

ADASTRA HOLDINGS LTD.
(the “Company”)

STATEMENT OF EXECUTIVE COMPENSATION

Form 51-102F6V

Statement of Executive Compensation – Venture Issuers

General

For the purpose of this Statement of Executive Compensation:

“**Company**” means Adastra Holdings Ltd.;

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

“**Common Shares**” means common shares in the capital of the Company;

“**Insider**” means an “insider” as defined in applicable securities laws or in the rules of the CSE;

“**Listed Issuer**” and “**Issuer**” both mean an issuer which has its securities qualified for listing on the CSE or which has been applied to have its securities qualified for listing on the CSE, as applicable;

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

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

“**Optionee**” means an employee, director or consultant who holds options granted under the Legacy Stock Option Plan pursuant to an option agreement;

“**Optioned Shares**” means Common Shares issuable by the Company upon the exercise of outstanding options;

Notice Regarding Share Consolidation

Effective at the open of the Canadian Securities Exchange (“CSE”) on April 9, 2021, the outstanding Common Shares were consolidated on the basis of three (3) pre-consolidation Common Shares for each one (1) post-consolidation Common Share (the “Consolidation”). All numbers with respect to Common Shares and securities convertible into Common Shares and stock prices in this Statement of Executive Compensation are presented on a post-Consolidation basis.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or any subsidiary thereof to each NEO and each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof for each of the two most recently completed financial years, other than options and other compensation securities:

Table of Compensation Excluding Compensation Securities							
Name and Position	Year ⁽¹⁾	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites ⁽²⁾ (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
Michael Forbes ⁽³⁾ Former CEO, Corporate Secretary and Director	2023	157,500	Nil	Nil	Nil	36,750	194,250
	2022	120,000	Nil	Nil	Nil	7,350	127,350
Lachlan McLeod ⁽⁴⁾ CFO, Interim CEO and Corporate Secretary	2023	89,551	Nil	Nil	Nil	Nil	89,551
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Oliver Foeste ⁽⁵⁾ Former CFO	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	286,539 ⁽⁹⁾	Nil	Nil	Nil	Nil	286,539
John Smoke Wallin ⁽⁶⁾ Former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Paul G. Morgan ⁽⁷⁾ Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Hale ⁽⁸⁾ Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Donald Reed Dinsmore ⁽¹⁰⁾ Former COO, Corporate Secretary and Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	102,705	Nil	Nil	Nil	Nil	102,705

Table of Compensation Excluding Compensation Securities							
Name and Position	Year ⁽¹⁾	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites ⁽²⁾ (\$)	Value of all other Compensation (\$)	Total Compensation (\$)
George Routhier ⁽¹¹⁾ Former Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	2,000	Nil	Nil	Nil	Nil	2,000
Jon Edwards ⁽¹²⁾ Director	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	N/A	N/A	N/A	N/A	N/A	N/A

(1) For the year ended December 31.

(2) "Perquisites" include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are: (a) \$15,000, if the NEO or director's total salary for the financial year is \$150,000 or less, (b) 10% of the NEO or director's salary for the financial year if the NEO or director's total salary for the financial year is greater than \$150,000 but less than \$500,000, or (c) \$50,000 if the NEO or director's total salary for the financial year is \$500,000 or greater.

(3) Michael Forbes was appointed as a director of the Company on April 29, 2021, CEO on May 3, 2021 and Corporate Secretary on March 24, 2022. Mr. Forbes is the owner of MDC Forbes Inc. which charged the Company \$157,500 in consulting fees during the year ended December 31, 2023. During the year ended December 31, 2023, MDC Forbes Inc. also charged the Company rent of \$36,750. On March 29, 2024, Mr. Forbes resigned as CEO, Director and Corporate Secretary of the Company. During the year ended December 31, 2023 and 2022, Mr. Forbes did not receive any compensation in his capacity as director or Corporate Secretary of the Company.

(4) Lachlan McLeod was appointed CFO of the Company on January 1, 2023. During the year ended December 31, 2023, the Company paid \$129,971 to Fehr & Associates CPA, the former employer of Mr. McLeod. On April 2, 2024, Mr. McLeod was also appointed as Corporate Secretary of the Company. On April 12, 2024, Mr. McLeod was appointed interim CEO of the Company.

(5) Mr. Foeste was CFO of the Company until January 1, 2023.

(6) John Smoke Wallin was appointed as a director of the Company on May 14, 2022. On April 12, 2024, Mr. Wallin resigned as a director of the Company.

(7) Paul Morgan was appointed as a director of the Company on July 13, 2021.

(8) Andrew Hale was appointed as a director of the Company on March 13, 2024.

(9) The Company was charged by Invictus Accounting Group LLP ("**Invictus**"), a company controlled by Mr. Foeste, for accounting, tax and financial reporting related services in addition to the CFO services, in the amount of \$286,539 in 2022. Mr. Foeste was engaged in his capacity as managing partner of Invictus to provide accounting advisory, financial reporting, and CFO services to the Company.

(10) Donald Reed Dinsmore was appointed as a director of the Company on April 29, 2021 and COO and Corporate Secretary on May 3, 2021. Mr. Dinsmore resigned from all positions with the Company on March 24, 2022.

(11) George Routhier was appointed as a director of the Company on December 19, 2019 and did not stand for re-election on June 23, 2022.

(12) Jon Edwards was appointed as a director of the Company on April 2, 2024.

External Management Companies

Other than Invictus (as described above) the Company has not engaged the services of an external management company to provide executive management services to the Company, directly or indirectly.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or any subsidiary thereof in the year ended December 31, 2023 for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof:

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities/Number of Underlying Securities /Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Michael Forbes Former CEO, Corporate Secretary and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Lachlan McLeod CFO, Interim CEO and Corporate Secretary	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Oliver Foeste Former CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
John Smoke Wallin Former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Paul G. Morgan Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Andrew Hale Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Jon Edwards Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

As at December 31, 2023:

- (a) Michael Forbes, Former CEO, Corporate Secretary and director of the Company, owned an aggregate of 300,000 compensation securities, comprised solely of options, each of which is exercisable into one Common Share at a price of \$1.06 per Common Share until October 25, 2026;
- (b) Lachlan McLeod, the CFO, Interim CEO, and Corporate Secretary of the Company, did not own any compensation securities;
- (c) John Smoke Wallin, a director of the Company, owned an aggregate of 300,000 compensation securities, comprised solely of options, each of which is exercisable into one Common Share at a price of \$0.75 per Common Share until August 19, 2027;
- (d) Paul Morgan, a director of the Company, owned an aggregate of 300,000 compensation securities, comprised solely of options, each of which is exercisable into one Common Share at a price of \$1.06 per Common Share until October 25, 2026; and
- (e) Andrew Hale, the former CEO, President and a director of the Company, owned an aggregate of 700,000 compensation securities, comprised solely of options, 666,667 of which are exercisable into one Common Share at a price of \$1.35 per Common Share until January 30, 2025 and 33,333 of which are exercisable into one Common Share at a price of \$1.35 per Common Share until August 4, 2026.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by an NEO or director of the Company during the year ended December 31, 2023.

Incentive Plans

Legacy Stock Option Plan

The board of directors of the Company (the “**Board**”) adopted the Company’s current incentive stock option plan (the “**Legacy Stock Option Plan**”) on January 30, 2020, whereby it can grant options to directors, officers, employees and consultants of the Company. Shareholders approved the Legacy Stock Option Plan at the annual general meeting held on November 22, 2019. The Legacy Stock Option Plan is a “rolling” stock option plan whereby a maximum of 10% of the issued and outstanding Common Shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options.

The principal purposes of the Legacy Stock Option Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of directors, employees and consultants of the Company and its subsidiaries responsible for the continues success of the Company and its subsidiaries; to create in such persons a proprietary interest in, and greater concern for, the welfare and success of the Company and its subsidiaries; to encourage such persons to remain with the Company or its subsidiaries; and to attract new directors, employees and consultants to the Company and its subsidiaries.

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

1. The term of any options granted under the Legacy Stock Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed the term of ten (10) years.
2. The exercise price of any Optioned Share under an option shall be determined by the Board, in its sole discretion, at the time the option is granted but such price shall not be less than the discounted market price.
3. No vesting requirements will apply to options granted under the Legacy Stock Option Plan other than as required by CSE policies; however, a four-month hold period will apply to all Common Shares if options are granted at an exercise price which is a discount to the market price, and each option is subject to a four-month hold period, commencing from the date of grant.
4. All options will be non-assignable and non-transferable.
5. The number of Common Shares under each option will be determined by the Board provided that the aggregate number of Common Shares reserved for issuance pursuant to options granted during any twelve (12) month period to:
 - a. Insiders may not exceed 10% of the total issued and outstanding Common Shares of the Company at the time of grant unless Approval by the Disinterested Shareholders (as defined below) has been obtained in accordance with the policies of the CSE;
 - b. subject to (c) below, any one person may not exceed 5% of the total issued and outstanding Common Shares (unless Approval by the Disinterested Shareholders has been obtained);
 - c. any one consultant may not exceed 2% of the total issued and outstanding Common Shares at the date of such grant; and

- d. any one person engaged in investor relations activities for the Company may not exceed 2% of the total issued and outstanding Common Shares of the Company and must vest in stages over a 12-month period with no more than 1/4 of the options vesting in any three-month period;

in each case calculated as at the date of grant of the option, including all other Common Shares under option to such person at that time.

6. Approval by the Disinterested Shareholders must be obtained for: (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12-month period, exceeding 10% of the Company's issued Common Shares; and (iii) any grant of options to any one individual, within a 12-month period, exceeding 5% of the Company's issued Common Shares.
7. If there is a takeover bid made for all or any of the issued and outstanding Common Shares, then all outstanding options, whether fully-vested and exercisable or remaining subject to vesting provisions or other limitations on exercise, shall become exercisable in full to enable the Optioned Shares to be issued and tendered to such bid, subject to prior written approval of the CSE.
8. The exercise price and the number of Common Shares which are subject to an option may be adjusted from time to time for share dividends, and in the event of recapitalization, subdivision, consolidation, arrangement, amalgamation reorganization or change in the capital structure of the Company then on each exercise of the option which occurs following such events, the Optionee shall instead receive the number and kind of shares or other securities of the Company or other company into which such Optioned Share would have been changed or for which such Optioned Share would have been exchanged if it had been outstanding on the date of such event and the exercise price will be similarly adjusted so that the aggregate price to exercise the option is preserved.
9. Options can only be exercised by the Optionee as long as the Optionee remains an eligible Optionee pursuant to the Legacy Stock Option Plan or within a period of not more than 90 days after ceasing to be an eligible Optionee (30 days in the case of a person engaged in investor relations activities).
10. In the event of death of an Optionee, the Optionee's heirs or administrators may exercise any portion of such Optionee's outstanding option until the earlier of one year following the date of the Optionee's death or the expiry of the option.
11. In the event that the Optionee shall cease to be a director, employee or consultant by reason of such Optionee's disability, any options held by such Optionee that could have been exercised immediately prior to such cessation shall be exercisable by such Optionee, or by his legal representative for a period of 30 days following the date of such cessation. If such Optionee dies within that 30-day period, any option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the legal representative of such Optionee and shall be exercisable by the legal representative until the earlier of 30 days following the death of such Optionee and the expiry of the option.
12. Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 180 days or, if longer, for so long as the Optionee's right to re-employment with the Company or its subsidiary is guaranteed either by statute or by contract. If the period of such leave exceeds 180 days and the Optionee's re-employment is not so guaranteed, then the Optionee's employment shall be deemed to have terminated on the 181st day of such leave.
13. In the event an Optionee shall cease to be a director, employee or consultant of the Company for termination for cause, the option shall terminate and shall cease to be exercisable upon such termination for cause.

“Approval by the Disinterested Shareholders” means approval by a majority of votes cast by all shareholders at the meeting, excluding votes attached to Common Shares beneficially owned by Insiders of the Company to whom options may be granted pursuant to the Legacy Stock Option Plan and their associates in accordance with the policies of the CSE.

Omnibus Plan

On August 11, 2023, the Board adopted the Omnibus Equity Incentive Plan (the **“Omnibus Plan”**). Shareholders approved and confirmed the adoptions of the Omnibus Plan at the annual general meeting held on October 11, 2023. The Omnibus Plan provides flexibility to the Company to grant equity-based incentive awards in the form of options, restricted share units (**“RSUs”**), performance share units (**“PSUs”**) and deferred share units (**“DSUs”**), as described in further detail below. The purpose of the Omnibus Plan is to, among other things, provide the Company with a share related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company and its subsidiaries, to reward such of those directors, officers, employees and consultants as may be granted awards under the Omnibus Plan by the Board from time to time for their contributions toward the long-term goals and success of the Company and to enable and encourage such directors, officers, employees and consultants to acquire Common Shares as long-term investments and proprietary interests in the Company.

The Omnibus Plan is a rolling plan which, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Common Shares), provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the Omnibus Plan shall not exceed 20% of the Company’s issued and outstanding Common Shares from time to time.

The Plan Administrator (as defined in the Omnibus Plan) is determined by the Board and is initially the Board. The Omnibus Plan may in the future continue to be administered by the Board itself or delegated to a committee of the Board. The Plan Administrator determined which directors, officers, consultants and employees are eligible to receive awards under the Omnibus Plan, the time or times at which awards may be granted, the conditions under which awards may be granted or forfeited to the Company, the number of Common Shares to be covered by any award, the exercise price of any award, whether restrictions or limitations are to be imposed on the Common Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Plan Administrator may determine.

In addition, the Plan Administrator interprets the Omnibus Plan and may adopt guidelines and other rules and regulations relating to the Omnibus Plan and make all other determinations and take all other actions necessary or advisable to the implementation and administration of the Omnibus Plan.

All directors, officers, employees and consultants are eligible to participate in the Omnibus Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Omnibus Plan will be determined in the sole and absolute discretion of the Plan Administrator.

Types of Awards

Awards of options, RSUs, PSUs and DSUs may be made under the Omnibus Plan. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Omnibus Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Common Shares issued pursuant to awards.

Options

An option entitles a holder thereof to purchase a prescribed number of treasury shares at an exercise price set at the time of the grant. The Plan Administrator will establish the exercise price at the time each option is granted, which exercise price must in all cases be the greater of the closing market price of the Common Shares on (i) the trading day prior to the date of grant and (ii) the date of grant, and as otherwise required pursuant to the policies of the any stock exchange on which the Common Shares are listed (the “**Market Price**”), unless otherwise permitted by applicable securities laws or the policies of a stock exchange on which the Common Shares are listed. Subject to any accelerated termination as set forth in the Omnibus Plan, each option expires on its respective expiry date, provided such expiry date does not exceed 10 years. The Plan Administrator will have the authority to determine the vesting terms applicable to grants of options. Once an option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the option, unless otherwise specified by the Plan Administrator or as otherwise set forth in any written employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and the participant. The Plan Administrator has the right to accelerate the date upon which any option becomes exercisable. The Plan Administrator may provide at the time of granting an option that the exercise of that option is subject to restrictions, in addition to those specified in the Omnibus Plan, such as vesting conditions relating to the attainment of specified performance goals.

Unless otherwise specified by the Plan Administrator at the time of granting an option and set forth in the particular award agreement, an exercise notice must be accompanied by payment of the exercise price. Subject to the policies of any stock exchange on which the Common Shares are listed, a participant may, in lieu of exercising an option pursuant to an exercise notice, elect to surrender such option to the Company (a “**Cashless Exercise**”) in consideration for an amount from the Company equal to (i) the Market Price of the Common Shares issuable on the exercise of such option (or portion thereof) as of the date such option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the option (or portion thereof) surrendered relating to such Common Shares (the “**In-the-Money Amount**”) by written notice to the Company indicating the number of options such participant wishes to exercise using the Cashless Exercise, and such other information that the Company may require. Subject to the provisions of the Omnibus Plan and the policies of any stock exchange on which the Common Shares are listed, the Company will satisfy payment of the In-the-Money Amount by delivering to the participant such number of Common Shares having a fair market value equal to the In-the-Money Amount.

Restricted Share Units

An RSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or the value thereof) for each RSU after a specified vesting period. The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the “**RSU Service Year**”).

The number of RSUs (including fractional RSUs) granted at any particular time under the Omnibus Plan will be calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in RSUs, as determined by the Plan Administrator, by (b) the greater of (i) the Market Price of a Common Share on the date of grant and (ii) such amount as determined by the Plan Administrator in its sole discretion. The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that the terms comply with Section 409A of the U.S. Internal Revenue Code, to the extent applicable.

Upon settlement, holders will redeem each vested RSU for the following at the election of such holder but subject to the approval of the Plan Administrator: (a) one fully paid and non-assessable Common Share in respect of each vested RSU, (b) a cash payment or (c) a combination of Common Shares and cash. Any such cash payments made by the Company shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Common Share as at the settlement date. Subject to the provisions of the Omnibus Plan and except as otherwise

provided in an award agreement, no settlement date for any RSU shall occur, and no Common Share shall be issued, or cash payment shall be made in respect of any RSU any later than the final business day of the third calendar year following the applicable RSU Service Year.

Performance Share Units

A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company, which entitles the holder to receive one Common Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Plan Administrator, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the effect of termination of a participant's service and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable award agreement. The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the "**PSU Service Year**").

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs. Upon settlement, holders will redeem each vested PSU for the following at the election of such holder but subject to the approval of the Plan Administrator: (a) one fully paid and non-assessable Common Share in respect of each vested PSU, (b) a cash payment, or (c) a combination of Common Shares and cash. Any such cash payments made by the Company to a participant shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Common Share as at the settlement date. Subject to the provisions of the Omnibus Plan and except as otherwise provided in an award agreement, no settlement date for any PSU shall occur, and no Common Share shall be issued, or cash payment shall be made in respect of any PSU any later than the final business day of the third calendar year following the applicable PSU Service Year.

Deferred Share Units

A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or, at the election of the holder and subject to the approval of the Plan Administrator, the cash value thereof) for each DSU on a future date. The Board may fix from time to time a portion of the total compensation (including annual retainer) paid by the Company to a director in a calendar year for service on the Board (the "**Director Fees**") that are to be payable in the form of DSUs. In addition, each director is given, subject to the provisions of the Omnibus Plan, the right to elect to receive a portion of the cash Director Fees owing to them in the form of DSUs.

Except as otherwise determined by the Plan Administrator or as set forth in the particular award agreement, DSUs shall vest immediately upon grant. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of Director Fees that are to be paid in DSUs, as determined by the Plan Administrator, by (b) the Market Price of a Common Share on the date of grant. Upon settlement, holders will redeem each vested DSU for: (a) one fully paid and non-assessable Common Share issued from treasury in respect of each vested DSU, or (b) at the election of the holder and subject to the approval of the Plan Administrator, a cash payment on the date of settlement. Any cash payments made under the Omnibus Plan by the Company to a participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Common Share as at the settlement date.

Dividend Equivalents

Except as otherwise determined by the Plan Administrator or as set forth in the particular award agreement, RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, as applicable, as of each dividend payment date in respect of which normal cash dividends are paid on Common Shares.

Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of RSUs, PSUs and DSUs, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.

Black-out Periods

In the event an award expires, at a time when a scheduled blackout is in place or an undisclosed material change or material fact in the affairs of the Company exists, the expiry of such award will be the date that is 10 business days after which such scheduled blackout terminates or there is no longer such undisclosed material change or material fact.

Term

While the Omnibus Plan does not stipulate a specific term for awards granted thereunder, as discussed below, awards may not expire beyond 10 years from its date of grant, except where shareholder approval is received or where an expiry date would have fallen within a blackout period of the Company. All awards must vest and settle in accordance with the provisions of the Omnibus Plan and any applicable award agreement, which award agreement may include an expiry date for a specific award.

Termination of Employment or Services

The following table describes the impact of certain events upon the participants under the Omnibus Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant's applicable employment agreement, award agreement or other written agreement:

Event	Provisions
Termination for Cause/Resignation	Any option or other award held by the participant that has not been exercised, surrendered or settled as of the Termination Date (as defined in the Omnibus Plan) shall be immediately forfeited and cancelled as of the Termination Date.
Termination without Cause	Any unvested options or other awards shall be immediately forfeited and cancelled as of the Termination Date. Any vested options may be exercised by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such option; and (B) the date that is 90 days after the Termination Date. If an option remains unexercised upon the earlier of (A) or (B), the option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested award other than an option, such award will be settled within 90 days after the Termination Date.
Disability	Any award held by the participant that has not vested as of the date of such participant's Termination Date shall be immediately forfeited and cancelled as of the Termination Date. Any vested option may be exercised by the participant at any time until the expiry date of such option. Any vested award other than an option will be settled within 90 days after the Termination Date.

Death	<p>Any award that is held by the participant that has not vested as of the date of the death of such participant shall be immediately forfeited and cancelled as of the Termination Date.</p> <p>Any vested option may be exercised by the participant's beneficiary or legal representative (as applicable) at any time during the period that terminates on the earlier of: (a) the expiry date of such option, and (b) the first anniversary of the date of the death of such participant. If an option remains unexercised upon the earlier of (A) or (B), the option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested award other than an option, such award will be settled with the participant's beneficiary or legal representative (as applicable) within 90 days after the date of the participant's death.</p>
Retirement	<p>Any (i) outstanding award that vests or becomes exercisable based solely on the participant remaining in the service of the Company or its subsidiary will become 100% vested, and (ii) outstanding award that vests based on the achievement of Performance Goals (as defined in the Omnibus Plan) that has not previously become vested shall continue to be eligible to vest based upon the actual achievement of such Performance Goals. Any vested option may be exercised by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such option; and (B) the third anniversary of the participant's date of retirement. If an option remains unexercised upon the earlier of (A) or (B), the option shall be immediately forfeited and cancelled for no consideration upon the termination of such period. In the case of a vested award other than an option that is described in (i), such award will be settled within 90 days after the participant's retirement. In the case of a vested award other than an option that is described in (ii), such award will be settled at the same time the award would otherwise have been settled had the participant remained in active service with the Company or its subsidiary. Notwithstanding the foregoing, if, following his or her retirement, the participant commences (the "Commencement Date") employment, consulting or acting as a director of the Company or any of its subsidiaries (or in an analogous capacity) or otherwise as a service provider to any person that carries on or proposes to carry on a business competitive with the Company or any of its subsidiaries, any option or other award held by the participant that has not been exercised or settled as of the Commencement Date shall be immediately forfeited and cancelled as of the Commencement Date.</p>

Change in Control

Unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control (as defined below), the Common Shares will cease trading on the CSE, the Company may terminate all of the awards, other than an option held by a participant that is a resident of Canada for the purposes of the *Income Tax Act* (Canada), granted under the Omnibus Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each award equal to the fair market value of the award held by such participant as determined by the Plan Administrator, acting reasonably, provided that any vested awards granted to U.S. Taxpayers (as defined in the Omnibus Plan) will be settled within 90 days of the Change in Control.

Subject to certain exceptions, a "**Change in Control**" includes (a) any transaction pursuant to which a person or group acquires more than 50% of the outstanding Common Shares, (b) the sale of all or substantially all of the Company's assets, (c) the dissolution or liquidation of the Company, (d) the acquisition of the Company via consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, (e) individuals who comprise the Board at the last annual meeting of shareholders (the "**Incumbent Board**") cease to constitute at least a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, in which case such new director shall be considered as a member of the Incumbent Board, or (f) any other event which the Board determines to constitute a change in control of the Company.

Non-Transferability of Awards

Except as permitted by the Plan Administrator and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or as required by law, no assignment or transfer of awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such awards will terminate and be of no further force or effect. To the extent that certain rights to exercise any portion of an outstanding award pass to a beneficiary or legal representative upon the death of a participant, the period in which such award can be exercised by such beneficiary or legal representative shall not exceed one year from the participant's death.

Amendments to the Omnibus Plan

The Plan Administrator may also from time to time, without notice and without approval of the holders of voting Common Shares, amend, modify, change, suspend or terminate Omnibus Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that (a) no such amendment, modification, change, suspension or termination of the Omnibus Plan or any award granted pursuant thereto may materially impair any rights of a participant or materially increase any obligations of a participant under the Omnibus Plan without the consent of such participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (b) any amendment that would cause an award held by a U.S. Taxpayer to be subject to the income inclusion under Section 409A of the United States Internal Revenue Code, as amended, shall be null and void ab initio.

Notwithstanding the above, and subject to the rules of any applicable stock exchange, the approval of shareholders is required to affect any of the following amendments to the Omnibus Plan:

1. increasing the number of Common Shares reserved for issuance under the Omnibus Plan, except pursuant to the provisions in the Omnibus Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
2. reducing the exercise price of an option award except pursuant to the provisions in the Omnibus Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
3. extending the term of an option award beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the participant or within 10 business days following the expiry of such a blackout period);
4. permitting an option award to be exercisable beyond 10 years from its date of grant (except where an expiry date would have fallen within a blackout period);
5. changing the eligible participants; and
6. deleting or otherwise limiting the amendments that require approval of the shareholders.

Except for the items listed above, amendments to the Omnibus Plan will not require approval of the shareholders. Such amendments include (but are not limited to): (a) amending the general vesting provisions of an award, (b) amending the provisions for early termination of awards in connection with a termination of employment or service, (c) adding covenants of the Company for the protection of the participants, (d) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (e) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

As of the date hereof, the Company has not granted any options, RSUs, PSUs and DSUs to its directors, officers and consultants under the Omnibus Plan. During the three months ended March 31, 2024 and the year ended December 31, 2023, the Company had no option grants under the Legacy Stock Option Plan.

The Legacy Stock Option Plan and the Omnibus Plan are subject to approval by the shareholders. Pursuant to CSE requirements, every three years after institution, all unallocated options, rights and other entitlement under any security-based compensation arrangement which does not have a fixed maximum number of securities issuable thereunder (commonly referred to as “rolling plans”), must be approved by the majority of the Company’s Board and its shareholders. Pursuant to the policies of the CSE, the Company has not received shareholder approval for the Legacy Stock Option Plan in accordance with CSE requirements since its institution and is therefore not permitted to grant any options pursuant to the Legacy Stock Option Plan.

Employment, Consulting and Management Agreements

Other than disclosed below, the Company has not entered into written employment or consulting agreements with any of its executive officers.

The Company entered into a consulting agreement with MDC Forbes Inc, a company owned by Michael Forbes, effective May 10, 2021 (the “**Forbes Agreement**”). Under the terms of the Forbes Agreement, Mr. Forbes agreed to provide consulting services and act as CEO of the Company in consideration for a grant by the Company of an option to purchase 300,000 Common Shares at an exercise price of \$1.00 per Common Share, with said option to be fully exercisable on the effective date until October 25, 2026. The Forbes Agreement may be terminated at any time by (a) Mr. Forbes, giving the Company at least twenty (20) business days’ written notice; (b) the Company, (i) for any reason, by giving Mr. Forbes at least twenty (20) business days’ written notice or pay in lieu, or (ii) without notice, if Mr. Forbes is in breach of any material terms of the Forbes Agreement, demonstrates a continued inability to perform the services and/or obligations of the Forbes Agreement to the satisfaction of the Company, continually misses deadlines for deliverables, or engages in any conduct which is dishonest, damages the reputation of the Company. On March 29, 2024, Mr. Forbes resigned from the Company and the Forbes Agreement was terminated.

The Company entered into a consulting agreement with Invictus Accounting Group LLP dated June 25, 2021 (the “**Foeste Agreement**”), whereby Oliver Foeste, the Managing Partner of Invictus Accounting Group LLP, agreed to provide consulting services and act as CFO of the Company in consideration for a grant by the Company of an option to purchase 300,000 Common Shares at an exercise price of \$1.06 per Common Share, with said option to be fully exercisable on the effective date until October 25, 2026. Pursuant to the Foeste Agreement, the Company is required to put in place reasonable change in control, termination provisions relative to change in control, and termination provisions for other executives, noting that change in control or termination provision have not been put in place as of the date of this Information Circular. The Foeste Agreement was terminated effective January 1, 2023.

On January 1, 2023, the Company entered into a consulting agreement (the “**Fehr Agreement**”) with A. Fehr & Associates Ltd. (“**F&A**”), whereby Lachlan McLeod, an employee of F&A, became CFO of the Company. Per the Fehr Agreement, Lachlan was to provide a minimum of 32 hours per month for \$6,500 and any time in excess for \$130 per hour. After 12 months of service, F&A would be entitled to a termination fee in addition to a change in control benefit, each fee is equal to 6 months of the averaged billings over the prior 24 months. On June 3, 2023, the Company paid a placement fee of \$52,500 to F&A to employ Lachlan McLeod directly and terminated the Fehr Agreement.

On June 3, 2023, the Company entered into an employment agreement with Lachlan McLeod (the “**McLeod Agreement**”) for a salary of \$133,750, which increased to \$160,000 on June 3, 2024. Under the McLeod Agreement, Mr. McLeod is entitled to severance of 9 weeks within the first 3 years of employment, plus an additional 3 weeks with each subsequent year completed, to a maximum of 6 months’ severance. After 12 months of service, Mr. McLeod is entitled to a change in control benefit of 3 months’ salary. Mr. McLeod is also entitled to options on terms that are at least as favorable as other executives of the Company.

Termination and Change of Control Benefits

On December 31, 2023, there were no contract, agreement, plan or arrangement between the Company and its NEOs that provides for payments to NEOs at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation or retirement, or as a result of a change in control of the Company or a change in a NEO's responsibilities.

Oversight and Description of Director and NEO Compensation

The Company's executive compensation program during the most recently completed financial year was administered by the Board. The Board was solely responsible for determining the compensation to be paid to the Company's directors and NEOs and evaluating their performance. The Board has not adopted any specific policies or objective for determining the amount or extent of compensation for directors or NEOs. The Board has not established a compensation committee.

Pursuant to the Omnibus Plan, the Board determines, and initially takes on the role of, the Plan Administrator (as defined in the Omnibus Plan). The Plan Administrator determines which directors, officers, consultants and employees are eligible to receive awards under the Omnibus Plan, the times at which they are granted, the conditions under which they are granted, the number of Common Shares covered by an award, and other variable as set out in the above description of the Omnibus Plan based on such factors as the Plan Administrator may determine.

The significant elements of compensation for the NEOs will be cash consulting fees, salary and options, RSUs, PSUs and DSUs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program. The Board reviews annually the total compensation package of each of the Company's executives on an individual basis.

Cash Consulting Fees

The Company's compensation payable to the NEOs is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each NEO and varies with the amount of time spent by each NEO in carrying out his or her functions on behalf of the Company. In particular the CEO's compensation will be determined by time spent on: (i) the Company's day to day operations; (ii) reviewing potential transactions and negotiating them on behalf of the Company; and (iii) new business ventures. The CFO's compensation is primarily determined by time spent reviewing the Company's financial statements.

Awards

The Omnibus Plan, and historically, the Legacy Stock Option Plan, are intended to emphasize management's commitment to the growth of the Company. The grant of awards, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. Award grants are based on the total of awards available and the Board reviews the total of awards available in order to recommend grants to newly retained executive officers of the Company at the time of their appointment and considers recommending further grants to executive officers of the Company from time to time thereafter. The amount and terms of outstanding awards held by an executive officer of the Company are taken into account when determining whether and how new award grants should be made to the executive. The exercise periods are to be set at the date of grant. Award grants may contain vesting and/or performance criteria provisions.

Due to the Company being an early-stage issuer and having limited financial resources, compensation is not tied to any performance criteria or goals. The Company is unaware of any significant events that have significantly affected the compensation of its management team and directors. The Company did not make any changes to its compensation policies during or after the fiscal year ended December 31, 2023.

Pension Plan Benefits

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