

# OCEANIC IRON ORE CORP

(the "Company")

Suite 3083 - 595 Burrard Street  
Vancouver, British Columbia V7X 1L3

Form 51-102F6V

## STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUER

(for the financial year ended December 31, 2020)

### GENERAL

The following information is provided as required under Form 51-102F6V for Venture Issuers (the "Form"), as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations* for the financial year ended December 31, 2020.

For the purpose of this Statement of Executive Compensation:

"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 CEO and CFO, 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 NAMED EXECUTIVE OFFICER COMPENSATION

#### Director and NEO Compensation Excluding Compensation Securities

Based on the foregoing definition, during the last completed financial year of the Company, there were three named executive officers, namely Mr. Steven Dean, Executive Chairman, Mr. Bing Pan, Interim CEO and Mr. Chris Batalha, CFO and Corporate Secretary.

The following table provides a summary of all compensation, excluding compensation securities, paid to each NEO and director of the Company for the two most recently completed financial years ended on December 31, 2020 and 2019. Options and compensation securities are disclosed under the heading "Stock Options and other Compensation Securities" of this Form.

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 (\$)
Steven Dean Executive Chairman and Director	2020	115,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	<b>115,000</b>
	2019	115,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	<b>115,000</b>
Bing Pan Interim CEO	2020	60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	<b>60,000</b>
	2019	60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	<b>60,000</b>
Chris Batalha CFO and Corporate Secretary	2020	60,000	Nil	Nil	Nil	Nil	<b>60,000</b>
	2019	60,000	Nil	Nil	Nil	Nil	<b>60,000</b>
Gordon Keep Director	2020	Nil	Nil	12,000	Nil	Nil	<b>12,000</b>
	2019	Nil	Nil	10,000	Nil	Nil	<b>10,000</b>
John D. Reynolds Director	2020	Nil	Nil	12,000	Nil	Nil	<b>12,000</b>
	2019	Nil	Nil	7,500	Nil	Nil	<b>7,500</b>
Cathy Chan Director	2020	Nil	Nil	10,000	Nil	Nil	<b>10,000</b>
	2019	Nil	Nil	7,500	Nil	Nil	<b>7,500</b>
Thomas Lau Director	2020	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>
	2019	Nil	Nil	Nil	Nil	Nil	<b>Nil</b>

(1) Consulting fees accrued or paid to Sirocco Advisory Services Ltd. a company controlled by Mr. Dean, for services in his role as an officer of the Company, pursuant to an agreement dated January 6, 2011, amended October 15, 2013, November 1, 2014 and January 1, 2016.

(2) Consulting fees paid to Sinocan Consultant Hong Kong Ltd. a company controlled by Mr. Pan, for his role as interim CEO.

### External Management Companies

As noted in the previous section, both Messrs. Steven Dean and Bing Pan provide services as NEOs through external management companies and are not employees of the Company. Compensation paid directly to these individuals is limited to stock options and restricted share units (“RSUs”).

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

The following table provides a summary of all compensation securities granted or issued by the Company to each NEO and director of the Company during the financial year ended December 31, 2020 for services provided or to be provided, directly or indirectly, to the Company:

<b>Name and Position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities and percentage of class <sup>(2)(3)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
Steven Dean <sup>(1)</sup> Executive Chairman and Director	Stock Options	1,000,000 / 1,000,000 / 1.07%	June 29, 2020	0.14	0.14	0.22	June 29, 2030
Bing Pan Interim CEO	Stock Options	360,000 / 360,000 / 0.38%	June 29, 2020	0.14	0.14	0.22	June 29, 2030
Chris Batalha CFO and Corporate Secretary	Stock Options	600,000 / 600,000 / 0.64%	June 29, 2020	0.14	0.14	0.22	June 29, 2030
Gordon Keep Director	Stock Options	360,000 / 360,000 / 0.38%	June 29, 2020	0.14	0.14	0.22	June 29, 2030
John D. Reynolds Director	Stock Options	360,000 / 360,000 / 0.38%	June 29, 2020	0.14	0.14	0.22	June 29, 2030
Cathy Chan Director	Stock Options	360,000 / 360,000 / 0.38%	June 29, 2020	0.14	0.14	0.22	June 29, 2030
Thomas Lau Director	Stock Options	240,000 / 240,000 / 0.26%	June 29, 2020	0.14	0.14	0.22	June 29, 2030

- (1) All options received by Mr. Dean related to his capacity as Executive Chairman of the Company.
- (2) Percentage of class is based on 93,867,068 issued and outstanding Common Shares as at December 31, 2020.
- (3) All options granted under the Stock Option Plan vest as follows: 1/3 on the grant date, 1/3 on the six-month anniversary of the grant date, and 1/3 on the 12-month anniversary of the grant date.
- (4) As at December 31, 2020, the directors and NEOs of the Company held the following compensation securities: Bing Pan: 760,000 options and 74,667 RSUs; Chris Batalha: 1,317,500 options and 74,667 RSUs; Steven Dean: 3,071,700 options and 133,334 RSUs; Gordon Keep: 872,500 options and 38,667 RSUs; John D. Reynolds: 800,000 options and 38,667 RSUs; Cathy Chan: 540,000 options and 58,000 RSUs; and Thomas Lau: 360,000 options and 36,157 RSUs.

No stock options were exercised by the named executive officers and the directors of the Company during the most recently completed financial year ended December 31, 2020.

### **Stock Option Plan**

The Company has in effect a stock option plan (the "**Stock Option Plan**") in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract

and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its executive officers, permitting them to participate in any appreciation of the market value of the common shares of the Company (the "**Common Shares**") over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of stock option grants to officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such executive officer's long-term contribution to the Company will be key to its long-term success. Previous grants of stock options are taken into account when considering new grants.

The Stock Option Plan was approved by Shareholders at the Company's last annual general meeting which was held on December 3, 2020.

The material terms of the Stock Option Plan are set forth below. "Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Management Company Employee", "Market Price", "Material Information", "Person" and "Securities Laws" as used below have the same definition as in the policies of the TSXV:

- (a) the Stock Option Plan reserves, for issuance pursuant to the exercise of stock options, a maximum number of Common Shares of the Company equal to 10% of the issued Common Shares of the Company at the time of any stock option grant;
- (b) under TSXV policy, an optionee must either be an Eligible Charitable Organization or a director, officer, employee or consultant of the Company at the time the option is granted in order to be eligible for the grant of a stock option to the optionee;
- (c) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12-month period must not exceed 5% of the issued Common Shares of the Company calculated on the date an option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to any one Consultant in a 12-month period must not exceed 2% of the issued Common Shares of the Company, calculated at the date an option is granted to the Consultant;
- (e) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Common Shares of the Company in any 12-month period, calculated at the date an option is granted to any such Person;
- (f) options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3-month period;
- (g) the minimum exercise price per Common Share of a stock option must not be less than the Market Price of the Common Shares of the Company, subject to a minimum exercise price of \$0.05;
- (h) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (o) below);
- (i) stock options (other than options held by a Person involved in investor relations activities) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company (the "**Board**"). Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the Board;
- (j) all options are non-assignable and non-transferable;
- (k) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of a stock option if the Optionee is an Insider of the Company at the time of the proposed amendment;

- (l) the Stock Option Plan contains provisions for adjustment in the number of Common Shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Common Shares;
- (m) upon the occurrence of an Accelerated Vesting Event (as defined in the Stock Option Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of Shareholders or the holder of any stock option, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Common Shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Stock Option Plan be final, conclusive and binding;
- (n) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
- (o) an option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire upon the general disclosure of undisclosed Material Information; and (b) the automatic extension of an optionee's option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities.

### **Restricted Share Unit Plan**

In addition to the Stock Option Plan, the Company also has a restricted share unit plan (the "**RSU Plan**"), which allows the Board to grant RSUs to certain employees and non-employee directors of the Company. The RSU Plan was approved by shareholders at the Company's annual general meeting held on November 28, 2013. The material terms of the RSU Plan include the following:

- (a) the maximum number of Common Shares to be issued in settlement of RSUs shall be limited to 19,661,823, provided that, notwithstanding the foregoing, the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security-based compensation arrangements, shall not exceed 20% of the Common Shares outstanding from time to time;
- (b) the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security-based compensation arrangements, within a 12-month period, to all participant retained to provide investor relations activities must not exceed 2% of the Common Shares outstanding from time to time.
- (c) the maximum number of Common Shares issuable pursuant to outstanding RSUs and all other security-based compensation arrangements, within a 12-month period, to any one participant shall not exceed 5% of the Common Shares outstanding from time to time.
- (d) The compensation committee of the Board (the "**Compensation Committee**") designates, upon recommendation from the CEO, from time to time and at its sole discretion, the directors, officers and key employees of the Company who are entitled to participate in the RSU Plan (the "**Participants**")
- (e) Unless otherwise indicated by the Compensation Committee upon grant, RSUs shall vest as to one-third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the grant date. However, the Participant may, upon written request to the Compensation Committee, require the acceleration of the terms of vesting and the Compensation Committee may, in its entire discretion, accelerate the terms of vesting of any RSUs in circumstances deemed appropriate by the Compensation Committee, being

understood that the Compensation Committee will not unreasonably withhold the vesting of RSUs should the request be put forward by a Participant.

- (f) Following the vesting of RSUs, provided that the Participant, or his succession, still qualifies as a Participant on such date, the Company shall have the entire discretion of settling payment for the RSUs by any of the following methods or by a combination of such methods:
- payment in cash equal to the number of vested RSUs; or
  - subject to applicable law, payment in Common Shares equal to the number of vested RSUs.

However, even if RSUs have vested, the Participant may elect to settle the RSUs at a future anniversary, which is no later than December 31<sup>st</sup> of the third calendar year following the year in which the services were rendered by the Participant.

- (g) A Participant shall not have any of the rights or privileges of a shareholder of the Company in respect of any Common Shares issuable pursuant to a RSU until such Participant becomes the holder of the underlying Common Shares. The rights and interests of a Participant in respect of the RSU Plan are not transferable or assignable other than by will or the laws of succession to the legal representative of the Participant. Neither participation in the RSU Plan nor any action taken under the RSU Plan shall give or be deemed to give any Participant a right to continued employment with the Company and shall not interfere with any right of the Company to dismiss any Participant.
- (h) The Board may from time to time amend, suspend or terminate the RSU Plan in whole or in part or amend the terms of RSUs credited in accordance with the RSU Plan. If any such amendment, suspension or termination will materially or adversely affect the rights of a Participant with respect to RSUs credited to such Participant, the written consent of such Participant to such amendment, suspension or termination shall be obtained. Notwithstanding the foregoing, the obtaining of the written consent of any Participant to an amendment, suspension or termination which materially or adversely affects the rights of such Participant with respect to any credited RSUs shall not be required if such amendment, suspension or termination is required in order to comply with applicable laws, regulations, rules, orders of government or regulatory authorities or the requirements of any stock exchange on which shares of the Company are listed. If the Board terminates the RSU Plan, RSUs previously credited to Participants shall remain outstanding and in effect and be settled in due course in accordance with the terms of the RSU Plan (which shall continue to have effect, but only for such purposes) on the settlement date.

Both the Stock Option Plan and the RSU Plan are administered by the Board or the Compensation Committee established by the Board for the purpose of administering the Stock Option Plan and the RSU Plan. At the present time, option grants and RSU grants are approved by either the Board or the Compensation Committee. It is the responsibility of the granting party to determine:

- (a) persons entitled to receive the option or RSU grant;
- (b) the number of options and RSU's to be granted;
- (c) in the case of options, the exercise price, which shall not be less than market price for the Company's Common Shares at the date of grant;
- (d) in the case of options, an expiry date of no more than ten (10) years after the date of the grant; and
- (e) the manner, if any, in which the option or RSU shall vest.

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

The Board has established the Compensation Committee whose function is to monitor and make recommendations to the Board in respect of the total compensation paid by the Company to its named executive officers and directors. In determining the types of compensation and the amounts paid to the named executive officers and directors, the Compensation Committee takes into account the experience and track record of the individual named executive officer, review of annual salary publications for similar sized mineral exploration and development companies as well as reliance on the experience and knowledge of the Compensation Committee members. In regard to director

compensation, the Compensation Committee considers annual salary publications for similar sized mineral exploration and development companies and the experience and knowledge of the Compensation Committee members.

The Company is an exploration and development stage mining company and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability and earnings per share, are not considered by the directors to be relevant in the evaluation of NEO performance.

The Company has taken significant measures to optimize and preserve its cash position, part of which was evidenced through decreased management salaries paid to the Company's executive officers as well as deferral of cash payments to executives.

Chris Batalha's annual salary was reduced from \$100,000 to \$75,000 on November 1, 2014 and was further reduced to an annual salary of \$60,000 commencing January 1, 2016. Mr. Bing Pan is compensated \$5,000 per month for his services as Interim CEO. Mr. Steven Dean's annual consulting fees were reduced from \$330,000 to \$165,000 on November 1, 2014 and was further reduced to an annual fee of \$115,000 commencing January 1, 2016.

During the year ended December 31, 2020, compensation to Mr. Bing Pan consisted of consulting fees paid to Sinocan Consultant Hong Kong Ltd., a company controlled by Mr. Bing Pan, for services in his role as Interim CEO. Mr. Bing Pan also received stock-options and restricted share units. Compensation paid to Mr. Chris Batalha consisted of a salary, and the granting of stock-options and restricted share units for services in his role as CFO and Corporate Secretary. Compensation to Mr. Steven Dean consisted of consulting fees paid to Sirocco Advisory Services Ltd., a company controlled by Steven Dean, as well as the granting of stock options and restricted share units for services in his role as an officer of the Company.

When applicable, the Compensation Committee reviews and approves pre-determined performance objectives for the year which are used to assess bonus levels for services provided by Mr. Pan, Mr. Batalha and Mr. Dean. Performance objectives may include a discretionary bonus tied to overall performance of the Company, the successful completion of financing to fund continued day to day operations for the Company, and successful arrangement of a strategic partner financing in preparation for the completion of a feasibility study.

Compensation provided to Mr. Bing Pan, Mr. Batalha and Mr. Dean in their roles as executive officers includes long-term ownership through the granting of stock options and restricted share units. In addition, Mr. Bing Pan received cash compensation for his role as executive officer. This structure ensures that a significant portion of executive compensation (stock options and restricted share units) 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.

The Board also has the ability to set out vesting periods in each stock option agreement. As the benefits of such compensation, if any, are not realized by officers and directors until a period of time has passed, the ability of such persons 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, all elements of executive compensation are discretionary. 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 his short-term compensation when his long-term compensation might be put at risk from such actions.

### **Pension Plan Benefits**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

### **Employment, Consulting and Management Agreements**

Under an employment agreement (the "**Batalha Agreement**") dated November 14, 2014, Mr. Chris Batalha agreed to an initial salary of \$75,000 per annum for his services in the capacity of CFO and Corporate Secretary, with provision for an annual bonus and an allocation of stock options, as part of Mr. Batalha's performance bonus. The bonus is based upon the Company meeting key criteria each year, as mutually agreed between Mr. Batalha, the Executive Chairman, the President and CEO, and the Compensation Committee. The salary was reduced to \$60,000 per annum effective January 1, 2016. The Company may terminate the agreement on giving three months' written notice. After notice, the Company may, at its option discontinue all or any portion of Mr. Batalha's duties, but must continue to pay

the relevant salary, benefits and performance bonus (if applicable) during the notice period. Had the agreement been terminated by the Company on December 31, 2020, Mr. Batalha would have been entitled to be paid approximately \$15,000.

The Batalha Agreement also contains a change of control provision. For the purposes of the Batalha Agreement, a "change of control" is evidenced by the election or appointment of a majority of new directors of the Company or the acquisition by any person or by any person and such person's affiliates or associates, as such terms are defined in the *Securities Act* (British Columbia), and whether directly or indirectly, of Common Shares of the Company which, when added to all other Common Shares of the Company at the time held by such person and such person's affiliates and associates, totals for the first time, fifty (50%) percent or more of the outstanding Common Shares of the Company. In the event of a change of control of the Company, Mr. Batalha has the right, at any time within 60 days following the change of control, to terminate the agreement, in which case he is entitled to an amount equal to 12 months' salary. Had the agreement been terminated on December 31, 2020 as a result of a change of control, Mr. Batalha would have been entitled to be paid \$60,000.

Pursuant to an agreement dated January 6, 2011, as amended October 15, 2013 and November 1st, 2014, with Sirocco Advisory Services Ltd. ("**Sirocco**"), a private company controlled by Mr. Steven Dean, Sirocco provides the services of Mr. Steven Dean, for various corporate consulting services to the Company, for an indefinite term in consideration for a monthly fee of \$13,750 plus GST (the "**Fee**"). Prior to November 1, 2014, the Fee was at an increased annual rate of \$330,000 per year plus GST. The November 1, 2014 amending contract was a result of the Company's cash preservation efforts, by reducing consulting fees paid to Sirocco. The agreement also provides for a performance bonus of up to 100% of the annual equivalent Fee in each year to be determined based on objectives and weighting to be agreed annually with the Company's Compensation Committee. The Fee was further reduced to \$9,583 per month effective January 1, 2016 as part of the Company's cash preservation efforts. Sirocco may terminate the agreement on giving four months written notice. The Company may terminate the agreement on giving twelve months written notice. After notice, the Company may, at its option discontinue all or any portion of Sirocco's duties, but must continue to pay the higher of the Fee then in effect, and \$27,500 during the notice period. Had the agreement been terminated by the Company on December 31, 2020, Sirocco would have been entitled to be paid \$115,000 plus GST.

In the event of a change of control of the Company, Sirocco has the right, at any time within 60 days following the change of control, to terminate the agreement, in which case it is entitled to be paid the greater of i) an amount equal to twenty-four times the Fee in effect at that time, together with the average performance bonus paid over the prior two years, but in any event not less than 50% of the annual equivalent Fee, and ii) \$825,000. Had the agreement been terminated on December 31, 2020 as a result of a change of control, Sirocco would have been entitled to be paid \$825,000 plus GST.

There are no other agreement or arrangement under which compensation was provided during the most recently completed financial year in respect of services provided to the Company that were performed by a director or named executive officer, or any other party but are services typically provided by a director or a named executive officer.