

**SPROUTLY CANADA, INC.**  
**(the “Company”)**

***Statement of Executive Compensation – Venture Issuers***  
***(for financial years ended February 29, 2020 and February 28, 2019)***

The following information, dated as of December 30, 2020, is provided as required under Form 51-102F6V – *Statement of Executive Compensation*, for Venture Issuers (the “Form”), as such term is defined in National Instrument 51-102.

For the purposes of this Statement of Executive Compensation:

“**Company**” means Sproutly Canada, Inc.;

“**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;

“**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, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (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;
- (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.

**Director and NEO Compensation, Excluding Options and Compensation Securities**

During financial year ended February 29, 2020, based on the definition above, the NEOs of the Company were: Keith Dolo, Chief Executive Officer and director, Arup Sen, Chief Science Officer and director, Bryan Semkuley, President, Craig Loverock, Chief Financial Officer, director and Corporate Secretary, Karin Studer, Chief Operating Officer.

During financial year ended February 28, 2019, based on the definition above, the NEOs of the Company were: Keith Dolo, Chief Executive Officer and director and Craig Loverock, Chief Financial Officer and Corporate Secretary.

The Company’s common shares trade on the Canadian Securities Exchange (the “CSE”) under stock symbol “SPR”.

The authorized capital of the Company consists of an unlimited number of Common Shares.

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company for the two completed

financial years ended February 29, 2020 and February 28, 2019. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” in this Form.

**Table of Compensation Excluding Compensation Securities in Financial Years ended February 29, 2020 and February 28, 2019**

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(1)(2)</sup>	Value of All Other Compensation (\$)	Total Compensation (\$)
Keith Dolo <sup>(3)(4)</sup> <i>Former CEO and Director</i>	2020	\$181,570	Nil	Nil	Nil	\$3,667	\$185,237
	2019	\$134,385	\$100,000	Nil	Nil	\$1,914	\$236,299
Craig Loverock <sup>(6)</sup> <i>CFO and Director</i>	2020	\$152,375	Nil	Nil	Nil	Nil	\$152,375
	2019	\$100,273	Nil	Nil	Nil	Nil	\$100,273
Bryan Semkuley <sup>(7)</sup> <i>Former President</i>	2020	\$147,172	Nil	Nil	Nil	Nil	\$147,172
	2019	\$46,922	Nil	Nil	Nil	Nil	\$46,922
Karin Studer <sup>(8)</sup> <i>Former Chief Operating Officer</i>	2020	\$138,930	Nil	Nil	Nil	\$2,938	\$141,868
	2019	\$92,484	\$27,000	Nil	Nil	\$1,688	\$121,172
Arup Sen <i>CEO, Chief Science Officer and Director</i>	2020	\$181,937	Nil	Nil	Nil	Nil	\$181,937
	2019	\$120,661	Nil	Nil	Nil	Nil	\$120,661
Justin Kates <sup>(4)</sup> <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Gregg Orr <sup>(4)</sup> <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Michael Bellas <sup>(5)</sup> <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Constantine Constandis <sup>(11)</sup> <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Robert Coltura <sup>(4)(9)</sup> <i>Former President, CEO and Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	\$16,250	Nil	Nil	Nil	Nil	\$16,250
Stephen B. Butrenchuk <sup>(4)</sup> <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Coltura <sup>(4)</sup> <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Aman Bains <sup>(5)</sup> <i>Former Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	\$97,158	Nil	Nil	Nil	Nil	\$97,158
Jerry A. Minni <sup>(10)</sup> <i>Former CFO</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

(1) Includes perquisites provided to an NEO or director that are not generally available to all employees. An item is generally a perquisite if it is not integrally and directly related to the performance of the director's or NEO's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit. For the purposes of the table, perquisites are valued on the basis of the aggregate incremental cost to the Company and its subsidiaries.

- (2) NEOs and directors whose total salary for the applicable financial year was \$150,000 or less did not receive perquisites that, in aggregate, were greater than \$15,000. NEOs and directors whose total salary for the applicable financial year was greater than \$150,000 but less than \$500,000 did not receive perquisites that, in aggregate, were greater than 10% of the NEO's or director's salary for the applicable financial year.
- (3) Mr. Dolo resigned as CEO and Director of the Company on May 13, 2020.
- (4) Mr. Coltura, Mr. Butrenchuk and Mr. Coltura resigned as a director of the Company on July 6, 2018 and were replaced by Mr. Dolo, Mr. Orr and Mr. Kates on the same date pursuant to the terms of the plan of arrangement involving Sproutly, Inc., Stone Ridge Exploration Corp. and the shareholders of Sproutly, Inc., and any amendments or variations thereto made in accordance with its terms, pursuant to which Stone Ridge Exploration Corp. acquired all of the issued and outstanding shares of Sproutly, Inc. (the "**Arrangement**"). As a result of the Arrangement, Stone Ridge Exploration Corp. changed its name to Sproutly, Canada Inc. effective July 6, 2018. Mr. Kates and Mr. Bellas resigned from the Board on June 22, 2020. Mr. Orr resigned from the Board on June 30, 2020.
- (5) Mr. Bains was appointed as a director of the Company on July 6, 2018 and was replaced by Mr. Bellas on November 27, 2018.
- (6) Mr. Loverock was appointed as Chief Financial Officer of the Company on July 6, 2018. He was appointed as a Director of the Company on June 30, 2020.
- (7) Mr. Semkuley was appointed as President of the Company on December 3, 2018 and resigned as President on January 1, 2020.
- (8) Ms. Studer was appointed Chief Operating Officer of the Company on July 6, 2018 and resigned as Chief Operating Officer on May 15, 2019.
- (9) Mr. Coltura was President and Chief Executive Officer of Stone Ridge Exploration Corp. and resigned on July 6, 2018, the closing date of the Arrangement.
- (10) Mr. Minni resigned as CFO of Stone Ridge Exploration Corp. on April 6, 2017.
- (11) Mr. Constandis was appointed as a director on November 29, 2018.

### **External Management Companies**

None of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, director or indirectly, other than those set out below under "*Employment Contracts, Termination Benefits and Change of Control Benefits*".

### **Stock Options and Other Compensation Securities and Instruments**

The Company's current stock option plan (the "**Option Plan**") was approved by the Board on August 13, 2019. The purpose of the Option Plan is to ensure that the Company is able to provide an incentive program for directors, officers, employees, consultants and other persons providing services to the Company (each, an "**Optionee**") that provides enough flexibility in the structuring of incentive benefits to allow the Company to remain competitive in the recruitment and maintenance of key personnel.

The Option Plan is administered by the Board, which shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Option Plan, to interpret the Option Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Option Plan, subject to any necessary shareholder or regulatory approval. The Board may delegate any or all of its authority with respect to the administration of the Option Plan. The Board shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and vested, and the number of Common Shares to be subject to each Option.

The material terms of the Option Plan are qualified in their entirety by the full text of the Option Plan. Under the Option Plan, Options will be exercisable over periods of up to 10 years as determined by the Board. The exercise price of any Option may not be less than the closing market price of the Common

Shares on the grant date of the Option, less any applicable discount allowed by the Canadian Securities Exchange (the "CSE") or any other stock exchange on which the Common Shares are listed for trading.

The maximum number of Common Shares which may be issued pursuant to Options granted under the Option Plan is 10% of the issued and outstanding Common Shares at the time of the grant, provided that the Common Shares are listed on the CSE or any other stock exchange at the time of grant. In addition, the number of shares which may be issuable under the Option Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- (i) to any one Optionee may not exceed (without the requisite disinterested shareholder approval) 5% of the issued Common Shares on a non-diluted basis;
- (ii) to insiders as a group shall not exceed 10% of the total number of issued and outstanding Common Shares, on a non-diluted basis, at the time of the grant;
- (iii) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Common Shares at the time of the grant, on a non-diluted basis; and
- (iv) to all Eligible Persons who undertake Investor Relations Activities (each as defined in the Option Plan) shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares at the time of the grant on a non-diluted basis, which Options must be vested in stages over not less than 12 months and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period.

The Option Plan permits the Board to specify a vesting schedule in its discretion, subject to minimum vesting requirements imposed by the applicable stock exchange. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on option grants set out in the Option Plan, all Options granted under the Option Plan shall vest and become exercisable in full upon grant, except Options granted to consultants performing investor relations activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period.

The Option Plan provides that if a change of control (as defined in the Option Plan) occurs, or if the Company is subject to a take-over bid, all Common Shares subject to Options shall immediately become vested and may thereupon be exercised in whole or in part by the Option holder.

The Option Plan contains adjustment provisions with respect to outstanding Options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.

The Option Plan provides that on the death or disability of an Option holder, all vested Options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such Options. Where an Optionee is terminated for cause, any outstanding Options (whether vested or unvested) are cancelled as of the date of termination. If an Optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such Optionee will expire at the earlier of (i) the expiry date of such Options and (ii) the date which is 90 days (30 days if the Optionee was

engaged in investor relations activities) after the Optionee ceases its office, employment or engagement with the Company.

In accordance with good corporate governance practices and as recommended by National Policy 51-201 – *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board. In order to ensure that holders of outstanding Options are not prejudiced by the imposition of such black-out periods, the Option Plan contains a provision to the effect that any outstanding Options with an expiry date occurring during a management imposed black-out period will be automatically extended to a date that is 10 trading days following the end of the black-out period.

The Options granted under the Option Plan are non-assignable and non-transferable. Subject to required shareholder approval and the approval of the CSE, or any other stock exchange on which the Common Shares are listed, if applicable, the Board may from time to time amend or revise the terms of the Option Plan or may terminate the Option Plan at any time.

The Company does not provide any financial assistance to participants in order to facilitate the purchase of Common Shares under the Option Plan

The following table discloses all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries in the year ended February 29, 2020 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Name and position	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and percentage of class <sup>(2)</sup>	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 <sup>(3)</sup>
Keith Dolo <i>Former CEO and Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Craig Loverock <i>CFO and Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Bryan Semkuley, <i>Former President</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Karin Studer <i>Former Chief Operating Officer</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Arup Sen <i>CEO, Chief Science Officer and Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil

Constantine <i>Constandis</i> <i>Former Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Justin Kates <i>Former Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Gregg Orr <i>Former Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Michael Bellas <i>Former Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil
Aman Bains <i>Former Director</i>	Option	Nil	Nil	Nil	Nil	Nil	Nil

- (1) "**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.
- (2) As of February 2, 2020, the NEOs and directors held the following number of Options (each one Option being exercisable to acquire one (1) common share of the Company): Keith Dolo – 5,195,866 Options; Craig Loverock – 625,000 Options; Bryan Semkulev – 750,000 Options; Karin Studer – 305,000 Options; Arup Sen – 2,000,000 Options, Options, Justin Kates – 300,000 Options, Gregg Orr – 300,000 Options, and Michael Bellas – 200,000 Options.

The following table discloses details regarding each exercise of Compensation Securities by a director or NEO during the year ended February 29, 2020.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Keith Dolo <i>Former CEO and Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Craig Loverock <i>CFO and Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Bryan Semkulev, <i>Former President</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Karin Studer <i>Former Chief Operating Officer</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Arup Sen <i>CEO, Chief Science Officer and Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Constantine Constandis <i>Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Justin Kates <i>Former Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Gregg Orr <i>Former Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Michael Bellas <i>Former Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Aman Bains <i>Former Director</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil

### Stock Option Plans and Other Incentive Plans

Other than the Option Plan, the Company currently does not have any stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

### Employment, Consulting and Management Agreements

Other than the executive employment agreement between the Company and Keith Dolo, the material terms of which are set forth below, the Company does not have any compensation agreements or arrangements that the Company or any of its subsidiaries have entered into with respect to services provided by a NEO, a director or any other party in the event such services provided are typically provided by a director or NEO (collectively, "**Compensation Arrangements**").

Sproutly entered into an employment agreement dated March 25, 2017 (the "**Dolo Employment Agreement**") with Mr. Keith Dolo, whereby Sproutly agreed to employ Mr. Dolo in the position of Chief Executive Officer. Pursuant to the Dolo Employment Agreement, Sproutly has granted the following change of control benefit to Mr. Dolo.

In the event of a change of control of Sproutly, Mr. Dolo has a right to resign under the Dolo Employment Agreement for Good Cause (as defined below) at any time within twelve (12) months after a change of control of Sproutly, by giving at least one month's written notice to Sproutly. In the event Mr. Dolo resigns for Good Cause or his employment is terminated by Sproutly without caused within twelve (12) months after a change of control, Sproutly shall provide Mr. Dolo with the following compensation:

1. the full amount of the instalments falling due in respect of Mr. Dolo's base salary through to the termination date, plus any accrued vacation pay, reimbursement for any unpaid expenses and the amount, if any, of any other compensation actually accrued and then payable to Mr. Dolo which has not been paid;
2. an additional amount equivalent to 24 months' of Mr. Dolo's base salary, exclusive of any benefits, bonuses, and other amounts;
3. if, at the termination date, Mr. Dolo is eligible for other cash incentives under Sproutly incentive plans, an additional amount equal to the sum of the following:
  - a. two times the average cash incentive received by Mr. Dolo during the preceding three years. If Mr. Dolo was eligible for such cash incentives for less than three prior years, the average shall be calculated using Mr. Dolo's target bonus amount at termination in lieu of missing years; and
  - b. the amount above, divided by 24 and multiplied by the number of months worked by Mr. Dolo in the current bonus year prior to the termination date
4. any Sproutly Options held by Mr. Dolo shall be deemed vested as of the termination date and shall remain open for exercise for one year thereafter; and
5. the continuation of all employee related benefits then in effect, other than disability insurance, until the earlier of two (2) years from the termination date or Mr. Dolo obtaining similar benefits through other employment. Sproutly shall pay Mr. Dolo an amount equal to 24 months of the then-prevailing premiums for his life and disability insurance.

For the purpose of the Dolo Employment Agreement, "Good Cause" shall mean" the occurrence of one of the following events without Mr. Dolo's express written consent:

1. a material reduction in Mr. Dolo's responsibilities, except as a result of Mr. Dolo's death, disability or retirement;
2. a reduction by Sproutly in Mr. Dolo's base salary;
3. a change in the principal executive office of Sproutly to a location more than 20 kilometers from the then-current location of the principal executive office of Sproutly;
4. the failure by Sproutly to continue in effect, or a material change in the terms of Mr. Dolo's participation in benefits under any incentive plan or benefits plan, including any life, health, accident, disability or similar plan providing welfare benefits or any plan or program of fringe benefits in which Mr. Dolo is participating (collectively, the "**Existing Plans**"), the effect of which would be to materially reduce the total value, in the aggregate, of Mr. Dolo's benefits under the Existing Plans, or any reduction by Sproutly of the number of paid vacation days to which Mr. Dolo is entitled; or
5. any other circumstances that would constitute a constructive dismissal under common law.

The table below sets forth information with respect to each NEO currently employed by the Company in order to assist the reader in determining the potential payment to each such NEO in the event of the termination of such NEO's employment by the Company other than for cause or in the event of a change of control. The estimated payments have been calculated on the basis of employment agreements as they exist at the date of this Circular and assuming that they were in effect on February 28, 2019.

Name	Estimated Payment Assuming Termination Without Cause on February 28, 2019 (\$)	Estimated Payment Assuming a Change of Control on February 28, 2019 (\$)
Keith Dolo	400,000	400,000

The estimated payments assuming a change of control on February 28, 2019 are based on the assumption that the NEOs are terminated without cause or elect to terminate the agreements.

For the year ended February 29, 2020, no management functions of the Company or its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or its subsidiaries.

### **Oversight and Description of Director and Name Executive Officer Compensation**

#### *Elements of Compensation*

The objective of the Company's compensation program is to compensate the directors and executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development. The primary goal of the Company's executive compensation program is to:

- (a) attract and retain the qualified key executives necessary for the Company's long term success;
- (b) motivate the short term and long term performance of those executives; and
- (c) align the executives interests with the Company's Shareholders.

Compensation to be awarded or paid to the Company's directors and/or executive officers, including NEOs, consists primarily of management fees, stock options and bonuses which are determined by the Board. Payments may be made from time to time to executive officers, including NEOs, or companies they control for the provision of consulting or management services. Such services are paid for by the Company at competitive industry rates for work of a similar nature done by reputable arm's length services providers.

The Board will from time to time determine the stock option grants to be made pursuant to the Option Plan. It is also anticipated that the Board may award bonuses, in its sole discretion, to executive officers (including NEOs) from time to time.

The most significant components of the Company's executive compensation plan are base salary and an annual incentive bonus. These components are based upon:

- achievement of specific corporate or segment performance targets;
- a performance evaluation process, taking into consideration comparative levels of compensation with comparable entities in the Company's industry;
- alignment of the compensation level of each individual to that individual's level of responsibility;
- the individual's performance, competencies, skills and achievements;
- alignment with corporate strategy; and
- contributions to corporate or segment performance.

#### Base Salary

The base salary review of any NEO will take into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not expected to be evaluated against a formal "peer group". In the year ended February 29, 2020, the company paid base compensation to NEO's as follows:

- (a) Keith Dolo (CEO) - CAD\$180,000/year;
- (b) Craig Loverock (CFO) - CAD\$150,000/year;
- (c) Bryan Semkuley (President) – USD\$180,000/year;
- (d) Arup Sen (CSO) – CAD\$180,000/year; and
- (e) Karin Studer (COO) – CAD\$140,000/year.

#### Performance-Based Cash Bonuses

Cash bonuses are not a normal part of the Company's executive compensation. However, the Company may elect to utilize such incentives where the role-related context and competitive environment suggest that such a compensation modality is appropriate. When and if utilized, the amount of cash bonus compensation will normally be paid on the basis of timely achievement of specific pre-agreed milestones. Each milestone will be selected based upon consideration of its impact on shareholder value creation and the ability of the Company to achieve the milestone during a specific interval. The amount of bonus compensation will be determined based upon achievement of the milestone, its importance to the Company's near and long term goals at the time such bonus is being considered, the bonus compensation awarded to similarly situated executives in similarly situated companies or any other factors the Company may consider appropriate at the time such performance-based bonuses are decided upon. The measurements for individuals' performance were focused on (1) leadership, including five areas: vision, initiatives, creativity, flexibility and supervision skills; and (2) deliverables, including the team, products, communication and reporting and documentation.

#### Stock Options

The Company currently has the Option Plan in place for the purposes of attracting and motivating

directors, officers, employees, and consultants of the Company and advancing the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Option Plan. Any grant of Options under the Option Plan is within the discretion of the Board, subject to the condition that the maximum number of Common Shares which may be reserved for issuance under the Option Plan may not exceed 10% of the Company's issued and outstanding Common Shares.

Options are also an important component of aligning the objectives of the Company's employees with those of Shareholders. The Company expects to provide significant Option positions to senior employees and lesser amounts to lower-level employees.

Notwithstanding the above, the Board is responsible for determining, by way of discussions at Board meetings, the ultimate compensation to be paid to the executive officers of the Company. The Company does not have a formal compensation program with set benchmarks; however, the performance of each executive will be considered along with the Company's ability to pay compensation and its results of operation for the period.

The Company relies solely on its Board to determine the executive compensation that is to be paid to NEOs and directors without any formal objectives, criteria, or analysis.

#### **Pension Disclosure**

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