

# 10557536 CANADA CORP

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The compensation of Company officers and Directors is based on an incentive philosophy with the intent that all efforts will be directed toward a common objective of creating shareholder value. The Company's process for determining executive compensation is not formal. The Board of Directors meets to discuss and determine executive compensation without reference to formal objectives, criteria or analysis. The compensation strategy is to attract and retain talent and experience with focused leadership in the operations, financing, and exploration asset management of the Company with the objective of maximizing the value of the Company. The officers and Board of Directors each have defined skills and experience that are essential to start-up companies.

The Company is aware of the challenges that it faces in its present stage of development and the current financial limitations of being a venture company in the current financial markets.

### *Elements of Compensation*

The Company is still in the development stage and has no cash. As such the Company does not have an executive compensation policy but does offer long-term incentives in the form of stock options granted under the Company's Stock Option Plan.

There are currently no salaries paid to officers of the Company.

The incentive component of the Company's compensation program is the potential longer-term reward provided through the grant of stock options. The Company's Stock Option Plan is intended to attract, retain and motivate officers and Directors of the Company in key positions, and to align the interests of those individuals with those of the Company's shareholders. The Stock Option Plan provides such individuals with an opportunity to acquire a proprietary interest in the Company's value growth through the exercise of stock options. Options are granted at the discretion of the Board of Directors, which considers factors such as how other junior exploration companies grant options and the potential value that each optionee is contributing to the Company. The number of options granted to an individual is based on such considerations. Stock options are granted at an exercise price of not less than the prevailing market price of the Company's common shares at the time of the grant, and for a term of exercise not exceeding ten years.

The Company has not currently identified specific performance goals or benchmarks as such relate to executive compensation, but from time to time does review compensation practices of companies of similar size and stage of development to ensure the compensation paid is competitive within the Company's industry. The stage of the Company's development and the small size of its specialized management team allow frequent communication and constant management decisions in the interest of developing shareholder value as a primary goal. As the Company progresses toward a revenue-producing entity, and performance goals are more apt to be delegated, particular performance goals will become more complex and measurable, and included in the compensation structure accordingly.

### *Compensation Policies and Risk Management*

The Board of Directors considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. Commencing in 2018, the Board of Directors intends to review at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised solely of long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board of Directors is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

### *Hedging of Economic Risks in the Company's Securities*

The Company has not adopted a policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers. However, the Company is not aware of any Directors or officers having entered into this type of transaction.

### Option-Based Awards

The Company's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Board of Directors as a whole has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

### Compensation Governance

Options are granted at the discretion of the Board of Directors, which considers factors such as how other similar sized companies grant options and the potential value that each optionee is contributing to the Company. The number of options granted to an individual is based on such considerations.

## Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6) sets forth all annual and long-term compensation for services in all capacities to the Company for the three most recently completed financial year. Since the Company was incorporated on December 27, 2017, the list of compensation for services includes only the year ended December 31, 2018. It includes each of the individuals comprised of the CEO and the CFO who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at December 31, 2018, whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the “Named Executive Officers” or “NEOs”).

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Opti on-Base d Award(\$) (1)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Stephen Coates CEO/President <sup>(2)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Geoff Kritzinger CFO <sup>(3)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) The Company uses the Black-Scholes pricing model as the methodology to calculate the grant date fair value and relied on the following the key assumptions and estimates for each calculation: under the following assumptions: (i) risk free interest rate of 0%; (ii) expected dividend yield of 0%; (iii) expected volatility of 0%; and (iv) an expected term of ten years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

(2) See “External Management Companies” below.

(3) Mr. Kritzinger’s compensation is received through a related company, Geoff Kritzinger Professional Corporation, and are included in the monthly fee paid to Grove Corporate Services Ltd. (“Grove”), a company related to Mr. Stephen Coates. See “External Management Companies” below.

#### External Management Companies

Grove Corporate Services Ltd. (“Grove”) is a private company controlled by Stephen Coates, CEO and Director of the Company. Pursuant to an agreement dated June 1, 2018, the Company entered into a business services agreement with Grove to provide management, accounting and administrative services. The contract includes the cost of the corporate secretary, office rent, CFO services and other regular administrative functions.

The Company was billed a monthly fee of \$2,000 (plus applicable HST) and were increased to \$2,750 per months as of August 1, 2018. During the year ended December 31, 2018, the Company incurred total fees of \$28,750.

Additionally, on July 5, 2018, the Company issued an aggregate of 1,000,000 stock options to Grove as part of their compensation. The options are exercisable at \$0.05 each for a period of up to 3 years from the date of issuance and are vested in two tranches during the first 12 months. The total fair value of the options was estimated to be \$2,600 using the Black-Scholes pricing model.

### Incentive Plan Awards

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officers.

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

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers / Entities:

<b>Name</b>	<b>Option-Based Awards</b>				<b>Share-Based Awards</b>		
	<b>Number of Securities Underlying Unexercised Options (#)</b>	<b>Option Exercise Price (\$)<sup>(1)</sup></b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-The-Money Options (\$)</b>	<b>Number of Shares Or Units Of Shares That Have Not Vested (#)</b>	<b>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</b>	<b>Market or payout value of vested share-based awards not paid out or distributed (\$)</b>
Stephen Coates President/CEO	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Geoff Kritzingler CFO	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### *Value Vested or Earned During the Year*

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<b>Name</b>	<b>Option-Based Awards - Value Vested During The Year (\$)</b>	<b>Share-Based Awards - Value Vested During The Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</b>
Stephen Coates President/CEO	Nil	Nil	Nil
Geoff Kritzingler, CFO	Nil	Nil	Nil

### Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### Termination and Change of Control Benefits

There are no termination and change of control benefits.

### Director Compensation

No compensation was provided to the Directors, one of whom is also a Named Executive Officer, for the Company's most recently completed financial year, other than the monthly management contract with Grove described above.

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, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has a Stock Option Plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

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

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

<b>Name</b>	<b>Option-Based Awards</b>				<b>Share-Based Awards</b>		
	<b>Number of Securities Underlying Unexercised Options (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-The-Money Options (\$)</b>	<b>Number of Shares Or Units Of Shares That Have Not Vested (#)</b>	<b>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</b>	<b>Market or Payout Value of Vested Share-Based Awards not Paid out or Distributed (\$)</b>
N/A							

#### *Incentive Plan Awards - Value Vested Or Earned During The Year*

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Directors who are not Named Executive Officers are as follows:

<b>Director Name</b>	<b>Option-Based Awards - Value Vested During The Year (\$)</b>	<b>Share-Based Awards - Value Vested During The Year (\$)</b>	<b>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</b>
N/A	Nil	Nil	Nil

The Company does not have any incentive plans pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, paid or payable to the Directors.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> <i>(a) (1)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> <i>(b) (1)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> <i>(c)</i>
<i>Equity compensation plans approved by securityholders</i>	1,000,000	\$0.05	250,000
<i>Equity compensation plans not approved by securityholders</i>	Nil	Nil	Nil
<i>Total</i>	1,000,000	\$0.05	250,000

<sup>(1)</sup> On July 5, 2018, the Company granted incentive stock options to Grove Corporate Services Ltd. to purchase up to an aggregate of 1,000,000 common shares of the Company. The options are exercisable for a period of five years at a price of \$0.05 per share.

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As at June 30, 2019, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, in relation to a securities purchase program or other program.

During 2018, the Company was provided a loan from Bolingbroke Investments Inc. ("BII"), a company controlled by Stephen Coates, CEO and Director, in the amount of \$27,500. The loan is due on demand, unsecured and bears interest at 3% per annum. As at June 30, 2019, the loan amount to BII stands at \$27,500 and \$774 of accumulated interest.

As at June 30, 2019, accounts payable included \$23,163 payable to Grove Corporate Services Ltd., a company controlled by Stephen Coates, CEO and Director, in respect of fees and reimbursable regulatory expenses.