

BALSAM TECHNOLOGIES CORP.
(the “Company”)

FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION
(for the year ended September 30, 2020)

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the compensation that the Company provided to each named executive officer and director for the most recent financial year, and the decision-making process relating to compensation. It also provides insight into the Company’s compensation objectives and processes and discusses compensation decisions relating to the Company’s Named Executive Officers and Directors.

In this section “**Named Executive Officer**” or “**NEO**” means: (a) the Chief Executive Officer (“**CEO**”); (b) the Chief Financial Officer (“**CFO**”); and (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, whose total compensation was more than \$150,000 during the financial year ended September 30, 2020.

Compensation Objectives and Principles

The Board is responsible for determining compensation for the directors and NEOs. The primary goal of the Company’s executive compensation program is to attract and retain the key executives necessary for the Company’s long-term success, to encourage executives to further the Company’s development and operations, and to motivate top quality and experienced executives.

Compensation Process

In considering executive compensation issues, the Board’s goal is to provide a total compensation package that is competitive in the industry, flexible, and attracts, motivates and retains experienced and qualified executive leadership.

Compensation provided to executive officers is determined with regard to the Company’s business strategies and objectives. In this manner, the financial interest of the executive officers is aligned with the long-term financial interest of the Shareholders.

The Board is responsible for determining all forms of compensation, including long-term incentives in the form of stock options and for reviewing the recommendations respecting compensation for any other officers from time to time, to ensure such arrangements reflect the responsibilities associated with each position.

The Board has not conducted a formal evaluation of the implications of the risks associated with the Company’s compensation policies. Risk management is a consideration of the Board when implementing its compensation policies and the Board does not believe that the Company’s compensation policies result in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

The compensation of the Company’s NEOs has been established with a view to attracting and retaining executives critical to the Company’s short and long-term success and to continuing to provide executives with compensation that is in accordance with existing market standards generally and competitive within the technology industry, in particular.

Elements of Compensation

The compensation paid to NEOs consists of three primary components: (1) base salary; (2) long-term incentives in the form of stock options granted under the Option Plan (as defined below); and (3) share-based awards and option-based awards. The Company also reimburses expenses incurred by each NEO.

The Board annually reviews the various elements of compensation to ensure that they are aligned with the goals of the Company and each NEO, as well as the Company’s compensation objectives and principles. Through the Company’s executive compensation practices, the Company seeks to provide value to the Company’s shareholders through a strong executive leadership. Specifically, the Company’s executive compensation structure seeks to attract

and retain talented and experienced executives necessary to achieve the Company's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Company's success and align the interests of the Company's executives and shareholders by motivating executives to increase shareholder value.

The key features of these three primary components of compensation are discussed below:

Base Salary

NEOs receive a base salary, which is established based upon market-competitive salary levels, the financial capacity of the Company, the scope of the executive's responsibilities for the year and the executive's prior experience. The Company's intended approach is to pay the Company's NEOs a base salary that is competitive with those of other executive officers in similar companies.

Stock Options

The Company's granting of options to purchase Shares to NEOs is a method of compensation used to attract and retain personnel and to provide an incentive to participate in the Company's long-term development and increase shareholder value. The relative emphasis on options for remunerating NEOs varies on the prevailing practices in competing companies and on the number of options to purchase Shares that are outstanding at the time. The Company generally expects future option grants to be based on the following factors: the executive's past performance, anticipated future contribution, prior option grants to such executive, the percentage of outstanding equity owned by the executive, competitive market practices and the executive's responsibilities and performance. The Company has not set specific target levels for granting options to NEOs, but seeks to be competitive with similar companies.

Share-Based Awards and Option-Based Awards

Share compensation awards are granted, at the discretion of the Board, based on award levels in the past and the Company's performance, in compliance with applicable securities law, stock exchange and other regulatory requirements. Share compensation grants may also be issued, at the discretion of the Board, throughout the year, to attract new directors, officers, employees or consultants. The Company's Board will also consider previous grants of options and the overall number of options that are outstanding relative to the number of outstanding Shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the Company's executive officer in determining the level of incentive stock option compensation.

Assessments

The Board does not formally review the contribution and effectiveness of the Board, its members or committees. The Board believes that its size facilitates an informal review process through discussion and evaluation between the Chairman of the Board and the CEO.

Pension Plan Benefits

The Company does not have a pension plan for its NEOs and directors.

Use of Financial Instruments

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including 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. However, management is not aware of any NEO or director purchasing such an instrument.

Director and Named Executive Officer Compensation

The following table sets forth compensation for each NEO and director of the Company for the two most recently completed financial years, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year ended September 30, 2020 ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$) ⁽²⁾	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Joel Shacker CEO and Director ⁽⁹⁾	2020	73,500	Nil	N/A	N/A	Nil	73,500
	2019	Nil	Nil	N/A	N/A	Nil	Nil
Geoff Balderson CFO and Director ⁽³⁾⁽⁴⁾	2020	20,160	Nil	N/A	N/A	Nil	20,160
	2019	Nil	Nil	N/A	N/A	Nil	Nil
Patrick Morris, Director, Former CEO, and Former Corporate Secretary	2020	Nil	Nil	N/A	N/A	Nil	Nil
	2019	75,00	Nil	N/A	N/A	Nil	75,000
Adam Cegielski Director ⁽⁹⁾	2020	Nil	Nil	N/A	N/A	Nil	Nil
	2019	Nil	Nil	N/A	N/A	Nil	Nil
Usama Chaudhry Former CFO ⁽³⁾	2020	N/A	Nil	N/A	N/A	Nil	N/A
	2019	Nil	Nil	N/A	N/A	Nil	9,600
Danilen Villanueva Former Director ⁽⁵⁾	2020	Nil	Nil	N/A	N/A	Nil	Nil
	2019	Nil	Nil	N/A	N/A	Nil	Nil
David Dalton Former Director ⁽⁶⁾	2019	Nil	Nil	N/A	N/A	Nil	Nil
	2018	Nil	Nil	N/A	N/A	Nil	Nil
Cam Paddock Former Director ⁽⁷⁾	2019	Nil	Nil	N/A	N/A	Nil	Nil
	2018	Nil	Nil	N/A	N/A	Nil	Nil

Notes:

- (1) Fiscal year ended September 30th.
- (2) The Company did not pay any Committee or Meeting fees to its directors for the fiscal years ended September 30, 2020 and September 30, 2019.
- (3) Mr. Chaudhry was appointed as CFO on December 13, 2017 and resigned on March 19, 2019 and Mr. Balderson was appointed CFO in his place.
- (4) Mr. Balderson was appointed a director of the Company on January 24, 2019.
- (5) Ms. Villanueva was appointed a director of the Company on November 17, 2017 and resigned on April 24, 2019.
- (6) Mr. Dalton was appointed a director of the Company on March 21, 2019 and resigned on December 4, 2019.
- (7) Mr. Paddock was appointed a director of the Company on November 17, 2017 and resigned on January 24, 2019.
- (8) Mr. Shacker was appointed as director and CEO of the Company on March 11, 2020.
- (9) Mr. Cegielski was appointed as director of the Company on March 11, 2020.

Stock Option Plans and Other Incentive Plans

The Company has an option plan (the “**Option Plan**”) for the granting of incentive stock options to the directors, officers, employees and consultants. The purpose of granting options pursuant to the Option Plan is to assist the Company in compensating, attracting, retaining and motivating the directors, officers, employees and consultants of the Company and to closely align the personal interests of such persons to that of the Shareholders. Pursuant to the Option Plan, options may be granted to officers, directors, employees and consultants (the “**Participants**”) of the

Company or its affiliates. Options may be granted for a maximum of five years, and vesting is subject to the discretion of the Board. The maximum number of Shares reserved for issuance upon exercise of options granted thereunder may not exceed 10% of the total number of the issued Shares at the time the options are granted. Under the Option Plan, no one Participant may be granted options to purchase more than 5% of the number of issued Shares and no more than 2% of the issued Shares may be granted to any one consultant in any twelve-month period. No more than an aggregate of 2% of the issued Shares may be granted to an employee conducting investor relations activity in any twelve-month period. The price at which Shares may be acquired upon the exercise of an option may not be less than the price permitted under the rules of any stock exchange or exchanges on which the Shares are listed.

The following table sets forth information concerning all compensation securities granted or issued to each director and NEO by the Company in the most recently completed financial year for services provided to the Company.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Joel Shacker CEO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Geoff Balderson CFO and Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Patrick Morris, Director, Former CEO, and Former Corporate Secretary	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Adam Cegielski Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Usama Chaudhry Former CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Danilen Villanueva Former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
David Dalton Former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Cam Paddock Former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities

There was no exercise of compensation securities granted to directors of the Company and Named Executive Officers during the financial year ended September 30, 2020.

Employment, Consulting and Management Agreements

There were no employment contracts between the Company nor any of its subsidiaries and a NEO during the fiscal year ended September 30, 2020 which provided for termination or change of control benefits.

There are no arrangements for compensation with respect to the termination of Named Executive Officers, included in the event of a change of control.

Management Contracts

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by a person other than the directors or executive officers of the Company.

Oversight and Description of Director and Named Executive Officer Compensation

See “*Compensation Discussion and Analysis*”.

During the most recently completed financial year ended September 30, 2020, there were no formal agreements or arrangements in place under which compensation was provided or is payable in respect of services provided to the Company that were:

- (a) performed by a director or NEO, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer.

In particular, there were no agreements or arrangements containing provisions with respect to change of control, severance, termination or constructive dismissal.

There have been no significant changes to the Company’s compensation policies during the financial year ended September 30, 2020 that could or will have an effect on director or Named Executive Officer compensation.

Pension Plan Benefits

The Company does not provide any form of pension to any of its directors or Named Executive Officers.