

**BREATHTEC BIOMEDICAL, INC.**  
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**FORM 51-102F6V**  
**STATEMENT OF EXECUTIVE COMPENSATION**

Unless otherwise noted the following information is for the Corporation's completed financial year ending August 31, 2018.

**GENERAL**

For the purposes of this Circular, a Named Executive Officer ("NEO") of the Corporation means each of the following individuals:

- (a) a chief executive officer ("CEO") of the Corporation during the most recently completed financial year;
- (b) a chief financial officer ("CFO") of the Corporation during the most recently completed financial year; and
- (c) each of the Corporation's three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, during the most recently completed financial year if their individual total compensation was more than \$150,000 for that financial year;
- (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 Corporation, and was not acting in a similar capacity, at the end of that financial year.

**DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

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

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Corporation to NEOs and directors of the Corporation for the two financial years ended August 31, 2018 and August 31, 2017. The Corporation became a reporting issuer on February 1, 2016 and its Shares commenced trading on the CSE on February 1, 2016. Options and compensation securities are disclosed under the heading "**Stock Options and Other Compensation Securities**" below.

During the Corporation's completed financial year ended August 31, 2018, the NEOs of the Corporation were: Christopher Moreau, CEO, Michael Sadhra, CFO and director, and Guy La Torre, former President, CEO and director. The directors of the Corporation who were not NEOs during the Corporation's first completed financial year ended August 31, 2018 were Raj Attariwala and David Levine.

**Table of Compensation, Excluding Compensation Securities of the Corporation's  
Financial Year ended August 31, 2018**

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each NEO and director, in any capacity, for the Corporation's financial years ended August 31, 2018 and August 31, 2017.

Table of compensation excluding compensation securities							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Christopher Moreau CEO <sup>(1)</sup>	2018	54,000	0	0	0	0	54,000
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Guy La Torre Former CEO & President, Director <sup>(2)</sup>	2018	30,656	0	0	0	0	30,656
	2017	126,758	0	0	0	0	126,758
Kal Malhi Former President, Director <sup>(3)</sup>	2018	64,000	0	0	0	0	64,000
	2017	92,000	0	0	0	0	92,000
Michael Sadhra CFO, Director	2018	48,000	0	0	0	0	48,000
	2017	48,000	0	0	0	0	48,000
Michael Costanzo Former Chief Technology Officer <sup>(4)</sup>	2018	98,162	0	0	0	0	98,162
	2017	119,578	0	0	0	0	119,578
Raj Attariwala Director	2018	0	0	0	0	0	0
	2017	38,000	0	0	0	0	38,000
David Levine Director	2018	0	0	0	0	0	0
	2017	0	0	0	0	0	0
Alfred Wong VP Corporate Development <sup>(5)</sup>	2018	26,000	0	0	0	0	26,000
	2017	24,000	0	0	0	0	24,000

**Notes:**

- (1) Mr. Moreau was appointed President of the Corporation on March 1, 2018.
- (2) Mr. La Torre resigned as CEO, President and Director of the Corporation on September 19, 2017.
- (3) Mr. Malhi resigned as President and Director the Corporation on May 18, 2017.
- (4) Mr. Costanzo resigned as Chief Technology Officer of the Corporation on June 25, 2018.
- (5) Mr. Wong was appointed VP Corporate Development of the Corporation on May 18, 2017.

## **Stock Option Plan and Other Compensation Securities**

### 10% “rolling Stock Option Plan

The Board adopted a 10% “rolling” stock option plan on September 11, 2015 (the “**Option Plan**”) and the Corporation’s shareholders ratified, confirmed and approved the Option Plan at the Corporation’s April 10, 2017 annual general meeting, pursuant to which the Board may grant options (the “**Options**”) to purchase Shares to NEOs, directors and employees of the Corporation or affiliated corporations and to consultants retained by the Corporation.

The purpose of the Option Plan is to attract, retain, and motivate NEOs, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in the Corporation and benefit from the Corporation’s growth. Under the Option Plan, the maximum number of Shares reserved for issuance, including Options currently outstanding, is equal to 10% of the issued and outstanding Shares from time to time (the “10% Maximum”). The rolling 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any Options, a number of Shares equivalent to the number of Options so exercised, terminated, cancelled or expired would become available for reserve for issuance in respect of future Option grants.

The number of Shares which may be the subject of Options on a yearly basis to any one person cannot exceed 5% of the number of issued and outstanding Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of the Corporation exercisable at a price which is not less than the market price of Shares on the date of the grant. The directors of the Corporation may, by resolution, determine the time period during which any Option may be exercised (the “Exercise Period”), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Shares may be listed. All Options will terminate on the earliest to occur of: (a) the expiry of their term; (b) the date of termination of an optionee’s employment, office or position as director, if terminated for just cause; (c) 90 days (or such other period of time as permitted by any rule or regulation of such exchange on which the Shares may be listed) following the date of termination of an optionee’s position as a director or NEO, if terminated for any reason other than the optionee’s disability or death; and (d) 30 days following the date of termination of an optionee’s position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee’s disability, death, or just cause.

Options are non-assignable and non-transferable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be a NEO, director, employee, consultant, affiliate, or subsidiary of the Corporation, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Option Plan, the Board is authorized to provide for the granting of Options and the exercise and method of exercise of options granted under the Option Plan.

### **Incentive Stock Options during financial year ended August 31, 2018**

The following table sets out all option-based awards to each NEO or director by the Corporation during the Corporation’s financial year ended August 31, 2018.

Effective October 17, 2018, the Corporation consolidated its common shares at a ratio of 2 pre-consolidation common shares for 1 post-consolidation common share. Information as to the shareholdings in this Form are at the Corporation financial year ended August 31, 2018 in pre-consolidation numbers. The Corporation’s outstanding stock options and warrants will be adjusted on the same (2:1) basis, respectively, with proportionate increases being made to their exercise prices

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 (mm/dd/yyyy)	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
Christopher Moreau <sup>(1)</sup> CEO	Stock Option	500,000/ 37.74%	03/01/2018	0.24	0.24	0.24	03/01/2023
Michael Sadhra CFO, Director	Stock Option	400,000 / 10.67%	02/01/2016	0.25	N/A	\$0.25	02/01/2021
	Stock Option	100,000/ 14.29%	05/18/2017	0.15	0.13	0.09	05/17/2022
	Stock Option	300,000/ 22.64%	03/01/2018	0.24	0.24	0.24	03/01/2023
Michael Costanzo Former Chief Technology Officer <sup>(2)</sup>	Stock Option	250,000 / 6.67%	02/01/2016	0.25	N/A	\$0.25	02/01/2021
	Stock Option	100,000 / 7.55%	03/01/2018	0.24	0.24	0.24	03/01/2023
Raj Attariwala Director	Stock Option	250,000 / 6.67%	02/01/2016	0.25	N/A	0.25	02/01/2021
	Stock Option	100,000/ 14.29%	05/18/2017	0.15	0.13	0.09	05/17/2022
	Stock Option	100,000 7.55%	03/01/2018	0.24	0.24	0.24	03/01/2023
David Levine Director	Stock Option	400,000 / 10.67%	02/01/2016	0.25	N/A	0.25	02/01/2021
	Stock Option	100,000/ 14.29%	05/18/2017	0.15	0.13	0.09	05/17/2022
	Stock Option	100,000 7.55%	02/01/2018	0.24	0.24	0.24	03/01/2023
Alfred Wong VP Corporate Development <sup>(3)</sup>	Stock Option	200,000/ 28.57%	05/18/2017	0.15	0.13	0.09	05/17/2022
	Stock Option	100,000/ 7.55%	03/01/2018 <sup>(3)</sup>	0.24	0.24	0.24	03/01/2023

**Notes:**

- (1) Mr. Moreau was appointed President of the Corporation on March 1, 2018.
- (2) Mr. Costanzo resigned as Chief Technology Officer on June 15, 2018.
- (3) Mr. Wong was appointed VP Corporate Development of the Corporation on May 18, 2017.

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

During the Corporation's financial year ended August 31, 2018 there were no option-based securities exercised by an NEO or director of the Corporation.

## **Oversight and description of Director and Named Executive Officer Compensation**

### **Elements of the Compensation Program**

The Corporation does not have a compensation committee or a formal compensation policy and relies solely on the Board of Directors (the "Board") to determine NEO compensation. In determining compensation, the Board considers industry standards and its financial situation but does not currently have any formal objectives or criteria. The performance of each NEO is informally monitored by the Board, who keeps in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

The duties and responsibilities of the NEOs are typical of those of a business entity of the Corporation's size in a similar business and include direct reporting responsibility to the Board, overseeing the activities of all other executive and management consultants, representing the Corporation, providing leadership and responsibility for achieving corporate goals and implementing corporate policies and initiatives.

The Board is also responsible for recommending compensation for the directors and granting stock options to the directors, NEOs and employees of, and consultants to, the Corporation pursuant to the Corporation's Stock Option Plan (defined below).

### **Philosophy and Objectives**

The compensation program for the senior management of the Corporation is designed to ensure that the level and form of compensation achieves certain objectives, including:

- attracting and retaining talented, qualified and effective executives;
- motivating the short and long-term performance of these executives; and
- better aligning their interests with those of the Corporation's shareholders.

In compensating its senior management, the Corporation has employed a combination of base salary and equity participation through its stock option plan.

The Corporation relies solely on the discussions of the Board, without any formal objectives, criteria and analysis, for determining executive compensation.

### **Base Salary or Consulting Fees**

In establishing the base salary for NEOs, the Board considers the NEO's performance, level of expertise, responsibilities, length of service to the Corporation and comparable levels of remuneration paid to executives of other companies of comparable size and development. The financial and other resources of the Corporation are also considered since capital management is critical to the Corporation as a successful generator of business using Shareholders' funds. Using this information, together with budgetary guidelines the Board determines and sets the base salaries of the CEO, CFO and other NEOs.

The Board did not recommend and the Corporation did not increase base salaries during the fiscal year ending August 31, 2018, nor has it increased base salaries since August 31, 2018.

### Bonus Incentive Compensation

The Corporation's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Corporation meeting those strategic objectives and milestones and sufficient cash resources being available for granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the CEO. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Corporation's operations.

### Equity Participation

The Corporation believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Corporation's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board. The Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

### *Compensation Components*

Compensation paid to the Corporation's NEOs consists of a base salary in the form of cash compensation, and long-term incentive stock options. No specific formula is used to assign a specific weighting to these components. Instead, the Board considers the Corporation's performance and assigns compensation based on this assessment.

In establishing compensation levels, the Board also relies on the experience of its members as officers and directors of other companies in similar lines of business as the Corporation. The purpose of this comparison to similar companies is to: (1) understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics; (2) identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and (3) establish a basis for developing salary adjustments and long-term incentive awards for the Board to consider and approve.

### *Long Term Compensation*

Long term compensation is paid in the form of granting of stock options. The Board established the Option Plan to encourage share ownership and entrepreneurship on the part of the directors, management and employees. The Board believes that the Option Plan aligns the interests of the NEOs with the interests of Shareholders by linking a component of compensation to the longer-term performance of the Shares.

Options are generally granted on an annual basis, subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All options granted to NEOs are approved by the Board. In monitoring stock option grants, the Board takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contributions to Shareholder value.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each stock option; and
- the other material terms and conditions of each stock option grant.

The Board makes these determinations subject to and in accordance with the provision of the Option Plan.

### **Compensation Review Process**

#### *Risks Associated with the Corporation's Compensation Program*

Neither the Board nor any committee of the Board considered the implications of the risks associated with the Corporation's compensation program during the most recently completed financial year. All of the Corporation's option-based awards for the benefit of executive officers were fully discretionary.

#### *Hedging by Named Executive Officers or Directors*

The Corporation has no policy with respect to NEOs or directors purchasing financial instruments, including, for greater certainty, 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.

#### *Benefits and Perquisites*

The Corporation does not offer any benefits or perquisites to its directors or NEOs other than potential grants of incentive stock options as otherwise disclosed and discussed herein.

### **Option-Based Awards**

The Corporation's Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board.

### **Oversight and Description of Director Compensation**

In the Board's view, there is, and has been, no need for the Corporation to design or implement a formal compensation program for directors. While the Board considers Option grants to directors under the Option Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of Options. Other than the Option Plan, as discussed above, the Corporation does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

### **Description of Option-based and Share-based Plans**

The purpose of the Corporation's Option Plan is to provide the Corporation with a share related mechanism to enable the Corporation to attract, retain and motivate qualified directors, officers, employees

and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Corporation and to enable and encourage such individuals to acquire shares of the Corporation as long term investments

### **Pension Disclosure**

The Corporation does not have a pension plan or deferred compensation plan.

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

Other than described above under ‘*Summary Compensation Table – Employment and Consulting Agreements*’, the Corporation has not provided or agreed to provide any compensation to any NEOs as a result of a change of control of the Corporation, its subsidiaries or affiliates.

### **Employment, Consulting and Management Services**

#### *Christopher Moreau*

The Corporation entered into a Management Consulting Agreement (the “Moreau Agreement”) dated March 1, 2018 with Christopher Moreau whereby he was retained to act as the Corporation’s CEO. The Moreau Agreement provided for the remuneration of Mr. Moreau at the rate of CAD\$9,000 per month (the “Base Fee”).

#### *Guy La Torre*

The Corporation entered into an Executive Employment Agreement (the “**La Torre Agreement**”) dated July 1, 2016 with Guy La Torre whereby he was retained to act as the Corporation’s CEO. The La Torre Agreement provided for the remuneration of Mr. La Torre at the rate of US\$8,000 per month. Mr. La Torre resigned as President & CEO of the Corporation on September 19, 2017 at which time the La Torre Agreement was terminated.

#### *Michael Costanzo*

The Corporation entered into a Management Agreement (the “Costanzo Agreement”) dated August 15, 2015 with Michael Costanzo, the former CEO of the Corporation. The Costanzo Agreement provided for the remuneration of Mr. Costanzo at the rate of US\$6,700 per month. Additionally, the Corporation also paid a monthly payment of US\$374.74 per month to Mr. Costanzo for health and insurance benefit coverage. Mr. Costanzo resigned as CEO of the Corporation on June 20, 2016 at which time the Costanzo Agreement was terminated. Mr. Costanzo continued his services with the Corporation as Chief Technology Officer (“CTO”) at the same rate of US\$6,700 per month.

On April 1, 2017, the remuneration of Mr. Costanzo was increased to a rate of US\$7,125 per month. The Corporation also continued to pay a monthly payment of US\$374.74 per month to Mr. Costanzo for health and insurance benefit coverage. Mr. Costanzo resigned as CTO of the Corporation on June 15, 2018 at which time the Costanzo Agreement was terminated.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Corporation has in place is its stock option plan.

The following table sets out, as at the end of the Corporation's first completed financial year ended August 31, 2018.

### Equity Compensation Plan Information

<b>Plan Category</b>	<b>Number of shares issuable upon exercise of outstanding options<sup>(1)</sup></b>	<b>Weighted average exercise price of outstanding options</b>	<b>Number of shares remaining available for issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by shareholders – the Stock Option Plan	4,295,000	\$0.24	1,494,735
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
<b>Total</b>	<b>4,295,000</b>	<b>\$0.24</b>	<b>1,494,735</b>

Note:

- (1) Assuming outstanding options are fully vested.