

## Graycliff Exploration Limited

401 Bay Street, Suite 2702, Toronto, Ontario M5H 2Y4

### EXECUTIVE COMPENSATION

#### Introduction

Pursuant to the requirements of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, all direct and indirect compensation provided to certain executive officers, and directors for, or in connection with, services they have provided to the Corporation or a subsidiary of the Corporation must be disclosed in this form. The Corporation is required to disclose annual and long-term compensation for services in all capacities to the Corporation and its subsidiaries for the two most recently completed financial years in respect of the individuals comprised of the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and the most highly compensated executive officers of the Corporation whose individual total compensation for the most recently completed financial year exceeds \$150,000, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as an officer at the end of the most recently completed financial year (the “Named Executive Officers” or “NEOs”). Director and NEO compensation has been disclosed based on requirements of Form 51-102F6V under the tables below as follows:

- (1) Table of compensation excluding compensation securities; and
- (2) Table of stock options and other compensation securities.

#### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table states the names of each NEO and director and his annual compensation, consisting of salary, consulting fees, bonuses and other annual compensation, excluding compensation securities, for each of the Corporation’s two most recently completed financial years.

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 other compensation (\$)	Total compensation (\$)
James Macintosh, Director, President & CEO	2020	\$42,500	N/A	N/A	N/A	N/A	\$42,500
	2019	\$7,000	N/A	N/A	N/A	N/A	\$7,000
Julio DiGirolamo, Director, Corporate Secretary & CFO	2020	\$29,750	N/A	N/A	N/A	N/A	\$29,750
	2019	\$5,500	N/A	N/A	N/A	N/A	\$5,500
Samuel Hardy, Non-Executive Chairman & Director	2020	NIL	N/A	N/A	N/A	N/A	NIL
	2019	\$2,000	N/A	N/A	N/A	N/A	\$2,000
David Lees, Director	2020	NIL	N/A	N/A	N/A	N/A	NIL
	2019	\$2,000	N/A	N/A	N/A	N/A	\$2,000
Gary Handley, Former Director, CEO, & CFO	2019 <sup>(1)</sup>	NIL	N/A	N/A	N/A	N/A	NIL
Michael Kraemer, Former Director	2019 <sup>(2)</sup>	NIL	N/A	N/A	N/A	N/A	NIL

Notes:

- (1) Mr. Handley was appointed as Chief Executive Officer, Chief Financial Officer and Director on March 13, 2018 and resigned from each of these positions on November 28, 2019.
- (2) Mr. Kraemer was appointed as Director on March 13, 2018 and resigned on October 1, 2019.

Table of stock options and other compensation securities							
Name and position	Type of compensation security	No. of compensation securities, No. of underlying securities, & %-age of class <sup>(1)</sup>	Date of issue or grant	Issue conversion or exercise price (\$)	Closing price of underlying security on date of grant (\$)	Closing price of underlying security at year end (\$)	Expiry date
James Macintosh, Director, President & CEO	Options to purchase Common Shares	250,000 250,000	Dec. 4, 2019	0.15	N/A	N/A	Dec. 4, 2024
		50,000 50,000	Oct. 13, 2020	0.85	0.82	0.47	Oct. 13, 2025
		200,000 <sup>(2)</sup> 200,000	Apr. 23, 2021	0.75	0.75	N/A	Oct. 13, 2025
		1.90%					
Julio DiGirolamo, Director, Corporate Secretary & CFO	Options to purchase Common Shares	200,000 200,000	Dec. 4, 2019	0.15	N/A	N/A	Dec. 4, 2024
		50,000 50,000	Oct. 13, 2020	0.85	0.82	0.47	Oct. 13, 2025
		150,000 <sup>(2)</sup> 150,000	Apr. 23, 2021	0.75	0.75	N/A	Oct. 13, 2025
		1.52%					
Samuel Hardy, Non-Executive Chairman & Director	Options to purchase Common Shares	150,000 <sup>(3)</sup> 150,000	Dec. 4, 2019	0.15	N/A	N/A	Dec. 4, 2024
		50,000 50,000	Oct. 13, 2020	0.85	0.82	0.47	Oct. 13, 2025
		100,000 <sup>(2)</sup> 100,000	Apr. 23, 2021	0.75	0.75	N/A	Oct. 13, 2025
		1.14%					
David Lees, Director	Options to purchase Common Shares	150,000 <sup>(3)</sup> 150,000	Dec. 4, 2019	0.15	N/A	N/A	Dec. 4, 2024
		50,000 50,000	Oct. 13, 2020	0.85	0.82	0.47	Oct. 13, 2025
		100,000 <sup>(2)</sup> 100,000	Apr. 23, 2021	0.75	0.75	N/A	Oct. 13, 2025
		1.14%					
Gary Handley, Former Director, CEO & CFO <sup>(4)</sup>	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Michael Kraemer, Former Director <sup>(5)</sup>	N/A	Nil	N/A	N/A	N/A	N/A	N/A

### Table of stock options and other compensation securities (con't)

#### Notes

- (1) Percentage of class calculation is based on 26,324,175 issued and outstanding Common Shares (calculated on a fully diluted basis) as of the date of this Circular.
- (2) These options were granted subsequent to December 31, 2020 and prior to the date of this Circular.
- (3) Subsequent to December 31, 2020 and prior to the date of this Circular, Messrs. Hardy and Lees each exercised 150,000 options at an exercise price of \$0.15 per common share granted to them on December 4, 2019. This reduced their percentage of the class of securities, as calculated above in Note 1, from 1.14% to 0.57%.
- (4) Mr. Handley was appointed as Chief Executive Officer, Chief Financial Officer and Director on March 13, 2018 and resigned from each of these positions on November 28, 2019.
- (5) Mr. Kraemer was appointed as Director on March 13, 2018 and resigned on October 1, 2019.

No compensation securities were exercised by any directors or NEOs in the fiscal years ended December 31, 2020 nor 2019.

#### Stock Option Plans and Other Incentive Plans

The Corporation created a stock option plan that was approved by the Board on December 4, 2019 (the “**Stock Option Plan**”). The purpose of the Stock Option Plan is to assist the Corporation in attracting, retaining and motivating directors, officers, employees and consultants (together, “**service providers**”) of the Corporation and of its affiliates and to closely align the personal interests of such service providers with the interests of the Corporation and its Shareholders.

The Stock Option Plan provides that the aggregate number of Common Shares reserved for issuance pursuant to options granted under the Stock Option Plan will not exceed 10% of the number of Common Shares of the Corporation issued and outstanding from time to time.

The Stock Option Plan is administered by the Board, which has full and final authority with respect to the granting of all options thereunder subject to the express provisions of the Stock Option Plan.

Options may be granted under the Stock Option Plan to such directors, employees, consultants or management company employees of the Corporation and its subsidiaries, if any, as the Board may from time to time designate. Option exercise prices will be determined by the Board, but will, in no event, be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options, and (b) the date of grant of the stock options. The Stock Option Plan complies with National Instrument 45-106 *Prospectus Exemptions* and provides that the number of Common Shares which may be reserved for issuance on a yearly basis to any one related person upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares calculated at the time of grant. Moreover, the Corporation cannot issue grants to related persons if in the aggregate their grants would, on a fully diluted basis, exceed 10% of the issued and outstanding Common Shares of the Corporation.

The Stock Option Plan is the Corporation’s only equity compensation plan. As of the date of this Circular, the Corporation has 1,875,000 options outstanding to purchase Common Shares. No options were ever granted to the two former directors of the Corporation, one of whom was also a former executive officer of the Corporation. The following table is a summary setting out the options outstanding that have been granted to directors, officers, employees, consultants or others as at the date of this Circular:

Table of stock options granted and outstanding					
Group	Options to purchase common shares	Exercise Price	Expiry Date	Grant Date	Closing Price on day of grant
Executive officers	450,000	\$0.15	December 4, 2024	December 4, 2019	N/A
	100,000	\$0.85	October 13, 2025	October 13, 2020	\$0.82
	350,000	\$0.75	April 23, 2026	April 23, 2021	\$0.75
Directors <sup>(1)</sup>	100,000	\$0.85	October 13, 2025	October 13, 2020	\$0.82
	200,000	\$0.75	April 23, 2026	April 23, 2021	\$0.75
Consultants	25,000	\$0.15	December 4, 2024	December 4, 2019	N/A
	300,000	\$0.56	September 3, 2025	September 3, 2020	\$0.58
	350,000	\$0.75	April 23, 2026	April 23, 2026	\$0.58
Total	1,875,000				

Notes

(1) This accounts for the two directors that are not also executive officers of the Corporation.

**Employment, Consulting and Management Agreements**

Management of the Corporation is performed by the directors and officers of the Corporation and not by any other person.

There are no plans in place with respect to compensation of the NEOs in the event of a termination of employment without cause or upon the occurrence of a change of control.

The Corporation has not entered into any consulting agreements with NEOs.

**Oversight and Description of Director and Named Executive Officer Compensation**

Given the Corporation's size and stage of operations, it has not appointed a compensation Committee or formalized any guidelines with respect to compensation at this time. The amounts paid to the NEOs are determined by the independent Board members. The Board determines the appropriate level of compensation reflecting the need to provide incentives and compensation for the time and effort expended by the Corporation's executives, while taking into account the financial and other resources of the Corporation.

**Pension Plan Benefits for NEOs**

As of the date of this Circular, the Corporation does not maintain any defined benefit plans, defined contribution plans or deferred compensation plans.