**Percentage of Base Salary – 50%**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry average
Throughput	Tonnes	20%	Nil	20%	40%	60%	80%	100%	Milled Tonnes
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

**Justin Blanchet, CFO**  
**Percentage of Base Salary – 30%**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry average
Compliance		20%	Nil	20%	40%	60%	80%	100%	Statutory Submissions
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

**Warren Uyen, Senior Vice President, Operations**  
**Percentage of Base Salary – 50%**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry
Throughput	Tonnes	20%	Nil	20%	40%	60%	80%	100%	Milled Tonnes
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

**David Medilek, VP Business Development & IR**  
**Percentage of Base Salary – 50%**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry average
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Corporate	Share Price	60%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

**Chris Muller, VP Exploration**  
**Percentage of Base Salary – 30%**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry average
Work Program	Tonnes	20%	Nil	20%	40%	60%	80%	100%	Milled Tonnes
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Program Costs	\$	20%	100%	80%	60%	40%	20%	Nil	Work Program Costs Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

### Long-Term Equity Incentives

Equity compensation grants to executives play an important role in helping K92 meet the objectives of its compensation program. Long-term incentives are an equity-based variable component of compensation, consisting of stock options, PSUs and RSUs. Long-term incentives are designed to align the interests of executives with those of shareholders by tying compensation to share price performance and to assist in the retention of talented executives through long-term vesting schedules.

NEOs are granted stock options as a form of long-term incentive, pursuant to the Stock Option Plan (as defined below) that was approved by the shareholders in 2016 and which renewal was approved by shareholders in 2020. The Company believes a mix of these incentive formats provides the best vehicle to attract and retain employees. Through these incentives NEOs are given an opportunity to participate in our future success and their interests are aligned with the interests of our shareholders. The Stock Option Plan provides guidelines to the Board regarding the grants of stock options.

A summary of the key terms of K92's Stock Option Plan is set out under the heading "Stock Option Plan".

#### Stock Options

Stock options link the interests of our NEOs to those of our shareholders and encourage our executives to execute strategic business goals and objectives designed to improve share price performance. Any value received from stock options is dependent on an increase in the share price. Stock options are intended to advance the interests of the

Company by encouraging the NEOs to acquire Shares to increase their proprietary interest in the Company and encourage them to remain associated with the Company.

Stock options historically vested in three tranches over a one-year period. All options have a maximum term of five years. The long-term vesting and expiry schedule promotes continued efforts to return shareholder value, and it also acts as a retention tool.

The Compensation Committee administers the Stock Option Plan. The Board, on the recommendation of the Compensation Committee, has the authority to grant stock options. Options are normally awarded upon the commencement of an executive officer's employment with the Company, with the size of the award determined by the level of the executive officer's responsibility within the Company. The Board, on the recommendation of the Compensation Committee, has authority to make additional grants from time to time. When making decisions on the amount and frequency of the awards, the Compensation Committee considers: the individual's level of ongoing responsibility within the Company, the executive's performance, measurement against peers, the number of outstanding options already granted to that individual, the value of the options and the number of options available for grant under the Stock Option Plan.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Stock Option Plan;
- the exercise price, which can be no less than the market price (as defined in the TSX Company Manual);
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The Board reviews and approves grants of options recommended by the Compensation Committee on an annual basis and periodically during a financial year.

During the fiscal year ended December 31, 2020, the following option grants were awarded to the NEOs:

**Table 2 – NEO 2020 Equity Awards**

Name of NEO	Number Options Granted (#)	Option Exercise Price (CAN\$)	Option Expiration Date	Fair Value of Options (US\$) <sup>(1)</sup>
John Lewins	300,000	3.85	Jan 31, 2025	443,243
	500,000	6.73	Oct 7, 2025	1,223,768
Justin Blanchet	60,000	3.85	Jan 31, 2025	88,649
	150,000	6.73	Oct 7, 2025	367,130
David Medilek	60,000	3.85	Jan 31, 2025	88,649
	250,000	6.73	Oct 7, 2025	611,884
Chris Muller	48,000	3.85	Jan 31, 2025	70,919
	100,000	6.73	Oct 7, 2025	244,754
Warren Uyen	60,000	3.85	Jan 31, 2025	88,649
	250,000	6.73	Oct 7, 2025	611,884

- (1) The Company uses the Black-Scholes option pricing model for determining the fair value of stock options issued at the grant date. The Black-Scholes model was selected as it is a widely used financial method for determining the fair value of options. There is no certainty that the options will be exercised and that the fair value as shown will be received by the NEO. The expected volatility is estimated based on the historic average share price volatility. The inputs used in the measurement of the fair value of the options granted for the most recently completed financial years were: risk-free interest rate of 0.70%, expected life of options of 4 years, annualized volatility of 66.13%, forfeiture rate of 2.01% and 0.0% dividend rate. Canadian Dollars are converted into US Dollars based on the average exchange rate reported by the Bank of Canada for 2020 of 0.7462.

### ***Pension, Benefits and Perquisites***

The Company does not currently have a defined pension plan or post-employment compensation and benefits in place for any of its employees. From time to time, the Compensation Committee reviews the Company's benefit programs, to ensure continued alignment with market practices. The Company offers only limited perquisites to the NEOs, and only where the Compensation Committee, upon review of competitive practice from time to time, believes such perquisites are market competitive and promote the retention of the NEOs or promote the efficient performance of the NEOs' duties. The Company does not believe that perquisites and benefits should represent a significant portion of the compensation package for NEOs.

For the NEOs who are residents of Australia for the purposes of taxation, the Company makes superannuation guarantee payments on behalf of the NEOs. In Australia, employers are required to make a payment known as a "superannuation guarantee" to a complying fund on behalf of permanent resident employees. The minimum contribution is currently mandated at 9.5% of an employee's base salary but is capped at AUS \$25,000 annually. The complying funds are selected by the employees and are not administered by the Company. The superannuation guarantee payments made on behalf of the Company's NEOs in 2020 range from AUS \$24,336 to AUS \$25,000 per year.

### **Changes to the Security-Based Compensation Arrangement**

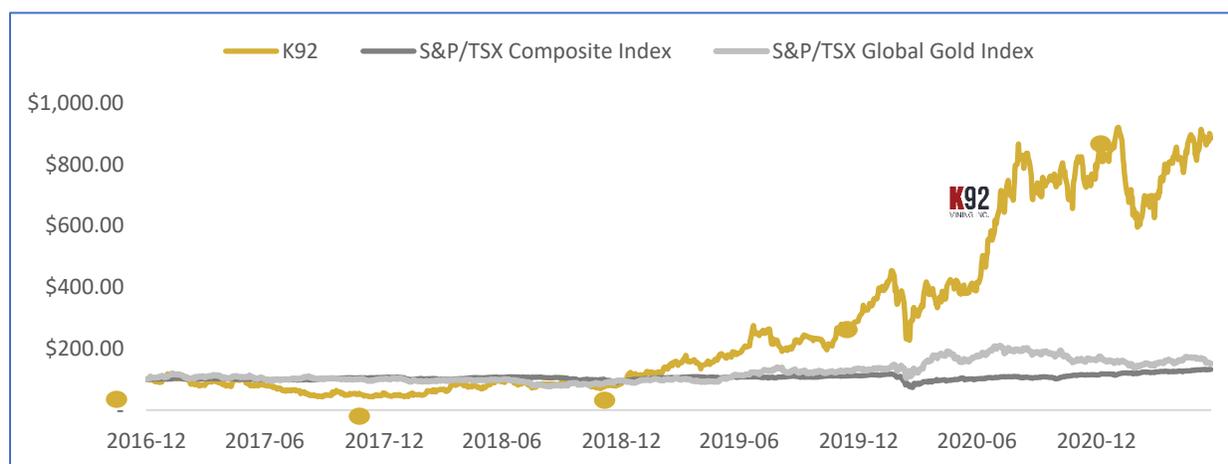
During the next financial year, the Board, on the recommendation of the Compensation Committee and its independent consultants, Korn Ferry, intends to approve a new share compensation plan (the "**New Plan**") to replace the Stock Option Plan. The Company intends to make changes to its security-based compensation arrangements, including, but not limited to, the following:

- the Company intends to adopt the New Plan which will provide for the grant of stock options, restricted share units ("**RSUs**") and performance share units ("**PSUs**") to eligible officers, employees, consultants and directors;
- Non-employee directors will no longer be eligible for awards of stock options unless the options are granted in lieu of directors' fees;
- the maximum total annual grant value of equity awards to non-employee directors will be \$150,000 per director, as of the grant date, of which a maximum \$100,000 may be in the form of options; and
- the New Plan will be a "rolling" plan under which the aggregate number of Shares that may be issuable pursuant to RSUs, PSUs and options (together with any other Shares issuable pursuant to other security-based compensation arrangements of the Company) may not exceed 10% (or such lesser percentage, to be determined when the New Plan is adopted) of the outstanding Shares at the time of the grant.

## PERFORMANCE GRAPH

The following graph compares the cumulative total return for \$100 invested in Shares on the TSX on December 31, 2016, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Global Gold Index for the five most recently completed financial years. In 2019 and 2020, the Company's share price has grown considerably and outperformed the Indexes over the period until the date of this Statement of Executive Compensation.

Our share price is significantly influenced by the price of gold. The price of gold is largely determined by global demand and supply, which is driven by geopolitical and economic events. During the period 2017 through to 2020, the price of gold increased from \$1,162.00 per ounce at December 31, 2016 to \$1,891.10 on December 31, 2020.



	2016	2017	2018	2019	2020
<b>K92 Mining Inc.</b>	\$100.00	\$55.67	\$86.60	\$296.91	\$784.54
<b>S&amp;P/TSX Composite Index</b>	\$100.00	\$106.03	\$93.69	\$111.62	\$114.04
<b>S&amp;P/TSX Global Gold Index</b>	\$100.00	\$100.62	\$96.16	\$134.52	\$162.38

During 2016 and 2017, K92's share price performed close to the S&P/TSX Composite Index and the S&P/TSX Global Gold Index. Since the beginning of 2019, the Company developed significantly, and the Company's share price has well outperformed both indexes on the strength of successful operational results, significant growth in cash flow, a strong balance sheet and an underlying positive gold price environment. NEO compensation levels are generally in line with the Company's performance, with shareholder returns, and with peers, and are sufficient for the Board to conclude that the compensation strategy is working effectively for shareholders and for the NEOs.

## SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid or payable, directly or indirectly, by or on behalf of the Company during the three most recently completed financial years ended December 31, 2020, 2019 and 2018 to its NEOs (and those individuals who would have been NEOs but for the fact that such individuals were not executive officers of the Company as at the end of that year):

**Table 3 – Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Option-based Awards <sup>(5)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation <sup>(6)</sup> (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-term Incentive Plans			
<b>John Lewins</b> <i>CEO</i>	2020	516,670	1,667,011	188,368	-	N/A	Nil	2,372,048
	2019	430,800	480,615	175,718	-	N/A	Nil	1,087,133
	2018	371,800	354,931	84,480	-	N/A	Nil	811,211
<b>Justin Blanchet</b> <sup>(1)</sup> <i>CFO</i>	2020	199,584	455,779	51,792	-	N/A	Nil	707,155
	2019	163,080	172,087	42,597	-	N/A	Nil	377,764
	2018	106,800	70,986	14,256	-	N/A	Nil	192,042
<b>Warren Uyen</b> <sup>(2)</sup> <i>Senior VP Operations</i>	2020	283,187	700,533	141,022	-	N/A	21,226	1,145,968
	2019	278,200	218,170	47,434	-	N/A	20,865	564,669
	2018	N/A	N/A	N/A	-	N/A	N/A	N/A
<b>David Medilek</b> <sup>(1) (3)</sup> <i>VP Business Development and IR</i>	2020	223,860	700,533	89,544	-	N/A	Nil	1,013,937
	2019	102,993	148,838	22,608	-	N/A	Nil	274,440
	2018	N/A	N/A	N/A	-	N/A	Nil	N/A
<b>Chris Muller</b> <sup>(4)</sup> <i>VP Exploration</i>	2020	183,036	315,672	58,402	-	N/A	16,809	573,918
	2019	182,777	34,666	27,826	-	N/A	15,857	261,126
	2018	165,523	54,011	Nil	-	N/A	17,708	237,242

- (1) Mr. Blanchet's and Mr. Medilek's salaries are paid in Canadian Dollars and converted into US Dollars on this table based on the average exchange rate reported by the Bank of Canada, for 2020 of 0.7462, for 2019 of 0.7536 and for 2018 of 0.7716.
- (2) Mr. Uyen was appointed Senior Vice President Operations on May 27, 2019. Mr. Uyen's salary is paid in Australian Dollars and is converted into US Dollars on this table based on the average exchange rate reported by the Bank of Canada, for 2020 of 0.6907 and for 2019 of 0.6955.
- (3) Mr. Medilek was appointed Vice President Business Development and Investor Relations on June 6, 2019.
- (4) Mr. Muller's salary is paid in Australian Dollars and is converted into US Dollars on this table based on the average exchange rate reported by the Bank of Canada, for 2020 of 0.6907, for 2019 of 0.6955 and for 2018 of 0.7456.
- (5) The Company uses the Black-Scholes option pricing model for determining the fair value of stock options issued at the grant date. The Black-Scholes model was selected as it is a widely used financial method for determining the fair value of options. There is no certainty that the options will be exercised and that the fair value as shown will be received by the NEO. The expected volatility is estimated based on the historic average share price volatility. The inputs used in the measurement of the fair value of the options granted for the three most recently completed financial years were as follows:

FOR THE YEAR ENDED	December 31, 2020	December 31, 2019	December 31, 2018
Risk-free interest rate	0.70%	1.51%	2.15%
Expected life of options	4.0 years	4.0 years	4.5 years
Annualized volatility	66.13%	62.96%	74.73%
Dividend rate	0.00%	0.00%	0.00%
Forfeiture rate	2.01%	1.29%	5.00%

- (6) Represents Australian superannuation guarantee payments. Australian Dollars are converted into US Dollars based on the average exchange rate reported by the Bank of Canada, for 2020 of 0.6907, for 2019 of 0.6955 and for 2018 of 0.7456.

## Employment, Consulting and Management Agreements

Set out below are the contracts, agreements, plans or arrangements that provide for payments to the Named Executive Officers at, following or in connection with any termination (whether voluntary, involuntary, or constructive), resignation, retirement, a Change of Control or a change in the NEO’s responsibilities, into which the Company has entered.

### John Lewins (CEO and Director)

As Chief Executive Officer, Mr. Lewins is responsible for leadership and overall management of the Company, including developing and executing current and long-term objectives, delivering strong results, fostering a high-performance culture consistent with K92’s values, and acting as a key corporate representative in dealing with stakeholder groups.

The Company entered into a consulting agreement effective March 1, 2018 (the “**CEO Consulting Agreement**”) with Mr. Lewins, pursuant to which Mr. Lewins is entitled to receive a base salary, bonus and equity compensation. The CEO Consulting Agreement is subject to an annual review by the Compensation Committee, which may recommend to the Board to increase the base salary or revise other compensation. Effective March 1, 2018, the base salary consisted of monthly fees of US \$32,000 (the “**CEO Fee**”). The CEO Fee was increased by the Board to US \$35,840 effective January 1, 2019, and, effective January 1, 2020, the CEO Fee was increased to US \$41,667. Effective November 1, 2020, on the recommendation of the Compensation Committee and with consultation of the independent compensation advisors, the Board approved an increase of the base salary of John Lewins to US \$50,000 per month in recognition of his contribution to the record performance of the Company and to bring his base salary in line with the Company’s peers.

Pursuant to the CEO Consulting Agreement, Mr. Lewins is entitled to a bi-annual bonus equal to up to 50% of the CEO Fees paid, based on certain KPIs of the Company if the Board, based on the recommendation of the Compensation Committee determines that the applicable business performance objectives established by the Board or the Compensation Committee, have been met. The KPIs include the Company’s performance in the areas of safety, throughput, capital, production, operating costs, capital and share price. The Compensation Committee determined that 77% of the 2019 bi-annual KPIs were satisfied, and therefore, an aggregate annual bonus of 39% of the CEO Fee payable to Mr. Lewins was approved by the Board for payment in 2020. For the 2020 fiscal year, the Compensation Committee determined that 78% of the 2020 bi-annual KPIs were satisfied, and therefore, an aggregate annual bonus of 39% of the CEO Fee payable to Mr. Lewins was approved by the Board. See a full description of the short-term bonus under the heading “*Short-term Annual Bonus Incentives*”.

### John Lewins KPIs - 2020

Indicator		Weight	Performance Against Budget						Comments
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry
Throughput	Tonnes	20%	Nil	20%	40%	60%	80%	100%	Mill Tonnes
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

In the event of a termination without cause, Mr. Lewins would be entitled to receive a lump sum payment of (a) the equivalent of 12 times the CEO Fee; (b) an amount equal to the bi-annual bonus payment that would have been payable for achieving KPIs, had he worked to the end of the applicable six-month period prior to termination; and (c) other sums owed for arrears of Base Salary and expenses properly incurred.

In the event of a termination after a Change of Control, where the CEO Consulting Agreement is terminated other than for cause in the twelve-month period following the Change of Control, Mr. Lewins would be entitled to receive a lump sum payment equal to twenty-four times the CEO Fee, plus other sums owed for arrears of compensation. In addition, all unexercised incentive stock options held by Mr. Lewins at the time of such termination, would immediately vest and become exercisable upon the termination of the CEO Consulting Agreement.

### Justin Blanchet (CFO)

As CFO, Mr. Blanchet is responsible for financial reporting, taxation, financial compliance, overseeing internal controls, treasury, financial risk management. Mr. Blanchet is a key representative with our banks and financiers.

The Company entered into a consulting agreement effective March 1, 2018 (the “**CFO Consulting Agreement**”) with Mr. Blanchet, pursuant to which Mr. Blanchet is entitled to receive a base salary, bonus and equity compensation. The CFO Consulting Agreement is subject to an annual review by the Compensation Committee (on the recommendation of the CEO), which may recommend to the Board an increase of the base salary or revise other compensation. Effective March 1, 2018, Mr. Blanchet’s base salary comprised a monthly fee of US \$9,000 (the “**CFO Fee**”). Effective April 1, 2019, the CFO fee was increased to US \$15,120 in recognition of the increased amount of time devoted by Mr. Blanchet to the Company well as consideration of increased responsibility, among other factors. Effective January 1, 2020, the CFO fee was increased to US \$16,632, and effective November 1, 2020, on the recommendation of the Compensation Committee and with consultation of the independent compensation advisors, the Board approved an increase of the CFO Fee to CAN \$30,000 per month.

Pursuant to the CFO Consulting Agreement, Mr. Blanchet is entitled to a bi-annual bonus equal to up to 30% of the CFO Fees paid, based on certain KPIs of the Company if the Board, on the recommendation of the Compensation Committee, determines that the applicable business performance objectives established by the Board or the Compensation Committee, have been met. The KPIs include the Company’s performance in the areas of safety, statutory compliance, production, operating costs, capital and share price. The Compensation Committee determined that 87% of the 2019 bi-annual KPIs were satisfied, and therefore, an aggregate annual bonus of 26% of the CFO Fee payable to Mr. Blanchet was approved by the Board. For the 2020 fiscal year, the Compensation Committee determined that 78% of the bi-annual KPIs were satisfied, and therefore, an aggregate annual bonus of 23% of the CFO Fee payable to Mr. Blanchet was approved by the Board for payment in 2021. See a full description of the short-term bonus under the heading “*Short-term Annual Bonus Incentives*”.

### Justin Blanchet - KPIs

Indicator		Weight	Performance Against Budget						Comments
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry
Compliance		20%	Nil	20%	40%	60%	80%	100%	Statutory Submissions
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

In the event of a termination without cause, Mr. Blanchet is entitled to receive a lump sum payment (a) equivalent to 12 months of the CFO Fee; and (b) other sums owed for arrears of the CFO Fee and expenses properly incurred.

In the event of a termination after a Change of Control, where the CFO Consulting Agreement is terminated other than for cause in the twelve-month period following the Change of Control, Mr. Blanchet would be entitled to receive a lump sum payment equivalent to twenty-four times the CFO Fee, plus other sums owed for arrears of compensation; and (b) an amount equal to 100% of the bi-annual bonus which would be payable if all conditions of the KPIs were fully met during the twenty-four months, at the time of termination. In addition, all unexercised incentive stock options held by Mr. Blanchet at the time of such termination, would immediately vest and become fully exercisable upon the termination of the CFO Consulting Agreement.

### **Warren Uyen (Senior Vice President, Operations)**

As Senior Vice President, Operations Mr. Uyen is responsible for mining operations at the Kainantu Gold Mine, coordinating Government and external affairs activities, community relations and project development.

The Company entered into an employment agreement effective October 1, 2018 (the “**VP Operations Agreement**”) with Mr. Uyen, pursuant to which Mr. Uyen is entitled to receive a base salary, superannuation guarantee payments and equity compensation. The VP Operations Agreement is subject to an annual review by the Compensation Committee (on the recommendation of the CEO), which may recommend to the Board an increase of the base salary or revise other compensation. Effective May 27, 2019, Mr. Uyen was appointed Senior Vice President Operations and his annual base salary was AUS \$370,000 (the “**VP Operations Fee**”). Effective January 1, 2020, the VP Operations fee was increased to AUS \$410,000 in recognition of increased responsibilities, among other factors. Effective November 1, 2020, on the recommendation of the Compensation Committee and with consultation of the independent compensation advisors, the Board approved an increase of the VP Operations Fee to AUS \$480,000 per year. Mr. Uyen is entitled to AUS \$24,000 in superannuation guarantee payments.

Pursuant to the VP Operations Agreement, Mr. Uyen is entitled to a bi-annual bonus equal to up to 50% of the VP Operations Fees paid, based on certain KPIs of the Company if the Board, on the recommendation of the Compensation Committee, determines that the applicable business performance objectives established by the Board or the Compensation Committee, have been met. The KPIs include the Company’s performance in the areas of safety, throughput, production, operating costs, capital and share price. The Compensation Committee determined that 77% of the 2019 bi-annual KPIs were satisfied, and therefore, an aggregate annual bonus of 39% of the VP Operations Fee payable to Mr. Uyen was approved by the Board. For the 2020 fiscal year, the Compensation Committee determined that 100% of the 2019 bi-annual KPIs were satisfied, and therefore an aggregate annual bonus for a total of 50% of the VP Operations Fee payable to Mr. Uyen was approved by the Board. Although not all KPIs were met due to the effect of the COVID-19 pandemic, in making its bonus decision, the Board recognized the plant expansion was successfully commissioned despite suppliers or contractors unable to be at the mine site, development of the twin inclines continued to progress despite a lack of personnel, Mr. Uyen devoted significant long periods of time overseeing operations on site during long quarantine periods and the share price outperformed the GDX exchange traded fund by a factor of over four, making K92 the top performing stock on the GDX. See a full description of the short-term bonus under the heading “*Short-term Annual Bonus Incentives*”.

**Warren Uyen – KPIs**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry average
Throughput	Tonnes	20%	Nil	20%	40%	60%	80%	100%	Milled Tonnes
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

In the event of a termination without cause, Mr. Uyen is entitled to receive a lump sum payment (a) equivalent to 3 months of the VP Operations Fee; and (b) other sums owed for arrears of the CFO Fee and expenses properly incurred.

In the event of a termination after a Change of Control, where the VP Operations Agreement is terminated other than for cause in the nine-month period following the Change of Control, Mr. Uyen would be entitled to receive a lump sum payment equivalent to twelve months of the VP Operations Fee, plus other sums owed for arrears of compensation. In addition, all unexercised incentive stock options held by Mr. Uyen at the time of such termination, would immediately vest and become fully exercisable upon the termination of the VP Operations Agreement.

**David Medilek (Vice President, Business Development and Investor Relations)**

As Vice President, Business Development and Investor Relations, Mr. Medilek is responsible for the Company's business development activities, identifying, evaluating, and advancing growth opportunities and working with the other executives in developing the Company's corporate strategy.

The Company entered into an employment agreement effective June 6, 2019 (the "**VP BD Agreement**") with Mr. Medilek, pursuant to which Mr. Medilek is entitled to receive a base monthly salary of CAN \$20,000 (the "**VPBD Fee**"), a bonus and equity compensation. The VP BD Agreement is subject to an annual review by the Compensation Committee (on the recommendation of the CEO), which may recommend to the Board an increase of the base salary or revise other compensation. Effective January 1, 2020, the VPBD fee was increased to CAN \$24,000, and effective November 1, 2020, on the recommendation of the Compensation Committee and with consultation of the independent compensation advisors, the Board approved an increase of the VPBD Fee to CAN \$30,000 per month.

Pursuant to the VP BD Agreement, Mr. Medilek is entitled to a bi-annual bonus equal to up to 50% of the VPBD Fees paid, based on certain KPIs of the Company if the Board, on the recommendation of the Compensation Committee, determines that the applicable business performance objectives established by the Board or the Compensation Committee, have been met. The KPIs include the Company's performance in the areas of safety, statutory compliance, production, operating costs, capital and share price. The Compensation Committee determined that 110% of the 2019 annual KPIs were satisfied, and therefore, an aggregate of 55% of the VPBD Fee payable to Mr. Medilek was approved by the Board. For the 2020 fiscal year, the Compensation Committee determined that 78% of the 2020 bi-annual KPIs were satisfied, and therefore, an aggregate of 39% of the VPBD Fee payable to Mr. Medilek was approved by the Board. See a full description of the short-term bonus under the heading "*Short-term Annual Bonus Incentives*".

**David Medilek - KPIs**

Indicator		Weight	Performance Against Budget						Comments
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry average
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	All-in Sustaining Costs
Corporate	Share Price	60%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

In the event of a termination without cause, Mr. Medilek is entitled to receive a lump sum payment (a) equivalent to 3 months of the VPBD Fee; (b) an amount equal to the bi-annual bonus payment that would have been payable for achieving KPIs, had he worked to the end of the applicable six-month period prior to termination; and (c) other sums owed for arrears of the VPBD Fee and expenses properly incurred.

In the event of a termination after a Change of Control (as defined above), where the VP BD Agreement is terminated other than for cause in the twelve-month period following the Change of Control, Mr. Medilek would be entitled to receive a lump sum payment equivalent to twenty-four times the VPBD Fee, plus other sums owed for arrears of compensation. In addition, all unexercised incentive stock options held by Mr. Medilek at the time of such termination, would immediately vest and become fully exercisable upon the termination of the VP BD Agreement.

**Christopher Muller (Vice President, Exploration)**

As Vice President, Exploration, Mr. Muller is responsible for coordination of the activities of the Company in the areas of Exploration and for promoting the interests and operations of the Company in Papua New Guinea.

The Company entered into an employment agreement effective July 1, 2019 (the “*VP Exploration Agreement*”) with Mr. Muller, pursuant to which Mr. Muller is entitled to receive a base salary of AUS \$240,000 (the “*VP Exploration Fee*”) superannuation guarantee contributions of AUS \$22,800 and equity compensation. The VP Exploration Agreement is subject to an annual review by the Compensation Committee (on the recommendation of the CEO), which may recommend to the Board an increase of the base salary or revise other compensation. Effective January 1, 2020, the VP Exploration fee was increased to AUS \$264,000 and the superannuation contributions were increased to AUS \$25,000. Effective January 1, 2021, on the recommendation of the Compensation Committee and with consultation of the independent compensation advisors, the Board approved an increase of the VP Exploration Fee to AUS \$283,800 per year.

Pursuant to the VP Exploration Agreement, Mr. Muller is entitled to a bi-annual bonus equal to up to 30% of the VP Exploration Fees paid, based on certain KPIs of the Company if the Board, on the recommendation of the Compensation Committee, determines that the applicable business performance objectives established by the Board or the Compensation Committee, have been met. The KPIs include the Company’s performance in the areas of safety, throughput, production, operating costs, capital and share price. The Compensation Committee determined that 78% of the 2019 bi-annual KPIs were satisfied, and therefore, an aggregate bonus of 23% of the VP Exploration Fee payable to Mr. Muller was approved by the Board. For the 2020 fiscal year, the Compensation Committee determined that 95% of the 2020 bi-annual KPIs were satisfied, and therefore, an aggregate bonus of 29% of the VP Exploration Fee payable to Mr. Muller was approved by the Board. Although not all KPIs were met due to the effect of the COVID-19 pandemic, in making its bonus decision, the Board recognized the plant expansion was successfully commissioned despite suppliers or contractors unable to be at the mine site, development of the twin inclines continued to progress despite a lack of personnel, and the share price outperformed the GDX exchange traded fund by a factor of over four, making K92 the top performing stock on the GDX. See a full description of the short-term bonus under the heading “*Short-term Annual Bonus Incentives*”.

**Christopher Muller – KPIs**

Indicator		Weight	Performance Against Budget						Deliverable
Factor	Measure		-10%	-10 to -5%	-5% to 0	0 to +5%	+5 to 10%	+10%	
Safety	LTI	Modifier	50% Discount	25% Discount	No Discount	No Discount	No Discount	10% Premium	Measured against industry
Work Program	Tonnes	20%	Nil	20%	40%	60%	80%	100%	Completion of work program per budget
Production	Oz	20%	Nil	20%	40%	60%	80%	100%	Gold Oz Produced
Costs	\$/oz	20%	100%	80%	60%	40%	20%	Nil	Total Operating Cost
Capital	\$	20%	100%	80%	60%	40%	20%	Nil	Against Budget
Corporate	Share Price	20%	Nil	20%	40%	60%	80%	100%	Share Price Against Peers

In the event of a termination without cause, Mr. Muller is entitled to receive a lump sum payment (a) equivalent to 3 months of the VP Exploration Fee; and (b) other sums owed for arrears of the VP Exploration Fee and expenses properly incurred.

In the event of a termination after a Change of Control (as defined above), where the VP Exploration Agreement is terminated other than for cause in the nine-month period following the Change of Control, Mr. Muller would be entitled to receive a lump sum payment equivalent to twelve months of the VP Exploration Fee, plus other sums owed for arrears of compensation. In addition, all unexercised incentive stock options held by Mr. Muller at the time of such termination, would immediately vest and become fully exercisable upon the termination of the VP Exploration Agreement.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

Details on payments to each NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a Change of Control or a change in the NEO's responsibilities, pursuant to each NEO contract, agreement, plan or arrangement are described under the heading, "Employment, Consulting and Management Agreements".

For illustrative purposes if an NEO had been terminated without cause or notice on December 31, 2020, the applicable compensation period, and the amounts payable for base salary and notice are shown in the following table.

**Table 4 – Amounts Payable to NEOs on Termination Without Cause**

Name of NEO	Fee Entitlement	Bonus Entitlement	Total Payment
John Lewins	12 x monthly fee - \$600,000	Bonus for prior 6-month period - \$150,000	\$750,000
Justin Blanchet	12 x monthly fee - \$282,744	Nil	\$282,744
David Medilek	3 x monthly fee - \$70,686	Bonus for prior 6-month period - \$70,686	\$141,372
Christopher Muller	3 x monthly fee - \$50,985	Nil	\$50,985
Warren Uyen	3 x monthly fee - \$92,700	Nil	\$92,700

For illustrative purposes, if an NEO had been terminated as a result of a Change of Control on December 31, 2020, the applicable compensation periods and amounts of base salary and bonus, and the value of accelerated options vested as of that date are shown in the following table.

**Table 5 – Amounts Payable to NEOs on Change of Control**

Name of NEO	Fee Entitlement	Bonus Entitlement	Total Payment	Option-Based Awards – Value Vested <sup>(1)</sup>
John Lewins	24 x monthly fee - \$1,200,000	Nil	\$1,200,000	\$532,753
Justin Blanchet	24 x monthly fee - \$565,488	Bonus for prior 12-month period - \$84,823	\$650,311	\$129,704
David Medilek	24 x monthly fee - \$565,488	Nil	\$565,488	\$176,011
Christopher Muller	12 x monthly fee - \$203,940	Nil	\$203,940	\$94,502
Warren Uyen	12 x monthly fee - \$370,800	Nil	\$370,800	\$176,011

(1) Calculated by subtracting the respective option exercise price from the closing price of K92's Shares on the TSX on December 31, 2020, of CAN\$7.61, and multiplying by the number of options subject to accelerated vesting. In determining the value, Canadian Dollars are converted to US Dollars at 0.7854, the Bank of Canada exchange rate on December 31, 2020.

## INCENTIVE PLAN AWARDS

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table includes the amount of variable compensation that vested and was paid to the NEOs during the year ended December 31, 2020, including payments the NEOs received as a result of vested stock options and cash bonuses related to the 2019 and 2020 performance years.

**Table 6 – Incentive Plan Awards - Value Vested or Earned During the Year**

Name of NEO	Option-based Awards – Value Vested During the Year (\$) <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>	Share-based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$) <sup>(4)</sup>
John Lewins	1,166,964	N/A	188,368
Justin Blanchet	266,582	N/A	51,792
David Medilek	186,928	N/A	89,544
Chris Muller	112,665	N/A	58,402
Warren Uyen	359,777	N/A	141,022

(1) The aggregate dollar value is calculated as the difference between the closing price of the Shares on the TSX on the vesting date and the exercise price of the option. In determining the value, Canadian Dollars are converted to US Dollars using the Bank of Canada average exchange rate for 2020 of 0.7462.

(2) Option awards were subject to vesting in equal installments on each of the date of grant, 6 months from the grant date and 12 months from the date of grant.

- (3) Options that vested were granted on May 30, 2019 (exercise price of \$1.67), September 16, 2019 (exercise price of \$1.85), January 31, 2020 (exercise price of \$3.85) and October 7, 2020 (exercise price of \$6.73). All exercise prices were equal to the closing price of the Shares on the TSX on the date of grant.
- (4) Amounts shown represent annual short-term cash incentives awarded in 2020 for one 2020 bi-annual payment and one 2019 bi-annual payment.

## Outstanding Share-based Awards and Option-Based Awards

The following table sets out all share-based awards and option-based awards granted to the NEOs and outstanding as at December 31, 2020.

**Table 7 – Outstanding NEO Share-Based Awards and Option-Based Awards**

Name of NEO	Option-based Awards					Share-based Awards
	Number of Securities Underlying Unexercised Options <sup>(1) (2)</sup> (#)	Option Exercise Price (CAN\$)	Option Grant Date	Option Expiry Date	Value of Unexercised In-the-Money Options (US\$) <sup>(1)</sup>	Number of Shares or Units of Shares
<b>John D. Lewins</b> <i>CEO and Director</i>	500,000	1.00	Dec 5, 2016	Dec 5, 2021	2,595,822	N/A
	400,000	0.65	Oct 23, 2017	Oct 23, 2022	2,186,616	
	225,000	1.67	May 30, 2019	May 30, 2024	1,049,717	
	500,000	1.92	Sept 16, 2019	Sept 16, 2024	2,234,527	
	300,000	3.85	Jan 31, 2020	Jan 31, 2025	885,957	
	500,000	6.73	Oct 7, 2020	Oct 7, 2025	345,586	
<b>Justin Blanchet</b> <i>CFO</i>	250,000	0.65	Oct 23, 2017	Oct 23, 2022	1,366,635	N/A
	100,000	0.85	April 30, 2018	April 30, 2023	530,946	
	100,000	0.74	Nov 19, 2018	Nov 19, 2023	539,585	
	225,000	1.67	May 30, 2019	May 30, 2024	1,049,717	
	55,000	1.92	Sept 16, 2019	Sept 16, 2024	245,798	
	60,000	3.85	Jan 31, 2020	Jan 31, 2025	177,191	
150,000	6.73	Oct 7, 2020	Oct 7, 2025	103,676		
<b>David Medilek</b> <i>VP Business Development &amp; IR</i>	250,000	1.67	May 30, 2019	May 30, 2024	1,166,352	N/A
	60,000	3.85	Jan 31, 2020	Jan 31, 2025	177,191	
	250,000	6.73	Oct 7, 2020	Oct 7, 2025	172,793	
<b>Christopher Muller</b> <i>VP Exploration</i>	50,000	1.92	Sept 16, 2019	Sept 16, 2024	223,453	N/A
	48,000	3.85	Jan 31, 2020	Jan 31, 2025	141,753	
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,117	
<b>Warren Uyen</b> <i>Senior VP Operations</i>	250,000	1.67	May 30, 2019	May 30, 2024	1,166,352	N/A
	100,000	1.92	Sept 16, 2019	Sept 16, 2024	446,905	
	60,000	3.85	Jan 31, 2020	Jan 31, 2025	177,191	
	250,000	6.73	Oct 7, 2020	Oct 7, 2025	172,793	

- (1) Option awards vest in equal installments on each of the date of grant, 6 months from the grant date and 12 months from the grant date.
- (2) The exercise price of options is equal to the closing price the Shares on the TSX on the date of grant.
- (3) Calculated by subtracting the respective option exercise price from the closing price of K92's Shares on the TSX on December 31, 2020, of CAN\$7.61, and multiplying by the number of options outstanding. In determining the value, Canadian Dollars are converted to US Dollars at 0.7854, the Bank of Canada exchange rate on December 31, 2020. The actual gain, if any, on exercise of the options, will depend on the price of K92's Shares on the date of exercise.

## Options Exercises

Details regarding stock options exercises by the NEOs during the financial year ended December 31, 2020 are shown in the following table.

**Table 8 – Options Exercised by NEOs in 2020**

Name of NEO	Number of Underlying Shares Exercised (#)	Exercise Price per Share (CAN\$)	Date of Exercise	Closing Price per Share on Date of Exercise (CAN\$)	Difference Between Exercise Price and Closing Price on Date of Exercise (CAN\$)	Total Value on Exercise Date (CAN\$)
<b>John D. Lewins</b> <i>CEO and Director</i>	800,000	0.45	Aug 24, 2020	6.75	6.30	5,040,000
	600,000	0.65	Sept 18, 2020	7.89	7.24	4,344,000
	500,000	0.85	Sept 18, 2020	7.89	7.04	3,520,000
	500,000	0.74	Sept 18, 2020	7.89	7.15	3,575,000
<b>Justin Blanchet</b> <i>CFO</i>	130,000	0.45	Aug 20, 2020	6.94	6.49	843,700
	120,000	1.00	Aug 28, 2020	7.72	6.72	806,400
<b>David Medilek</b> <i>VP Business Development and IR</i>	Nil	N/A	N/A	N/A	N/A	N/A
<b>Christopher Muller</b> <i>VP Exploration</i>	100,000	1.00	Apr 27, 2020	3.49	2.49	249,000
	100,000	0.65	Apr 27, 2020	3.49	2.84	284,000
	50,000	0.85	Sept 8, 2020	7.90	7.05	352,500
	50,000	0.74	Sept 8, 2020	7.90	7.16	358,000
<b>Warren Uyen</b> <i>Senior VP Operations</i>	250,000	0.74	Sept 16, 2020	8.10	7.36	1,840,000

## Stock Option Plan

The Company has in place a “rolling” stock option plan (the “**Stock Option Plan**”) whereby the Company is authorized to grant stock options equal to up to 10% of the number of issued and outstanding shares of the Company, from time to time. K92 shareholders last ratified and approved the Stock Option Plan at the Company’s annual general and special meeting held on July 8, 2020.

**The Company intends to replace the Stock Option Plan in 2021 with a new share compensation that will include stock options, RSUs and PSUs. A summary description of the share compensation plan is set out under, “New Plan”.**

The purpose of the Stock Option Plan is to attract retain and motivate the directors, officers, and key employees, by providing them with an opportunity to purchase Shares of the Company and benefit from any appreciation in the value of the Shares. This will provide incentive for these individuals to contribute to the success and prosperity of the Company, thus enhancing the value of the Shares for the benefit of all the shareholders.

Pursuant to the Stock Option Plan, the Board, based on recommendations of the Compensation Committee, approves grant stock options to employees, directors and consultants in consideration of the provision of their services to the Company or a subsidiary of the Company. The number of Shares subject to each option is determined by the Board within the guidelines set out in the Stock Option Plan and in accordance with the rules and policies of the regulators and stock exchanges. The options give the optionees the right to purchase Shares at a price fixed pursuant to such guidelines. The options are exercisable by the optionee giving the Company notice and payment of the exercise price for the number of Shares to be acquired.

The material terms of the 2020 Stock Option Plan are as follows:

1. The maximum aggregate number of Shares which may be issuable pursuant to options granted under the Stock Option Plan is 10% of the issued and outstanding Shares of the Company at the time of grant.
2. The term of any options granted are fixed by the Board at the time such options are granted and have a maximum term of ten years.
3. The aggregate number of options granted to any one optionee in any 12-month period may not exceed 5% of the number of issued Shares, calculated on the date of option grant, without obtaining disinterested shareholder approval.
4. The aggregate number of Shares reserved for issuance pursuant to options granted to Insiders (as a group) at any time may not exceed 10% of the number of issued Shares, calculated on the date of option grant, without obtaining disinterested shareholder approval.
5. The exercise price of any options granted are determined by the Board, but cannot be less than the Market Price (as such term is defined by the TSX Company Manual).
6. No amendments to options held by Insiders that would have the effect of decreasing the exercise price of stock options are allowed at any time, without obtaining disinterested shareholder approval.
7. The Board of Directors may specify a vesting schedule in its discretion.
8. All options are non-assignable and non-transferable except to a Successor or Guardian (as these terms are defined in the Stock Option Plan) in the event of the death or disability, respectively, of the optionee.
9. Options will be equitably adjusted in the event of any material change in the outstanding Shares by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, at the sole discretion of the Board.
10. Any options granted pursuant to the Stock Option Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, employee or consultant of the Company, to the extent that such options have vested, unless such cessation is on account of death. In the case of an optionee's death, the options shall continue to vest and be exercisable for a period of 3 to 12 months, to be determined by the Board. Stock options held by optionees who are terminated for just cause.
11. The Stock Option Plan contains a black-out provision whereby the Company's directors, officers, employees, insiders or persons in a special relationship must refrain from trading in the Company's securities until the restriction has been lifted by the Board, upon the occurrence of which the term of an option shall be automatically extended if the expiry date falls within a blackout period
12. The Stock Option Plan must be approved by shareholders annually at the Company's annual general meeting.

## **DIRECTOR COMPENSATION AND EQUITY OWNERSHIP**

### **Director Compensation Philosophy and Approach**

The Company recognizes the contributions that its directors make to the Company and seeks to compensate them fairly for their time and efforts required, both at the board level and the committee level.

The compensation structure for non-employee directors is intended to attract and retain highly qualified individuals with the capability to meet the challenging oversight responsibilities of a mining company and to closely align the directors' interests with the Company's shareholder interests. The Company's approach to board compensation is to be in line with the median of our peers' director compensation and to reflect best practices.

The Compensation Committee is responsible for reviewing directors' compensation at least annually, and makes recommendations to the Board regarding any revisions, taking into account market practice, workload and accountability. The Compensation Committee engages independent compensation consultants when warranted when carrying out its reviews.

### Director Compensation Elements

The elements of non-employee directors' compensation are (1) annual fixed cash retainers; (2) attendance fees for meetings of the Special Committee when required; (3) long-term equity awards in the form stock options; (4) reimbursement of reasonable travel expenses; and (5) reimbursement of professional development courses. The annual retainers for the board Chair and board members are pro-rated where a director joins mid-term.

Compensation for non-executive directors is not performance-based and they do not participate in the bonus incentive programs.

In 2020, the Company's directors' compensation was comprised of an annual fixed cash retainer and an equity retainer in the form of stock options. Effective in 2021, non-executive directors are no longer eligible to receive stock options.

Directors do not receive severance provisions, health care coverage, charitable donations, vehicles, club memberships, pensions, or other such perquisites.

Revisions to director compensation, as recommended by the Compensation Committee and approved by the board were made effective January 1, 2021. The compensation adjustment reflects increased responsibilities and alignment with the Company's peers. The Compensation Committee believes that the compensation structure for the Board members is reasonable, competitive and assists in attracting and retaining superior candidates to the Board.

John Lewins is also an executive officer of the Company and, as such, does not receive any additional compensation for his role as a director. He is excluded from all the tables in the Compensation of Directors section as all his compensation is disclosed under the heading "*Summary Compensation Table*".

Each compensation element is described in further detail below.

#### Equity Compensation

Equity grants in line with the levels permitted under the Company's equity compensation plans are made to non-executive board members to attract and retain top talent and to motivate high quality performance by directors aligned with shareholder interests. In 2020, the Company granted stock options pursuant to the Stock Option Plan to provide non-executive directors with equity compensation. See "*Director Compensation Summary*" below for details.

#### Travel and Other Expenses

Our directors are reimbursed for reasonable travel and other out-of-pocket expenses incurred in connection with attending board meetings, stakeholder meetings and site visits, where applicable, and otherwise carrying out their duties as directors of the Company.

#### Director Education

Our directors are reimbursed for pursuing continuing education opportunities to maintain and enhance their abilities as directors and ensure that their knowledge of the business of the Company remains current. The directors may be reimbursed up to \$1,000 annually for these professional development opportunities and the board in its discretion may revise this amount.

### Annual Cash Compensation

Annual cash retainers for non-executive directors were paid in US Dollars in 2020 and are paid in Canadian Dollars in 2021. The retainers are paid on a monthly basis.

The following table details the retainer and meeting fee structure for non-executive directors for the financial years ending December 31, 2020 and 2021.

**Table 9 – Director Fees**

Board Position	2020 DIRECTOR FEES		2021 DIRECTOR FEES	
	Annual Retainer US\$	Retainer Per Meeting US\$	Annual Retainer CAN\$	Retainer Per Meeting CAN\$
Non-Executive Director (excluding Board Chair)	-	-	75,000	-
Non-Executive Director (excluding Board Chair and Audit Committee Chair)	30,000	-	-	-
Board Chair	60,000	-	140,000	-
Audit Committee Chair	42,000	-	15,000	-
Audit Committee Member (excluding Chair)	-	-	7,500	-
Compensation Committee Chair	-	-	12,500	-
Compensation Committee Member (excluding Chair)	-	-	5,000	-
Nominating and Corporate Governance Committee Chair	-	-	12,500	-
Nominating and Corporate Governance Committee Member (excluding Chair)	-	-	5,000	-
Special Committee Member	-	-	-	1,000

### Director Summary Compensation

The following table sets out what each non-executive director earned in cash and equity during the financial year ended December 31, 2020:

**Table 10 – Director Compensation Summary**

Director Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
R. Stuart Angus <sup>(2)</sup>	60,000	-	540,249	-	-	-	600,249
Mark Eaton <sup>(3)</sup>	30,000	-	392,501	-	-	-	422,501
Anne Giardini <sup>(4) (5)</sup>	13,871	-	1,726,334	-	-	-	1,740,205
Saurabh Handa <sup>(6)</sup>	42,000	-	429,438	-	-	-	471,438
Cyndi Laval <sup>(3)</sup>	30,000	-	392,501	-	-	-	422,501
Ian Stalker <sup>(3)</sup>	30,000	-	392,501	-	-	-	422,501
Graham Wheelock <sup>(3)</sup>	30,000	-	392,501	-	-	-	422,501

- (1) The Company uses the Black-Scholes option pricing model for determining the fair value of stock options issued at the grant date. The Black-Scholes model was selected as it is a widely used financial method for determining the fair value of options. The expected volatility is estimated based on the historic average share price volatility. The assumptions used in the measurement of the fair value of the options granted in 2020 were: volatility of 66.13%, expected average life of 4.0 years, average risk-free interest rate of 0.70%, forfeiture rate of 2.01% and a dividend rate of 0%. Canadian Dollars were converted to US Dollars using the Bank of Canada 2020 average rate of 0.7462. There is no certainty that the options will be exercised and that the fair value as shown will be received by the director.
- (2) Annual fixed fees earned for service as Board Chair.
- (3) Annual fixed fees earned for service as a director.
- (4) Anne Giardini was appointed to the Board on July 15, 2020 and received an onboarding award of 550,000 options. At the time of her appointment, the Company was under a trading blackout that restricted the grant of options that would have normally been awarded to Ms. Giardini. Once the blackout period ended a month later, and the Company was able to grant stock options, the share price had increased significantly. The Compensation Committee recommended the grant of a larger number of stock options to Ms. Giardini, to account for the difference in the value of the options had they been granted on her appointment date.
- (5) Prorated annual fixed fee for service as a director.
- (6) Annual fixed fees earned for service as the Audit Committee Chair.

## Director Compensation Annual Review

In September 2020, the Compensation Committee engaged Korn Ferry, independent compensation advisors, to conduct a review of the Company's board compensation practices.

In its review, Korn Ferry compared K92's board compensation to the Company's Peer Group described under the heading, "Peer Benchmarking Group". The review covered the compensation elements of cash retainer, equity retainer and meeting fees paid to directors. The individual roles of director, board Chair, Audit Committee member and Chair, Nominating and Corporate Governance Committee member and Chair, Compensation Committee member and Chair, and Health and Safety Committee member and Chair.

## Director Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets out all share-based awards and option-based awards outstanding for each of the non-executive directors as at December 31, 2020.

**Table 11 – Director Share-Based Awards and Option-Based Awards Outstanding at Year-End**

Name of Director	Option-based Awards					Share-based Awards
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (CAN\$)	Option Grant Date	Option Expiration Date	Value of Unexercised In-the-Money Options (US\$) <sup>(1)</sup>	Number of Shares or Units of Shares
R. Stuart Angus	825,000	0.45	May 20, 2016	May 20, 2021	4,639,358	N/A
	260,000	1.00	Dec 5, 2016	Dec 5, 2021	1,349,788	
	150,000	0.65	Oct 23, 2017	Oct 23, 2022	819,958	
	400,000	0.85	Apr 30, 2018	Apr 30, 2023	2,123,722	
	225,000	1.67	May 30, 2019	May 30, 2024	1,049,687	
	200,000	3.85	Jan 31, 2020	Jan 31, 2025	590,621	
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	
Mark Eaton	225,000	1.67	May 30, 2019	May 30, 2024	1,049,687	N/A
	100,000	3.85	Jan 31, 2020	Jan 31, 2025	295,310	
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	

Name of Director	Option-based Awards					Share-based Awards
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (CAN\$)	Option Grant Date	Option Expiration Date	Value of Unexercised In-the-Money Options (US\$) <sup>(1)</sup>	Number of Shares or Units of Shares
Anne Giardini	550,000	7.25	Aug 17, 2020	Aug 17, 2025	155,509	N/A
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	
Saurabh Handa	100,000	1.00	Dec 5, 2016	Dec 5, 2021	519,149	N/A
	125,000	3.85	Jan 31, 2020	Jan 31, 2025	369,138	
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	
Cyndi Laval	225,000	2.17	Nov 22, 2019	Nov 22, 2024	961,330	N/A
	100,000	3.85	Jan 31, 2020	Jan 31, 2025	295,310	
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	
Ian Stalker	1,150,000	0.45	May 20, 2016	May 20, 2021	6,466,984	N/A
	450,000	1.00	Dec 5, 2016	Dec 5, 2021	2,336,172	
	150,000	0.65	Oct 23, 2017	Oct 23, 2022	819,958	
	100,000	0.85	Apr 30, 2018	Apr 30, 2023	530,930	
	225,000	1.67	May 30, 2019	May 30, 2024	1,049,687	
	100,000	3.85	Jan 31, 2020	Jan 31, 2025	295,310	
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	
Graham Wheelock	34,000	3.85	Jan 31, 2020	Jan 31, 2025	100,406	N/A
	100,000	6.73	Oct 7, 2020	Oct 7, 2025	69,115	

(1) Calculated by subtracting the respective option exercise price from the closing price of K92's Shares on the TSX on December 31, 2020, of CAN\$7.61, and multiplying by the number of options outstanding. In determining the value, Canadian Dollars are converted to US Dollars at 0.7854, the Bank of Canada exchange rate on December 31, 2020. The actual gain, if any, received on exercise of options will depend on the price of K92's Shares on the date of exercise.

### Value Vested or Earned by Directors

The following table sets out the aggregate dollar value that would have been realized by each non-executive director if the options that vested during the fiscal year ended December 31, 2020 had been exercised on their respective vesting dates. The Company does not have a non-equity incentive compensation plan for directors.

**Table 12 – Director Incentive Awards - Value Vested or Earned During 2020**

Name of Director	Option-based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-based Awards – Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
R. Stuart Angus	248,048	N/A	N/A
Mark Eaton	193,381	N/A	N/A
Anne Giardini	-	N/A	N/A
Saurabh Handa	207,048	N/A	N/A
Cyndi Laval	421,383	N/A	N/A
Ian Stalker	193,381	N/A	N/A
Graham Wheelock	193,381	N/A	N/A

- (1) The aggregate dollar value is calculated as the difference between the closing price of the Shares on the TSX on the vesting date and the exercise price of the option. In determining the value, Canadian Dollars are converted to US Dollars using the Bank of Canada average exchange rate for 2020 of 0.7462. There is no certainty that the options will be exercised and that the fair value as shown will be received by the director.

### Options Exercised by Directors

Stock options exercises by the non-executive directors during the financial year ended December 31, 2020 are shown in the following table.

**Table 13 – Options Exercised by Directors in 2020**

Name of Director	Number of Underlying Shares Exercised	Exercise Price per Share CAN\$	Date of Exercise	Closing Price per Share on Date of Exercise CAN\$	Difference Between Exercise Price and Closing Price on Date of Exercise CAN\$	Total Value on Exercise Date CAN\$
R. Stuart Angus	Nil	N/A	N/A	N/A	N/A	N/A
Mark Eaton	100,000 150,000 100,000	1.00 0.65 0.85	Aug 18, 2020 Aug 18, 2020 Aug 18, 2020	6.93 6.93 6.93	5.93 6.28 6.08	593,000 942,000 608,000
Anne Giardini	Nil	N/A	N/A	N/A	N/A	N/A
Saurabh Handa	150,000 100,000 225,000	0.65 0.85 1.67	Feb 4, 2020 Feb 4, 2020 Aug 24, 2020	3.80 3.80 6.75	3.15 2.95 5.08	472,500 295,000 1,143,000
Cyndi Laval	Nil	N/A	N/A	N/A	N/A	N/A
Ian Stalker	Nil	N/A	N/A	N/A	N/A	N/A
Graham Wheelock	76,500 66,000	1.67 3.85	Aug 21, 2020 Aug 21, 2020	6.76 6.76	5.09 2.91	389,385 192,060