

**SHOAL POINT ENERGY LTD.**  
(the "Company")

**FORM 51-102F6**  
**STATEMENT OF EXECUTIVE COMPENSATION**  
**FOR THE YEAR ENDED JANUARY 31, 2024**

**Introduction**

The following information, dated as of July 29, 2024, is provided pursuant to Form 51-102F6V for Venture Issuers, as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* to provide information about the Company's executive compensation in respect of the financial year ended January 31, 2024.

For the purpose of this Form, a "Named Executive Officer" or "NEO" means (i) each individual who, during any part of the financial year ended January 31, 2024, served as the Company's Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO"), (ii) the Company's most highly compensated executive officer (other than the CEO and the CFO), as at January 31, 2024 whose total compensation was, individually, more than \$150,000 for that financial year; and (iii) each individual who would have satisfied the criteria in (ii) but for the fact that such individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of such financial year.

For the financial year ending January 31, 2024, the Company had the following Named Executive Officers: Mark Jarvis – Chief Executive Officer, Natasha Tsai - Chief Financial Officer.

**Compensation Discussion and Analysis**

The Company does not have a formal compensation program. The compensation of the Company's NEOs is determined by the Company's compensation committee (the "**Compensation Committee**"). The Compensation Committee then provides recommendations to the board of directors (the "**Board**") for approval. See "Corporate Governance Disclosure - Compensation Committee".

The general objectives of the Company's compensation decisions are:

- to encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value;
- to align management's interests with the long-term interest of shareholders;
- to provide compensation commensurate with peer companies in order to attract and retain highly qualified executives; and
- to ensure that total compensation paid takes into account the Company's overall financial position.

The Company's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will generally allow the Company to remain competitive compared to its peers in attracting and retaining qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

### *Elements of Compensation*

In general, an NEO's compensation is comprised of a base salary and/or management fees, annual incentive awards and stock option grants. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Compensation Committee considers the Company's performance and assigns compensation based on this assessment and the recommendations of the Board. The directors of the Company are of a view that all elements should be considered, rather than any single element. In establishing levels of base salary and the granting of stock options, the NEO's performance, level of expertise, responsibilities and time spent are considered.

### *Compensation Risks*

Neither the Board nor the Compensation Committee has formally evaluated the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board and the Compensation Committee do not believe that the Company's compensation program results in unnecessary or inappropriate risk-taking, including risks that are likely to have a material adverse effect on the Company.

### *Financial Instruments*

The Company's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### *Incentive Plans*

Incentive stock options are granted pursuant to the Company's stock option plan (the "**Stock Option Plan**"), which is designed to encourage share ownership on the part of Management, directors, employees, and consultants. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value by encouraging share ownership and entrepreneurship on the part of the senior Management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Company's personnel with shareholders by linking compensation to the longer-term performance of the Common Shares. The granting of incentive stock options is a significant component of executive compensation as it allows the Company to reward each executive officer's efforts to increase shareholder value without requiring the use of the Company's cash reserves.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Company's financial resources and prospects.

### **Share-Based and Option-Based Awards**

The Company does not grant share-based awards. Directors, officers, employees and consultants are eligible under the Stock Option Plan to receive grants of stock options. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its directors, employees and consultants, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. Stock option grants are made on the basis of the position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

Options are granted by either the Board or the Compensation Committee. In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value and previous option grants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan. See “Particulars of Matters to be Acted Upon – Approving of Stock Option Plan” below for further details regarding the Stock Option Plan.

### **Compensation Governance**

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee’s Charter. The Compensation Committee is composed of Robert Millar and Eric Schneider. All members of the Compensation Committee are considered independent as such term is defined in National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the NEO’s and the Company’s other senior officers is determined with regard to the Company’s business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. See “Corporate Governance Disclosure – Compensation Committee” below for further details regarding powers and operations of the committee.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Company’s compensation policies and practices.

### **Summary Compensation Table**

The following table sets forth a summary of compensation paid or awarded to the Company’s NEOs during the Company’s three most recently completed financial years.

Name and principal position	Year	Salary (\$)	Share - based awards (\$)	Option-based awards <sup>1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mark Jarvis CEO	2024	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2023	Nil	Nil	4,086	Nil	Nil	Nil	Nil	4,086
	2022	Nil	Nil	16,851	Nil	Nil	Nil	Nil	16,851
Natasha Tsai CFO	2024	23,540	Nil	Nil	Nil	Nil	Nil	Nil	23,540
	2023	18,048	Nil	2,043	Nil	Nil	Nil	Nil	20,091
	2022	19,864	Nil	8,426	Nil	Nil	Nil	Nil	28,290

Notes:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Risk-free interest rate:	Nil	3.40%	0.74%
Expected dividend yield:	Nil	0%	0%
Annualized volatility:	Nil	149%	167%
Expected life of option:	Nil	5 years	5 years

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company’s financial statements.

*Narrative Discussion*

The Company entered into an employment agreement dated June 28, 2013, with Mark Jarvis, (the “**Jarvis Agreement**”) pursuant to which Mark Jarvis provides services as Chief Executive Officer of the Company. The Jarvis Agreement will continue automatically for successive terms of one year. As of March 15, 2020 Mr. Jarvis’ salary ceased.

On March 16, 2018, the Company entered into an agreement with Malaspina Consultants Inc. (the “**Malaspina Agreement**”) pursuant to which Natasha Tsai, the Company’s Chief Financial Officer, agreed to provide certain consulting services to the Company. The Malaspina Agreement commenced effective March 2018 and may be terminated by either party on 60 days written notice to the other party. Under the terms of the Malaspina Agreement, the Company agreed to pay Ms. Tsai an hourly rate (fiscal 2024 - \$220 per hour), and Ms. Tsai is entitled to participate in any incentive stock option plan as may be available from time to time in the amounts, on the terms and at the time determined by the Board.

## Incentive Plan Awards

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

The Company does not have any share-based awards granted to NEOs. The following table sets forth the outstanding option-based awards for each NEOs as at the end of the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Mark Jarvis CEO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Natasha Tsai CFO	25,000	0.40	March 5/26	Nil	Nil	Nil	Nil
	12,500	0.20	Aug 29/27	Nil	Nil	Nil	Nil

Note:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on January 31, 2024, over the exercise price of the options. The market price for the Company’s common shares on January 31, 2024 was \$0.035.

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

There were no options vested or earned by the NEOs during the year ended January 31, 2024.

### *Narrative Discussion*

The following information is intended as a brief description of the Stock Option Plan.

- The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company’s shares traded through the facilities of the Canadian Securities Exchange (the “Exchange”) prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.

2. The Board shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire on a date stipulated by the Board at the time of grant and, in any event, must terminate within 30 days after the date on which the option holder ceases to be a director, officer, employee or consultant, subject to the terms and conditions set out in the Stock Option Plan.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three-month period.

#### **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

#### **Director Compensation**

The following table sets forth all amounts of compensation provided to the directors of the Company (other than directors who are also NEOs) during the Company's most recently completed financial year:

	<b>Fees Earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards<sup>(1)</sup> (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Robert Millar	Nil	Nil	17,324	Nil	Nil	Nil	17,324
Eric Schneider	Nil	Nil	12,374	Nil	Nil	Nil	12,374
Brian Usher-Jones	Nil	Nil	12,374	Nil	Nil	Nil	12,374

Note:

(1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate: 3.96%  
 Expected dividend yield: 0%  
 Annualized volatility: 129%  
 Expected life of option: 5 years

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.

*Narrative Discussion*

Directors are compensated through the grant of stock options.

*Outstanding Share-Based Awards and Option-Based Awards*

The Company does not have any share-based awards granted to directors. The following table sets forth details of the outstanding option-based awards for each director of the Company (other than directors who are also NEOs) as at the end of the most recently completed financial year:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert Millar	250,000	0.40	Aug 29/27	Nil	Nil	Nil
	350,000	0.10	July 24/28	Nil	Nil	Nil
Eric Schneider	25,000	0.40	March 5/26	Nil	Nil	Nil
	37,500	0.20	Aug 29/27	Nil	Nil	Nil
	250,000	0.10	July 24/28	Nil	Nil	Nil
Brian Usher-Jones	25,000	0.40	March 5/26	Nil	Nil	Nil
	37,500	0.20	Aug 29/27	Nil	Nil	Nil
	250,000	0.10	July 24/28	Nil	Nil	Nil

Notes:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on January 31, 2024, over the exercise price of the options. The market price for the Company’s common shares on January 31, 2024 was \$0.035.

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

During the year ended January 31, 2024, the Company granted an aggregate of 850,000 stock options to directors of the Company (other than directors who are also NEOs) at the fair value of \$0.06 per stock option using the Black-Scholes Option Pricing Model with the following assumptions: stock price - \$0.06; exercise price - \$0.10; expected life – 5 years; annualized volatility – 129%, risk-free interest – 3.96% and expected dividends of \$nil. The stock options are fully vested on the grant date..