

**CHINOOK TYEE INDUSTRY LIMITED**

**Form 51-102F6V**

**STATEMENT OF EXECUTIVE COMPENSATION**

(for the financial year ended December 31, 2018)

June 29, 2019

## STATEMENT OF EXECUTIVE COMPENSATION

Pursuant to applicable securities legislation and in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**"), Chinook Tye Industry Limited ("**Chinook**" or the "**Company**") is providing a summary of all annual and long-term compensation for services in all capacities to Chinook and its subsidiaries in respect of any individual who served as: (a) the Company's chief executive officer (the "**CEO**"), including an individual performing functions similar to a chief executive officer, during any part of the financial year ended December 31, 2018; (b) the Company's chief financial officer (the "**CFO**"), including an individual performing functions similar to a chief financial officer, during any part of the financial year ended December 31, 2018; (c) Chinook's three other most highly compensated executive officers, if any, whose individual total compensation for the financial year ended December 31, 2018 exceeded \$150,000; and (d) any individual who would have satisfied these criteria but for the fact that the individual was not serving as an executive officer of Chinook or its subsidiaries, nor acting in a similar capacity, at the end of the financial year ended December 31, 2018 (the "**Named Executive Officers**" or "**NEOs**").

During the financial year ended December 31, 2018, the following individuals were the NEOs of Chinook:

- Alex W. Blodgett, CEO (appointed effective December 5, 2018);
- Christine McPhie, CFO and Corporate Secretary (appointed effective December 18, 2012); and
- Tom Kusumoto, former President, Chairman, and CEO (resigned effective December 5, 2018).

## DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

### Oversight and Description of Director and Named Executive Officer Compensation

#### NEO Compensation

The board of directors of the Company (the "**Board**") determines annually the executive compensation policy for the officers of Chinook (the "**Officers**"). The Board's objective is to ensure that executive compensation is market competitive, while at the same time reflecting the Company's current state of development and overall financial status. The Board also seeks to ensure that the Company's executive compensation policy is aligned with the near- and long-term interests of the shareholders of the Company (the "**Shareholders**"). Presently, the Company relies on discussions of the Board and the Board relies on discussions with Chinook's management without any formal objectives, criteria and analysis in determining compensation, which generally consists of base salary and grants of stock option awards under the Company's stock option plan dated effective May 26, 2017 (the "**Option Plan**"). The Company does not assess its compensation through benchmarks or peer groups at this time. Due to its present stage of operations, the Company does not presently grant performance bonuses for any of the Officers.

## *Elements of Compensation*

Under the Company's compensation structure, compensation for Officers may consist of:

*Base Salary.* Base Salary is currently the foundation of Chinook's compensation policy and is intended to compensate competitively based on the past performance of the Officer, while taking into consideration Chinook's current level of development. The desire is for a base salary to be high enough to secure exceptional executives that can further the annual and long-term objectives of the Company, while at the same time not being excessive with a view to Chinook's available cash resources. The Board reviews salary levels periodically and may approve adjustments, if warranted, as a result of competitive positioning, the stage of development of the Company or an increase in responsibilities assumed by an Officer.

*Stock Options.* The Board may also grant stock options under the Option Plan as part of an Officer's compensation package. The primary objective of making stock option grants is to encourage Officers to acquire an ownership interest in the Company over a period of time, thus better aligning the interests of Officers with the interests of Shareholders, and thereby discouraging excessive risk taking. Additionally, awards may be granted to help enhance the overall competitiveness of an Officer's compensation package, where necessary, while helping maintain Chinook's available cash resources.

The Company considers various factors when determining the number of awards to be granted to specific individuals, including the level of responsibility and base salary level associated with the position held by such individual. When determining possible future stock options, the Board will consider past grants.

### Director Compensation

The Board determines annually the compensation policy for the directors of Chinook (the "**Directors**"). The Directors are compensated by the Company for their services in their capacity as Directors, for committee participation and involvement in special assignments and for services as consultants or experts. The Directors are also reimbursed for reasonable expenses incurred in connection with their services as Directors and are eligible for the grant of stock options under the Option Plan.

### **Director and Named Executive Officer Compensation, Excluding Compensation Securities**

The following table (and notes thereto) sets forth all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by Chinook or its subsidiaries to each NEO and 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 a NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to Chinook or its subsidiaries for each of the Company's two most recently completed financial years.

Name and Position	Year Ended December 31, 2018	Salary, Consulting Fee, Retainer or Commission (\$) <sup>(1)</sup>	Bonus (\$)	Committee or Meeting Fees (\$) <sup>(2)</sup>	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Stefan Feuerstein <sup>(3)</sup> Director and President	2018	58,806 <sup>(4)</sup>	Nil	Nil	Nil	Nil	58,806
Alex W. Blodgett <sup>(5)</sup> Director and CEO	2018	10,000 <sup>(6)</sup>	Nil	2,500	Nil	Nil	12,500
	2017	10,000	Nil	2,500	Nil	Nil	12,500
Christine McPhie CFO and Corporate Secretary	2018	28,250 <sup>(7)</sup>	Nil	2,100	Nil	Nil	30,350 <sup>(8)</sup>
	2017	35,045 <sup>(7)</sup>	Nil	2,100	Nil	Nil	37,145 <sup>(8)</sup>
Tom Kusumoto <sup>(9)</sup> Former President, CEO, and Chairman of the Board	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Kenneth MacLeod Director	2018	10,500	Nil	2,625	Nil	Nil	13,125 <sup>(10)</sup>
	2017	10,500	Nil	2,625	Nil	Nil	13,125 <sup>(10)</sup>
Claudio Morandi <sup>(11)</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) The Company paid each of its independent Directors a retainer of \$10,000 per year.
- (2) The Company paid each of its independent Directors \$500 per Board meeting attended and \$500 per audit committee meeting attended.
- (3) Mr. Feuerstein was appointed President effective December 5, 2018.
- (4) The amount reported represents fees earned by Mr. Feuerstein for his role as President of the Company in 2018. Mr. Feuerstein did not collect any fees for his role as a director of the Company in 2018.
- (5) Mr. Blodgett was appointed CEO effective December 5, 2018.
- (6) The amount reported represents fees earned by Mr. Blodgett for role as a director of the Company in 2018. Mr. Blodgett did not collect any fees for his role as CEO of the Company in 2018.
- (7) Comprised of an annual retainer of \$10,000 and fees billed for accounting services.
- (8) GST included, totalled \$1,525 in 2018 and \$1,745 in 2017.
- (9) Mr. Kusumoto resigned as President, CEO and Chairman of the Board effective December 5, 2018.
- (10) GST included, totalled \$625 in 2018 and \$625 in 2017.
- (11) Mr. Morandi was elected as a Director effective December 5, 2018.

**Stock Options and Other Compensation Securities**

No compensation securities, including stock options under the Option Plan, were granted or issued to any NEOs or Directors during the financial year ended December 31, 2018 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries, and no compensation securities have been exercised by any NEO or Director during the most recently completed financial year of the Company.

## **Stock Option Plans and Other Incentive Plans**

The Company has adopted the Option Plan for Chinook's directors, officers, employees and consultants. The purpose of the Option Plan is to advance the interests of Chinook by encouraging the directors, officers, employees and consultants of the Company to acquire Class A Voting Common Shares Without Par Value ("**Common Shares**"), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentives in their efforts on behalf of the Company.

The Option Plan is administered by the Board. Under the Option Plan, a maximum number of Common Shares issuable upon the exercise of all options granted under the Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares, from time to time, provided that options may not be granted to an individual director, officer or employee to purchase a number of Common Shares equalling more than five percent (5%) of the issued Common Shares in any twelve-month period unless Chinook has obtained disinterested shareholder approval in respect of such grant and such grant meets Exchange requirements. Options may not be granted if the exercise thereof would result in the issuance to any one consultant or any one person employed to provide investor relations services in any twelve-month period of more than two percent (2%) of the issued Common Shares, without the prior consent of the TSX Venture Exchange (the "**Exchange**"). Options issued pursuant to the Option Plan will have an exercise price determined by the Board, provided that the exercise price shall not be less than the price permitted by the Exchange.

Options granted under the Option Plan are non-transferable, non-assignable and expire on the earlier of the period set by the directors of the Company (the "**Original Expiry Date**") (not to exceed a maximum term of ten (10) years from the date of grant); or the earlier of the Original Expiry Date and 90 days after the date the optionee ceases to be an officer, director, employee or consultant of the Company for any reason other than for death or termination for cause (the "**Termination Date**"), but only to the extent that such option has vested at the Termination Date. In the event of the death of an optionee, options held by such optionee will expire on the earlier of the Original Expiry Date or one (1) year from the date of such optionee's ceasing to be an officer, director, employee or consultant of the Company due to death.

The Option Plan was last approved by Shareholders at Chinook's annual general and special meeting held on December 5, 2018. In accordance with Exchange rules, Chinook is required to obtain Shareholder approval of the Option Plan annually at the Company's annual general meeting.

The Company currently has no long-term incentive plans.

## **Employment, Consulting and Management Agreements**

During the financial year ended December 31, 2018, the Company did not enter into any agreements or arrangements under which compensation was provided or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a Director or an NEO, or in respect of services typically provided by a director or an NEO but were performed by any other party.

**External Management Companies**

None of the individuals acting as NEOs during the financial year ended December 31, 2018 was not an employee of the Company. An external management company did not provide the Company with executive management services, and none of the individuals acting as NEOs was employed by an external management company with which the Company had entered into an understanding, arrangement or agreement to provide external management services to the Company, directly or indirectly during the financial year ended December 31, 2018.

**Pension Disclosure**

The Company does not provide pension benefits to the NEOs or directors of the Company.