

STEARMAN RESOURCES INC.

FORM 51-102F6V

**STATEMENT OF EXECUTIVE COMPENSATION
VENTURE ISSUERS**

Dated: February 20, 2024

(All figures in Canadian dollars unless otherwise stated)

EXECUTIVE COMPENSATION

GENERAL

For the purpose of this Statement of Executive Compensation:

“**Company**” means Stearman Resources 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;

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

“**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 ended August 31, 2023, 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 © 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;

“**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.

Based on the foregoing definitions, during the most recently completed financial year ended August 31, 2023, the Company had **two (2)** NEOs, namely Howard Milne, President and CEO, Steve Mathiesen, Chief Financial Officer.

DIRECTOR AND NEO COMPENSATION

Director and NEO compensation, excluding options and compensation securities

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 and director of the Company, 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 or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

Table of compensation excluding compensation securities							
Name and position	Year Ended August 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Howard Milne ⁽²⁾ CEO, President, Director	2023	18,065	Nil	Nil	Nil	Nil	18,065
	2022 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
Steve Mathiesen ⁽³⁾ CFO, Director	2023	18,065	Nil	Nil	Nil	Nil	18,065
	2022 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
James Place Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
Emily Sewell Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022 ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil

NOTES:

- (1) From Incorporation of the Company on March 1, 2022 to the Company's financial Year Ended August 31, 2022.
- (2) Mr. Milne, is compensated through HDM Capital Inc., a wholly owned consulting company which entered into a consulting agreement with the Company dated as of May 9, 2022.
- (3) Mr. Mathiesen, is compensated through Sash Management Ltd., a wholly owned consulting company which entered into a consulting agreement with the Company dated as of May 9, 2022.

External Management Companies

HDM Capital Inc. Agreement

Mr. Milne entered into a management agreement with the Company dated as of May 9, 2022 (the "**Milne Management Agreement**"), through his wholly-owned consulting company, HDM Capital Inc. Pursuant to the Milne Management Agreement, Mr. Milne has agreed to provide his services as Chief Executive Officer at a remuneration of \$2,500 per month commencing on the date the Company's Common Shares were listed on the CSE, with an allowance of \$100 per month to cover all telecommunications, Internet, and related expenses. Mr. Milne is also entitled to participate in the Company's Option Plan and any options granted to Mr. Milne shall have a 180-day tail period in the event Mr. Milne ceases to be engaged by the Company. The Milne Management Agreement may be terminated by Mr. Milne at any time or by the Company at any time after the Common Shares have been listed on the CSE for six months, upon 60 days' written notice.

Sash Management Ltd. Agreement

Mr. Mathiesen entered into a management agreement with the Company dated as of May 9, 2022 (the "**Mathiesen Management Agreement**"), through his consulting company Sash Management Ltd. Pursuant to the Mathiesen Management Agreement, Mr. Mathiesen has agreed to provide his services as Chief Financial Officer and Corporate Secretary at a remuneration of \$2,500 per month commencing on the date the Common Shares were listed on the CSE, with an allowance of \$100 per month to cover all telecommunications, Internet, and related expenses. Mr. Mathiesen is also entitled to participate in the Company's Option Plan and any Options granted to Mr. Mathiesen shall have a 180-day tail period in the event Mr. Mathiesen ceases to be engaged by the Company. The Mathiesen Management Agreement may be terminated by Mr. Mathiesen at any time or by the Company at any time after the Common Shares have been listed on the CSE for six months, upon 60 days' written notice.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or by any subsidiary thereof in the year ended August 31, 2023, for services provided, or to be provided, directly or indirectly, to the Company or any subsidiary thereof.

Compensation Securities							
Name and position	Type of compensation security ^{(1) (2)}	Number of compensation securities, number of underlying securities, and percentage of class	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 Ended Aug 31, 2023 (\$)	Expiry Date
Howard Milne <i>CEO, President, Director</i>	Stock Options	250,000 (32.25% ⁽³⁾) (250,000 underlying common shares (2.01% ⁽⁴⁾))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027
Steve Mathiesen <i>Chief Financial Officer, Director</i>	Stock Options	250,000 (32.25% ⁽³⁾) (250,000 underlying common shares (2.01% ⁽⁴⁾))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027
James Place <i>Director</i>	Stock Options	150,000 (18.75% ⁽³⁾) (150,000 underlying common shares (1.20% ⁽⁴⁾))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027
Emily Sewell <i>Director</i>	Stock Options	150,000 (18.75% ⁽³⁾) (150,000 underlying common shares (1.20% ⁽⁴⁾))	May 9, 2022	\$0.10	N/A	N/A	May 9, 2027

NOTES:

- (1) Unless otherwise indicated, all stock options fully vest on date of grant.
(2) Percentage based on aggregate number of stock options outstanding as at August 31, 2023, being 800,000.
(3) Percentage based on aggregate number of common shares of the Company issued and outstanding as at August 31, 2023, being 12,397,000.

As at August 31, 2023, the total number of compensation securities and underlying securities held by each NEO or director was as follows:

- (a) Howard Milne held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.
(b) Steve Mathiesen held 250,000 fully vested stock options (250,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.
(c) James Place held 150,000 fully vested stock options (150,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.
(d) Emily Sewell held 150,000 fully vested stock options (150,000 underlying common shares) each exercisable at \$0.10 with an expiry date of May 9, 2027.

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by a director or NEO during the financial year ended August 31, 2023.

Stock Option Plans and Other Incentive Plans

On May 9, 2022, the Board adopted a stock option plan (the “**Option Plan**”) under which Options may be granted to the Company’s directors, officers, employees and consultants. The full text of the Option Plan is attached hereto as Schedule “A”.

Administration

The Option Plan shall be administered by the Board, a special committee of the Board (the “**Committee**”) or by an administrator appointed by the Board or the Committee (the “**Administrator**”) either of which will have full and final authority with respect to the granting of all Options thereunder. Options may be granted under the Option Plan to such directors, officers, employees or consultants of the Company, as the Board, the Committee or the Administrator may from time to time designate.

Number of Common Shares Reserved

Subject to adjustment as provided for in the Option Plan, the aggregate number of Common Shares which will be available for purchase pursuant to Options granted under to the Option Plan will not exceed 10% of the number of Common Shares which are issued and outstanding on the particular date of grant. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to the Option Plan.

Exercise Price

The exercise price at which an Option holder may purchase a Common Share upon the exercise of an Option shall be determined by the Board, the Committee or the Administrator, as applicable, and shall be set out in the Option certificate (an “**Option Certificate**”) issued in respect of the Option. The exercise price shall not be less than the price determined in accordance with CSE policies while, and if, the Company’s Common Shares are listed on the CSE.

Maximum Term of Options

The term of any Option granted under the Option Plan (the “**Term**”) shall be determined by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted but, subject to earlier termination in the event of termination, or in the event of death or disability of the Option holder. In the event of death or disability, the Option shall expire on the earlier of the date which is one year following the date of disability or death and the applicable expiry date of the Option. Options granted under the Option Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. The Option Plan does not establish a maximum term for Options granted under the Option Plan.

Termination

Subject to such other terms or conditions that may be attached to Options granted under the Option Plan, an Option holder may exercise an Option in whole or in part at any time and from time to time during the Term. Any Option or part thereof not exercised within the Term shall terminate and become null, void and of no effect as of the date of expiry of the Option. The expiry date of an Option shall be the date so fixed by the Board, the Committee or the Administrator, as applicable, at the time the Option is granted as set out in the Option Certificate or, if no such date is set out in for the Option Certificate the applicable circumstances, the date established, if applicable, in paragraphs (a) or (b) below or in the event of death or disability (as discussed above under “Maximum Term of Options”) or in the event of certain triggering events occurring, as provided for under the Option Plan:

- (a) **Ceasing to Hold Office** – In the event that the Option holder holds his or her Option as an executive and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise determined by the Board, the Committee or the Administrator, as applicable, and expressly provided for in the Option Certificate, the 180th day following the date the Option holder ceases to hold such position unless the Option holder ceases to hold such position as a result of:
- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option holder as a director of the Company or any subsidiary; or
 - (iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position; or

- (b) **Ceasing to be Employed or Engaged** - In the event that the Option holder holds his or her Option as an employee or consultant and such Option holder ceases to hold such position other than by reason of death or disability, the expiry date of the Option shall be, unless otherwise determined by the Board, the Committee or the Administrator, as applicable, and expressly provided for in the Option Certificate, the 180th day following the date the Option holder ceases to hold such position, unless the Option holder ceases to hold such position as a result of:
- (i) termination for cause;
 - (ii) resigning or terminating his or her position; or
 - (iii) an order made by any regulatory authority having jurisdiction to so order;

in which case the expiry date shall be the date the Option holder ceases to hold such position.

In the event that the Option holder ceases to hold the position of executive, employee or consultant for which the Option was originally granted, but comes to hold a different position as an executive, employee or consultant prior to the expiry of the Option, the Committee, the Board or the Administrator, as applicable, may, in its sole discretion, choose to permit the Option to stay in place for that Option holder with such Option then to be treated as being held by that Option holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder. Notwithstanding anything else contained in the Option Plan, in no case will an Option be exercisable later than the expiry date of the Option.

Employment, consulting and management agreements

Except as disclosed above under “External Management Companies”, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company’s current NEOs or directors.

Termination and Change of Control Benefits

The Company does not have any plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of employment of the executive officers’ employment with the Company or from a change of control of the Company or a change in the executive officers’ responsibilities following a change in control.

Oversight and description of director and named executive officer compensation

Compensation of Directors

The Company does not have a compensation program other than paying consulting fees and incentive bonuses. The compensation of the executive officers is determined by the Board, based in part on

recommendations from the Chief Executive Officer. The Board recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of the Company's compensation policies and practices are:

- to reward individual contributions in light of the Company's performance;
- to be competitive with the companies with whom the Company competes for talent;
- to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who could help the Company achieve its objectives.

The objectives of management fees are to recognize market pay and acknowledge the competencies and skills of individuals. The rate established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by any compensation committee that may be formed in future. In deciding on the management fee portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage exploration company and does not generate any material revenue and must rely exclusively on funds raised from equity financings. In the future, the objectives of incentive bonuses in the form of cash payments will be designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. The objectives of the stock option will be to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. The Company has no other forms of compensation, other than payments made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company, to the best of its ability, at competitive industry rates for work of a similar nature by reputable arm's length service providers. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities, as well as the financial condition of the Company.

The Board evaluates individual executive performance with the goal of setting compensation at levels that it believes is 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, members of the Board base their decisions on their 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 strategic goals. In determining the level of compensation payable to the Company's Chief Executive Officer, the Board will consider the following benchmark companies: Blue Lagoon Resources Inc. (CSE: BLLG); Core Assets Corp. (CSE: CC); Edgemont Gold Corp. (CSE: EDGM); and Goldblock Capital Inc. (CSE: GBLK).

In the course of its deliberations, the Board considered the implications of the risks associated with adopting the compensation practices currently in place. The Board does not believe that its current compensation practices create a material risk that the NEOs or any employee would be encouraged to take inappropriate or excessive risks, and no such risks have been detected to date. The Board will continue to include this consideration in its deliberations and believes that it would detect actions of management and employees of the Company that constitute or would lead to inappropriate or excessive risks.

Pension disclosure

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans currently in place or proposed at this time.