

# CHRISTINA LAKE CANNABIS CORP.

Suite 810 – 789 West Pender Street  
Vancouver, BC, V6C 1H2 Canada

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## Form 51-102F6V

### *Statement of Executive Compensation – Venture Issuers* (for the year ended November 30, 2018)

#### GENERAL

For the purpose of this Statement of Executive Compensation:

“**Company**” means Christina Lake Cannabis Corp.;

“**compensation securities**” includes stock 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;

“**Disinterested Shareholder Approval**” means the approval by a majority of the votes cast by all shareholders of the Issuer at the Meeting excluding votes attached to listed Common Shares beneficially owned by Insiders (defined below) of the Issuer and Associates (as defined in the British Columbia Securities Act) of Insiders.

An “**Insider**” is a director, or senior officer of the Issuer, a director or senior officer of a company that is an Insider or subsidiary of the Issuer, or a person that beneficially owns or controls, directly or indirectly, voting Common Shares carrying more than 10% of the voting rights attached to all outstanding voting Common Shares of the Issuer.

“**NEO**” or “**named executive officer**” 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 named executive officer 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;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

#### NEO COMPENSATION

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO of the Company during the fiscal years ended November 30, 2018 and November 30, 2017, 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 of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

Table of compensation									
NEO Name Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total compensation (\$)
					Annual Incentive Plans	Long Term Incentive Plans (\$)			
Joel Dumaresq CFO <sup>(1)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	12,000 <sup>(6)</sup>	12,000
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Eugene Beukman Former CEO and Former Corporate Secretary <sup>(2)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	12,000 <sup>(7)</sup>	12,000
	2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marcelin O'Neill Former CEO, CFO, President and Corporate Secretary <sup>(3)</sup>	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	Nil	Nil	Nil	Nil	Nil	Nil	92,000 <sup>(8)</sup>	92,000
Carlos Cervantes, former CEO <sup>(4)</sup>	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kelly Pladson, former CFO <sup>(5)</sup>	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Joel Dumaresq was appointed CFO of the Company on February 1, 2018.
- (2) Eugene Beukman served as CEO and Corporate Secretary of the Company from February 1, 2018 to January 9, 2019.
- (3) Marcelin O'Neill served as CEO and President from January 17, 2017 to February 1, 2018 and as CFO and Corporate Secretary from March 2, 2017 to February 1, 2018.
- (4) Carlos Cervantes served as CEO of the Company from January 30, 2015 to January 17, 2017.
- (5) Kelly Pladson served as CFO from October 26, 2015 to January 17, 2017.
- (6) Rent fees paid to a private company jointly controlled by the CFO.
- (7) Consulting fees paid to a private company controlled by the former CEO.
- (8) Consulting on director fees paid to former directors and officers.

**Director Compensation**

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors. The directors of the Company may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors are also eligible to receive incentive stock options to purchase common shares of the Company under the Company's stock option plan.

From the inception of the Company to the date of this Statement of Executive Compensation, no compensation was paid to any director of the Company who was not also an executive officer of the Company.

Please see "NEO Compensation Table" above for details of compensation paid by the Company to those directors who are also NEOs:

**Stock Options and Other Compensation Securities**

No Options or other compensation securities were granted or issued to any NEO or director by the Issuer in the most recent financial year ended November 30, 2018. The Issuer does not have any share-based award plans for its NEOs or directors.

## *Stock Option Plan*

On March 1, 2017, the Board approved the adoption of a fixed Stock Option Plan reserving for issuance, upon the exercise of options granted pursuant to the Stock Option Plan, a maximum of 20% of the issued and outstanding shares of the Issuer at any time, less any shares required to be reserved with respect to options granted by the Issuer prior to the implementation of the Stock Option Plan. The Stock Option Plan was subsequently replaced with the 2018 Plan which was approved by shareholders at its January 9, 2019 Annual General and Special Meeting. The 2018 Plan is substantively similar to the Stock Option Plan except that it increases the number of common shares reserved under it. The 2018 Plan reserves 8,158,321 common shares (which represents 20% of the Company's outstanding common shares as of the record date for the Meeting), compared to 199,520 under the Stock Option Plan.

The Stock Option Plan is administered by the Board of Directors and provides for grants of options to directors, executive officers, employees of and consultants to the Company at the discretion of the Board. The term of any options granted under the Stock Option Plan is fixed by the Board of Directors and may not exceed ten (10) years. The exercise price of options granted under the Stock Option Plan will be determined by the Board of Directors, but the exercise price must not be less than the lowest price permitted by the Canadian Securities Exchange. Any options granted pursuant to the Stock Option Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant, such period of time to not be in excess of one year after the option holder ceasing to act as a director, executive officer, employee or consultant of the Company or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause). If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company's shares. The Board of Directors of the Company may, at its discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Subject to the approval of any stock exchange on which the Company's securities are listed, the Board of Directors may terminate, suspend or amend the terms of the Stock Option Plan, provided that the Board of Directors may not do any of the following without obtaining, within twelve (12) months either before or after the Board of Directors adoption of a resolution authorizing such action, shareholder approval, and, where required, disinterested shareholder approval, or by the written consent of the holders of a majority of the outstanding securities of the Company entitled to vote:

The Board is of the view that the Stock Option Plan provides the Issuer with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

### *Eligible Optionees*

To be eligible to receive a grant of Options under the Stock Option Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Issuer or a subsidiary at the time the Option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an Option grant. If the Option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the Option remains in effect.

### **Narrative Discussion**

The compensation of the executive officers is determined by the Board. The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation the Board bases its decisions on general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account the Company's relative performance and short term and strategic objectives, and to continuing to provide executives with compensation that is in accordance with existing market standards generally and competitive within the same industry. The Company was inactive during the financial years ended November 30, 2018 and November 30, 2017, and accordingly no compensation was granted to the Company's executive officers during the financial year then ended.

### **Assessment of Individual Performance**

The Company bases compensation for the Company's executive officers on the time of service with the Company, responsibilities of each officer and their duties in that position, as well as on the performance of each officer. The Company

believes that stock options can create a strong incentive to the performance of each officer and is intended to recognize extra contributions and achievements towards the goals of the Company.

## **Elements of Compensation**

The Company's plan is to pay its executives a compensation package that is competitive with those of other executive officers in similar companies. The Company believes that a competitive compensation package is necessary to attract, and retain talented and experienced executives, and can motivate and reward executives for their overall performance. The Company's executive compensation is comprised of three elements:

- base salaries or compensation, which are set at levels which are competitive with the base salaries or compensation paid by companies of a comparable size within the same industry and with operations at approximately the same stage of development, thereby enabling the Company to compete for and retain executives essential to the Company's success;
- bonuses, which are considered from time to time, based on individual and corporate performance criteria; and
- share ownership opportunities through a stock option plan which provides additional incentive and aligns the interests of executive officers with the longer term interests of Shareholders.

### *Base Salary*

Base salary is the principal component of an executive officer's compensation package. The Board also considers an executive officer's performance and levels of responsibility and importance to the Company. The Company does not currently have any management agreements, employment agreements, plans or arrangements in respect of compensation with its NEOs, directors, employees, and consultants.

### *Bonuses*

The Board reviews on a discretionary basis bonuses to be paid by the Company to its NEOs in each financial year. The CEO recommends bonuses to be paid by the Company to other eligible employees and consultants. During the fiscal years ended November 30, 2018 and November 30, 2017, no bonuses were paid by the Company to its executives.

### *Equity Participation through Stock Option Plans*

The stock option component of the Company's executive compensation program is intended to encourage and reward outstanding performance over the short and long terms, and to align the interests of the executives with those of the Company's shareholders. Options are awarded by the Board, which bases its decisions upon the level of responsibility and contribution of the individuals towards the Company's goals and objectives. The Board also takes into consideration the amount and terms of outstanding stock options in determining its recommendations regarding the options to be granted during any fiscal year.

The stock option component of executive compensation acts as an incentive for the executives to work to enhance the Company's value over the long term, and to remain with the Company.

The Board is of the view that the Company's compensation structure appropriately takes into account the factors relevant to the technology industry, the Company's performance within that industry, and the individual contributions to the Company's performance made by its executives.

### *Option-based awards*

Please see "*Equity Participation through Stock Option Plans*" above for details of the process used by the Company in granting option-based awards to NEOs.

The stock option grants to directors, officers, other employees and consultants are determined by an assessment of the individual's current and expected future performance, level of responsibilities, importance of the position held, contribution to the Company and previous option grants and exercise prices including:

- the remuneration paid to the individual as at the grant date in relation to the total remuneration payable by the Company to all of its directors, officers, employees and consultants as at the grant date;
- the length of time that each individual has been employed or engaged by the Company; and
- the quality of work performed by such director, officer, employee or consultant.

## DIRECTOR COMPENSATION

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors. The directors of the Company may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors are also eligible to receive incentive stock options to purchase common shares of the Company under the Company's stock option plan.

From the inception of the Company to the date of this Statement of Executive Compensation, no compensation was paid to any director of the Company who was not also an executive officer of the Company.

The following table shows the compensation provided to non-executive directors for the fiscal years ended November 30, 2018 and November 30, 2017. Please see "NEO Compensation Table" above for details of compensation paid by the Company to those directors who are also NEOs:

Name	Fiscal Year Ended	Fees Earned (\$)	Share-based awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Ann-marie Cederholm <sup>(1)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	3,000	Nil	Nil	Nil	Nil	Nil	3,000
Christopher Cherry <sup>(2)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	3,000	Nil	Nil	Nil	Nil	Nil	3,000

### Notes:

- (1) Ann-marie Cederholm served as a Director of the Company from January 17, 2017 to February 1, 2018.
- (2) Christopher Cherry served as a Director of the Company from January 17, 2017 to March 2, 2017.

## EXTERNAL MANAGEMENT COMPANIES

During the financial year ended November 30, 2018, the Issuer entered into a corporate management agreement (the "Management Agreement") dated November 1, 2018, with Pender Street Corporate Consulting Ltd. which was subsequently assigned to Partum Advisory Services Corp. on April 3, 2019 ("Partum") to provide management, accounting and administrative services to the Company in accordance with the terms of the Management Agreement for a monthly fee of \$3,000 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. Partum is also entitled to charge a 15% administration fee on all disbursements paid by Partum to a maximum of 2% per disbursement, and to charge interest of 2% on all disbursements not reimbursed within 30 days. The Management Agreement is for an initial term of 12 months, to be automatically renewed for further 12 month periods, unless either party gives 180 days' notice of non-renewal, in which case the Management Agreement will terminate. The Management Agreement can be terminated by either party on 90 days' written notice. It can also be terminated by the Company for cause without prior notice or upon the mutual consent in writing of both parties. If there is a take-over or change of control of the Company resulting in the termination of the Management Agreement, Partum is entitled to receive an amount equal to 24 months of fees payable as a lump sum payment due on the day after the termination date.

Partum was not indebted to the Company during the Company's last completed financial year, and the Management Agreement remains in effect.

During the most recently completed financial year, the Company paid or accrued a total \$66,000 in management and accounting fees.

## STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

No Options or other compensation securities were granted or issued to any NEO or director by the Issuer in the most recent financial year ended November 30, 2018. The Issuer does not have any share-based award plans for its NEOs or directors.

### *Equity Compensation Plan Information*

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b> <b>(a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b> <b>(b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b> <b>(c)</b>
Equity compensation plans approved by the securityholders	Nil	Nil	8,158,321 <sup>(1)</sup>
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	8,158,321

Notes:

(1) Based on the number of Common shares issued and outstanding on January 9, 2019, the date the shareholders of the Company approved the 20% fixed stock option plan.

***Exercise of Compensation Securities by Directors and NEOs***

There were no compensation securities exercised by a director or NEO during the fiscal year ended November 30, 2018.

**STOCK OPTION PLANS AND OTHER INCENTIVE PLANS**

**Stock Option Plan**

On March 1, 2017, the Board approved the adoption of a fixed Stock Option Plan reserving for issuance, upon the exercise of options granted pursuant to the Stock Option Plan, a maximum of 20% of the issued and outstanding shares of the Issuer at any time, less any shares required to be reserved with respect to options granted by the Issuer prior to the implementation of the Stock Option Plan. The Stock Option Plan was subsequently replaced with the 2018 Plan which was approved by shareholders at its January 9, 2019 Annual General and Special Meeting. The 2018 Plan is substantively similar to the Stock Option Plan except that it increases the number of common shares reserved under it. The 2018 Plan reserves 8,158,321 common shares (which represents 20% of the Company's outstanding common shares as of the record date for the Meeting), compared to 199,520 under the Stock Option Plan.

The Stock Option Plan is administered by the Board of Directors and provides for grants of options to directors, executive officers, employees of and consultants to the Company at the discretion of the Board. The term of any options granted under the Stock Option Plan is fixed by the Board of Directors and may not exceed ten (10) years. The exercise price of options granted under the Stock Option Plan will be determined by the Board of Directors, but the exercise price must not be less than the lowest price permitted by the Canadian Securities Exchange. Any options granted pursuant to the Stock Option Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant, such period of time to not be in excess of one year after the option holder ceasing to act as a director, executive officer, employee or consultant of the Company or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause). If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company's shares. The Board of Directors of the Company may, at its discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Subject to the approval of any stock exchange on which the Company's securities are listed, the Board of Directors may terminate, suspend or amend the terms of the Stock Option Plan, provided that the Board of Directors may not do any of the following without obtaining, within twelve (12) months either before or after the Board of Directors adoption of a resolution authorizing such action, shareholder approval, and, where required, disinterested shareholder approval, or by the written consent of the holders of a majority of the outstanding securities of the Company entitled to vote.

The Board is of the view that the Stock Option Plan provides the Issuer with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

### ***Eligible Optionees***

To be eligible to receive a grant of Options under the Stock Option Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Issuer or a subsidiary at the time the Option is granted.

Options may be granted only to an individual eligible or to a non-individual that is wholly-owned by individuals eligible, for an Option grant. If the Option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the Option remains in effect.

As at the date of this Statement of Executive Compensation, the Issuer has 52,281,605 Common Shares issued and outstanding and there is a maximum of 8,158,321 Common Shares available for issuance pursuant to the Options granted under the Stock Option Plan. As at the date of this Statement of Executive Compensation, there were no Options outstanding.

### ***Incentive Plan Awards – NEOs and Directors***

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

The Company did not grant incentive stock options to any of its NEOs or directors during the most recent fiscal year ended November 30, 2018. The Company does not have any share-based award plans for its NEOs or directors.

#### **Termination and Change of Control Benefits**

The Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in an NEOs responsibilities.

#### **Indebtedness of Directors and Executive Officers**

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the last completed financial year of the Company.

During the last completed financial year, no director, executive officer, or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

#### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

#### **Interest of Informed Persons in Material Transactions**

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

Except as disclosed herein, since the commencement of the last completed financial year, no “informed person” has had any material interest, direct or indirect, in any transaction or any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries. “Informed Person” means: (a) a director or executive officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; or (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying more than 20% of the voting rights attached to all outstanding voting securities of the Company.

## **EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS**

Except as noted below, management functions of the Company are, and since the beginning of the recently completed financial year have been, performed by the directors and senior officers of the Company, or private companies controlled by such directors or officers, and are not to any substantial degree performed by any other person or Company.

The Company entered into employment agreements with Messrs. Jason Taylor, Nicco Dehaan, Steven Bowering and Timothy O’Donnell. Messrs. Dehaan, Bowering and O’Donnell are experienced master growers and cannabis processors and will oversee the development, and operations of the Facility. Mr. O’Donnell was appointed as the Corporate Secretary and both Messrs. Taylor and Dehaan are directors of the Company.

The employment agreements dated October 16, 2018, between the Company and individually, Messrs. Taylor, Dehaan, Bowering and O’Donnell, provide for the payment of \$60,000 per annum in salaries, reimbursement of reasonable expenses and one-time signing bonuses of \$50,000 per person (paid). Pursuant to the employment agreements, which contain industry standard terms and conditions, each person is entitled to 6 months’ notice for termination without cause, and in the case of a change of control, each person is entitled to one years’ salary and any unpaid bonuses and expenses. Salaries are to be reviewed annually by the board of directors. Each of the employment agreements also contains non-disclosure terms and a non-compete clause limiting each individual working in competition with the Company for a period of one year following termination of employment for any reason.

The Company also entered into an employment agreement with Mr. Arie Prins dated November 12, 2018. The agreement provides for the payment of \$90,000 per annum in salary, reimbursement of reasonable expenses and participation in the Company’s stock option plan. Pursuant to the employment agreement, which contain industry standard terms and conditions, Mr. Prins is entitled to 6 months’ notice for termination without cause, and in the case of a change of control, he is entitled to one years’ salary and any unpaid bonuses and expenses. His Salary is to be reviewed annually by the board of directors. A Mr. Prins employment agreement also contains non-disclosure terms and a non-compete clause limiting his work in competition with the Company for a period of one year following termination of employment for any reason.

## **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

The Board does not have a compensation committee or a formal procedure with respect to determining compensation for its personnel. These functions are currently performed by the Board as a whole; however, this policy may be reviewed in the future depending on the circumstances of the Company. The Board periodically reviews the compensation paid to the Company’s officers, directors, and key employees, ensuring that such compensation realistically reflects the responsibilities of such positions and based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in same industry in North America, and the Company’s current position as a venture Company. The Company does not currently use a peer group to determine compensation paid to directors and NEOs.

## **PENSION DISCLOSURE**

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

## **INTENDED CHANGES TO COMPENSATION**

The Issuer intends to review its compensation practices and may enter into consulting arrangements with executive officers of the Issuer.