H-Source Holdings Ltd.
(the “Company”)

Form 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION – Venture Issuer

*All currency references in this Statement of Executive Compensation section are expressed in **US Dollars** unless otherwise specified. A reference to C$ means Canadian dollars.*

Named Executive Officer

In this section “Named Executive Officer” (“**NEO**”) means any individual who, during the Company’s two most recently completed financial years ended December 31, 2015 and December 31, 2016 was:

(a) the chief executive officer (“**CEO**”) (or an individual who acted in a similar capacity) of the Company;

(b) the chief financial officer (“**CFO**”) (or an individual who acted in a similar capacity) of the Company;

(c) each of the three other most highly compensated executive officers of the Company or any of its subsidiaries or the three most highly compensated individuals acting in a similar capacity (except those whose total salary and bonus does not exceed C$150,000); and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of the Company’s fiscal years ended December 31, 2015 and 2016.

For purposes of the requirements of this Form 51-102F6V – Statement *of Executive Compensation – Venture Issuer* (the “**Executive Compensation Form**”), following are the NEOs of the Company: John Kupice, current CEO and director; Denise Lok, current CFO; Murray Walden, current President and director, all three of whom have held these positions since August 31, 2015; and Nick Ayling, former CEO and former CFO, from August 3, 2015 until he resigned as officer and director of the Company on August 31, 2015. The directors of the Company who are not also officers of the Company are Savio Chiu, Ronald P. Overstreet, both of whom have been directors since August 31,2015; Richard Umbdenstock who has been a director since August 9, 2016; and Martin Hubbes, who has been a director since September 30, 2016.

Compensation Discussion and Analysis

Compensation Review Process

The board of directors of the Company (the “**Board**”) is responsible for the compensation policies and guidelines for the Company and for implementing and overseeing compensation policies.

On an annual basis the Board reviews the cash compensation, performance and overall compensation package of each executive office, including the NEOs. The Board makes decisions with respect to basic salary and participation in stock option compensation arrangements for each executive officer. In considering executive officers other than the CEO, the Board shall take into account the recommendation of the CEO.

The Company does not have a formal compensation program with set benchmarks, however, the Company does have an informal compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all NEOs.

Risk Management

The Board has not considered the implications of the risks associated with the Company's compensation policies and practices.

The Company has not adopted a policy forbidding directors or officers from purchasing financial instruments 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. The Company is not, however, aware of any of its directors or officers having entered into this type of transaction.

Elements of Executive Compensation Program

The Company's compensation program consists of the following elements:

(a) base salary or consulting fees;

(b) bonus payments; and

(c) equity participation through the Company's stock option plan (the "**Option Plan**") and restricted stock unit plan (the "**RSU Plan**").

Base Salary or Consulting Fees

Base salary ranges for NEOs were initially determined upon review of salaries paid by other companies that are comparable in size to the Company.

In determining the base salary of a NEO, the Board considers the following factors:

(a) the particular responsibilities related to the position;

(b) salaries paid by other companies in the same industry, which were similar in size and stage of development as the Company;

(c) the experience level of the NEO;

(d) the amount of time and commitment which the NEO devotes to the Company; and

(e) the NEO's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Bonus Payments

Each of the NEO, the directors, as well as all employees, are eligible for an annual bonus, payable in cash or through option-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash management and share price performance) and operational criteria (such as the attainment of corporate milestones).

The Company did not award any bonuses during its financial year ended December 31, 2015. The Company awarded bonuses in the amount of $37,500 to each of John Kupice and Murray Walden during its financial year ended December 31, 2016.

Equity Participation

The Company offers equity participation in the Company through the Stock Option Plan and, also through its RSU Plan.

Incentive Option-based and Share-based Awards

The Company's long term incentives have traditionally been awarded through the Company's Option Plan, however as of August 25, 2016 the Board determined to augment the Option Plan with the RSU Plan, which was ratified and approved by the shareholders at the Company's annual general and special meeting held September 30, 2016. The Option Plan is designed to promote the long-term success of the Company by strengthening the ability of the Company to attract and retain highly competent employees and by promoting greater alignment of interests between executives and shareholders in the creation of long-term shareholder value. The purpose of granting stock options is to assist the Company in compensating, attracting, retaining and motivating its executive officers and to closely align the personal interests of such persons to that of the shareholders.

The Board has the authority either to grant options and award Restricted Stock Units ("**RSUs**"), or has the authority to delegate to a compensation committee, should the Board appoint one (or any other Board committee appointed for the purpose of compensating the Company's directors, officers, employees and consultants), the ability to grant options and/or award RSUs to the Company's directors, management, employees and consultants.

Options are generally granted annually, but also at other times of the year to individuals commencing employment with the Company. Option exercise prices are set in accordance with TSX Venture Exchange ("**TSXV**") policies.

In determining the number of option or share-based awards to be granted to the executive officers, the Board considers a number of factors including the amount and term of options, or the number of RSUs previously granted, base salary and annual performance incentives awarded to the executives and commensurate with those offered by other companies in our industry; and the exercise price of any outstanding options to ensure that such grants are in accordance with TSXV policies. Options vest on terms established by the Board at the time of grant. See disclosure under "*Option Based Awards – Stock Option Plan*" below for material terms of the Option Plan.

In the financial year ended December 31, 2016 as of August 25, 2016, the Board and Management augmented the Company's long-term incentive compensation program to include both its current Option Plan and to add the RSU Plan. Therefore, options granted under the Option Plan and RSUs awarded under the RSU Plan will both draw from the 10% pool of common shares available for reserve for exercise of stock options and RSUs. This type of plan share pool structure is sometimes referred to as an "evergreen", or "rolling", plan feature. The maximum number of common shares available for reserve under the Option Plan will be up to 7% of the current number of issued and outstanding common shares of the Company from time to time, and the maximum number of common shares available for reserve for the exercise of RSUs will be a maximum of 2% of the current issued and outstanding common shares, being 70,088,505 common shares. The purpose of awarding RSUs is to further assist the Company in compensating, attracting, retaining and motivating its executive officers, employees and consultants to closely align their personal interests to that of the shareholders. In determining the number of RSUs to be awarded, the Board takes into account the number of RSUs, if any, previously granted to each Eligible Person under the RSU Plan to ensure that a grant of such awards is in accordance with TSXV policies.

See "Incentive Plan Awards" below for details of the option-based awards outstanding as at December 31, 2016.

Compensation Governance

The Company does not have a compensation committee. The Board has not adopted any specific policies or practices to determine the compensation for the Company's directors and executive officers other than as disclosed above.

Actions, Decisions, Policies made after the Company's December 31, 2016 financial year end

March 3, 2017 – The Company completed a private placement of common shares (the "**Offered Shares**") at a price of C$0.18 per Offered Share (the "**Issue Price**") for gross proceeds of C$3,220,200 (the "**Offering**"). The Offering was conducted by a syndicate of agents led by Mackie Research Capital Corporation and including Clarus Securities Inc. and Haywood Securities Inc. (the "**Agents**"). A total of 17,890,000 Offered Shares were sold pursuant to the Offering, including 1,970,042 Offered Shares issued as a result of the exercise of the Agents' over-allotment option. The Agents received a cash commission equal to 7.5% of the gross proceeds raised under the Offering (reduced to 3.75% for president's list subscribers) through the Agents. The Company also issued to the Agents 1,304,141 compensation options (each a "**Compensation Option**"). Each Compensation Option is exercisable into one common share at the Issue Price for a period of 18 months from closing.

Summary of Compensation

The following table sets forth all annual and long term compensation for services paid to or earned by the NEOs during the financial years ended December 31, 2015 and December 31, 2016. The Company used an exchange rate of C$1.325 for the fiscal year 2016 and C$1.386 for fiscal year 2015 to report in USD currency.

Table of compensation excluding compensation securities

Name and Principal Position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of Perquisites ($)	Value of all other compensation ($)	Total compensation ($)
John Kupice(1) CEO and Director	2016 2015	150,000 109,743	37,500 46,662(2)	Nil 41,558	Nil Nil	Nil Nil	187,500 213,822
Denise Lok(1) CFO	2016 2015	Nil Nil	Nil Nil	Nil 13,299	Nil Nil	135,900 68,395(3)	135,900 81,694
Murray Walden(1) President and Director	2016 2015	150,000 128,390	37,500 33,330(2)	Nil 41,558	Nil Nil	Nil Nil	187,500 203,278
Nick Ayling(1) Former CEO & CFO and former Director	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Savio Chiu Director	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Ronald Overstreet Director	2016 2015	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Richard J. Umbdenstock(4) Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
Martin Hubbes(4) Director	2016	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) On August 31, 2015 Mr. Kupice was appointed CEO, Ms. Lok was appointed CFO and Corporate Secretary and

Mr. Walden was appointed President. From incorporation until he resigned on August 31, 2015 Nick Ayling was the sole officer and director of the Company.

(2) Common shares were issued to John Kupice and Murray Walden for services rendered to the Company prior to the closing of the Company's reverse take-over transaction (the "**RTO**") on August 31, 2015. At the time of issuance these common shares were valued at US$0.6666 per common share and the total value of settled upon for award of common shares awarded to John Kupice and Murray Walden prior to closing the RTO was $133,320 and $99,990, respectively. The total amounts were settled upon on March 31, 2015 and amounts settled upon are posted in this table as paid largely in the 2014 financial period with the remainder paid in the 2015 financial year.

(3) This compensation was paid to Baron Global Financial Canada Ltd. ("**Baron**") pursuant to the consulting agreement between Baron and the Company. The Company entered into a consulting agreement with Baron on February 24, 2015 to retain Denise Lok to provide services to the Company and act as its Chief Financial Officer. Ms. Lok is a Senior Manager, Corporate Finance of Baron. The term of agreement was 12 months starting September 1, 2016 and the Company was charged a cash fee plus applicable taxes per month for the advisory services provided. The Company granted 160,000 stock options on August 31, 2015 at an exercise price per option of C$0.15, expiring August 31, 2020 to Ms. Lok. The Company paid Baron consulting fees of C$60,000 for the year ended December 31, 2015 and granted 300,000 stock options on August 31, 2015 at an exercise price per option of C$0.15, expiring August 31, 2020.

(4) Mr. Umbdenstock has been a director of the Company since his appointment on August 9, 2016 and Mr. Hubbes was elected as a director of the Company on September 30, 2016.

Incentive Plan Awards

The Company has two long term incentive compensation plans, the Share Option Plan and the Restricted Stock Unit Plan, both of which are described below.

Option-based Awards – Stock Option Plan

On August 31, 2015, the Board approved a 10% "rolling" stock option plan (referred to herein as the "**Stock Option Plan**") for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing interests of the Company by affording such person with the opportunity to acquire an equity interest in the Company through rights granted under the Option Plan to purchase common shares. The Board may, at the time an option is awarded or upon renegotiation of the same, attach restrictions relating to the exercise of the option, including but not limited to vesting provisions. Any such restrictions are indicated on the applicable option certificate. Notwithstanding the foregoing, options issued to consultants performing investor relations activities must vest in stages over at least twelve months with not more than one-quarter of the options vesting in any three month period.

Material Terms of Option Plan

The Option Plan allows the Board, from time to time, to reserve common shares for issuance pursuant to the exercise of options under the Option Plan. As at June 29, 2017 there were 87,978,505 common shares outstanding. Accordingly a maximum of 8,797,851 common shares are available for reserve for exercise of options under the Option Plan and for conversion of RSUs awarded under the RSU Plan. There are currently options outstanding to purchase 4,371,520 common shares and nil outstanding RSUs. Accordingly, 4,426,061 common shares remain available for exercise or conversion of incentive plan awards.

The material terms of the Option Plan are as follows:

1. Stock options may be granted to directors, consultants and employees (and any other person that the Board wishes to grant stock options to) of the Company or any of its subsidiaries, and employees of a person or company which provides management services to the Company or any of its subsidiaries ("**Management Company Employee(s)**") shall be eligible for selection to participate in the Option Plan.
2. The term of any options granted under the Option Plan will be fixed by the Board at the time such

options are granted, provided that options will not be permitted to exceed a term of ten years.

3. The exercise price of any options granted under the Option Plan will be determined by the Board, in its sole discretion, but shall not be less than the closing trading price of the Company's common shares preceding the grant of such options, less any discount permitted by the regulatory authorities.
4. Unless otherwise imposed by the Board, or a committee of the Board, and subject to any vesting restrictions that may be imposed by the TSXV, no vesting requirements will apply to options granted under the Option Plan. A four month hold period, commencing from the date of grant of an Option, will apply to all common shares issued under an Option only if the exercise price of the stock option is based on less than market price.
5. All Options will be non-assignable and non-transferable.
6. The aggregate number of Options which may be granted to any one option holder under the Option Plan within any 12 month period must not exceed 5% of the number of issued and outstanding common shares of the Company (unless the Company has obtained disinterested shareholder approval).
7. If required by regulatory rules, disinterested shareholder approval is required to the grant to Insiders (as defined in the Securities Act RSBC 1996 c.418) (as a group), within a 12 month period, an aggregate number of Options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months (calculated at the date an option is granted to an Insider), exceed 10% of the number of issued and outstanding common shares of the Company.
8. The aggregate number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the number of issued and outstanding common shares of the Company, calculated at the date an Option is granted to a consultant.
9. The aggregate number of options which may be granted within any 12 month period to employees or consultants engaged in investor relations activities must not exceed 1% (or such lower percentage as is required by regulatory rules) of the number of issued and outstanding common shares of the Company, calculated at the date an Option is granted to any such employee or consultant, and such options must vest in stages over a period of not less than 12 months with no more than 25% of the options vesting in any three month period.
10. If the Option holder ceases to be a director, employee or consultant of the Company, or ceases to be a Management Company Employee, as the case may be, as a result of having been dismissed from any such position for cause, all unexercised option rights of that Optionee under the Option Plan shall terminate immediately, notwithstanding the original term of the Option granted to such Optionee.
11. If the Option holder ceases to be a director, employee or consultant of the Company, or ceases to be a Management Company Employee, as the case may be, for a reason other than for cause, or as a result of the Optionee's death, such Optionee shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Optionee, if earlier) from the date of ceasing to be a director, employee or consultant of the Company, or a Management Company Employee, as the case may be, to exercise his option under the Option Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing, subject to the terms and conditions set out in the Option Plan. Upon expiration of such 90 day period (or the normal expiry date of the Option rights, as applicable), all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Option Plan.
12. In the event of the death of any Optionee, the legal representatives of the deceased Optionee shall have the right for a period of one year (or until the normal expiry date of the Option rights of such Optionee, if earlier) from the date of death of the deceased Optionee to exercise the deceased Optionee's Option under the Option Plan and pursuant to such Optionee's option agreement to the

extent that it was exercisable on the date of death. Upon expiration of such period all unexercised Option rights of the deceased Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Option Plan.

13. If an Optionee engaged in providing Investor Relations Activities to the Company ceases to be employed in providing such Investor Relations Activities, such Optionee shall have the right for a period of 30 days (or until the normal expiry date of the Option rights of such Optionee, if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise his Option under the Option Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing. Upon expiration of such 30 day period (or the normal expiry date of the Option rights, as applicable), all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Option Plan.

Current Options

There were no re-pricings of stock options under the Option Plan or otherwise during the Company's financial years ended December 31, 2015 and December 31, 2016. On August 31, 2015, the Company granted 2,149,020 stock options, all of which were outstanding as at December 31, 2015 with a weighted average exercise price of C$0.15 each. On January 28, 2016 the Company granted 200,000 stock options, on August 9, 2016, the Company granted 300,000 stock options, and on October 31, 2016, the Company granted 1,522,500 stock options, and 200,000 stock options were cancelled as at December 31, 2016. As at December 31, 2016, the total stock options outstanding is 4,371,520 with a weighted average exercise price of C$0.18 each.

Share-based Awards – RSU Plan

On August 25, 2016, the Board approved adoption by the Company of a restricted stock unit plan (the "**RSU Plan**"). For the subsequent financial year ended December 31, 2016 Management proposes to retain its current Option Plan, but has determined to augment the Option Plan with the RSU Plan. Therefore, options granted under the Option Plan and restricted stock units ("**RSUs**") awarded under the RSU Plan will both draw from the 10% pool of common shares available for reserve for exercise of stock options and RSUs. This type of plan share pool structure is sometimes referred to as an "evergreen", or "rolling", plan feature. The maximum number of common shares available for reserve under the Option Plan will be up to 10% of the current number of issued and outstanding common shares of the Company from time to time, **less** the fixed number of common shares under reserve for issuance upon exercise of RSUs. The maximum number of common shares available for reserve for the exercise of RSUs is a fixed maximum of 2% of the current 70,088,505 issued and outstanding common shares, being 1,401,770 common shares.

Details of RSU Plan

The RSU Plan is designed to provide certain directors, officers, employees and consultants of the Company and its related entities with the opportunity to acquire RSUs in order to enable them to participate in the long-term success of the Company. The purpose of the RSU Plan, similar to the Option Plan, is to promote a greater alignment of the interests of directors, officers, employees and consultants of the Company with the interests of the Shareholders. The Board (or the compensation committee, or such other committee the Board may appoint) is responsible for administering the RSU Plan.

RSUs will vest on terms established by the Board, or any Board committee appointed for such purpose.

Maximum Number of Common Shares Issuable under RSU Plan

Under the RSU Plan, the fixed maximum number of common shares reserved and available for issuance from treasury is 2% of the number of issued and outstanding common shares (on a non-diluted basis) as of August 17, 2016 and which fixed maximum number was established by approval of the shareholders at the Company's annual and special meeting held September 30, 2016. The RSU Plan allows the Company to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a fixed maximum number of 1,401,770 common shares.

The RSU Plan provides that the maximum number of common shares issuable pursuant to the RSU Plan, together with any common shares issuable pursuant to any other Security Based Compensation Arrangement outside of the RSU Plan (namely the Option Plan described above), will not exceed an aggregate of 10% of the total number of issued and outstanding common shares at any time. In addition, the maximum number of common shares issued to Insiders under the RSU Plan and all other Security Based Compensation within any one year period, will not exceed 2% of the total number of issued and outstanding common shares taken at the beginning of the year. Pursuant to TSXV policies RSUs to a maximum of 1% of the issued and outstanding common shares of the Company may be granted to any one Eligible Person under the RSU Plan; and, in aggregate, a maximum of 2% of the issued and outstanding common shares of the Company may be granted to any one Eligible Person in any 12 month period.

Benefits of the RSU Plan

The RSU Plan is designed to be a long term incentive for the directors, officers, employees and consultants of the Company. RSUs provide the Board (or a Board committee) with an additional compensation tool which can be used to help retain and attract highly qualified directors, officers and employees and further align the interests of directors, officers, employees and consultants of the Company with the interest of the Shareholders. It is intended to promote a greater alignment of interests between the Shareholders of the Company and the directors, officers, employees and consultants of the Company by providing an opportunity to participate in any increases to the value of the Company.

The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under the RSU Plan and other amounts and values to be determined hereunder or in respect of the RSU Plan including, without limitation, those related to a particular Fair Market Value.

Nature and Administration of the RSU Plan

All Directors, Officers, Employees and Consultants (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "RSU Plan Recipients"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board (or a Committee delegated by the Board), may, from time to time, award RSUs to Eligible Persons. All RSUs awarded will be credited to an account maintained for each RSU Plan Recipient on the books of the Company as of each award date. The number of RSUs to be credited to each RSU Plan Recipient's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a "**Vesting Date**") that is the later of the Trigger Date (defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan. Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

Payment of RSUs

Under the RSU Plan, the Company, in its discretion and as may be determined by the Board, will pay out vested RSU's by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Share for each whole vested RSU; and (b) a cash amount equal to the fair market value of one Share (as determined in accordance with the RSU Plan) as at the Trigger Date of each whole vested RSU.

Fractional Shares will not be issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Share in respect of a fractional vested RSU, the Company shall pay to such RSU Plan Recipient, in lieu of such fractional Share, cash value equal to the Vesting Date Value of such fractional Share.

Credit for Dividends

An RSU Plan Recipient's account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on common shares. The number of additional RSUs to be credited to an RSU Plan Recipient's account is computed by multiplying the amount of the dividend per common share by the aggregate number of RSUs that were credited to the RSU Plan Recipient's account as of the record date for payment of the dividend, and dividing that number by the Fair Market Value (as defined in the RSU Plan). Note that the Company is not obligated to pay dividends on common shares.

Resignation, Termination, Leave of Absence or Death

Generally, if an RSU Plan Recipient's employment or service is terminated, or if the RSU Plan Recipient resigns from employment with the Company, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the separation date for the RSU Plan Recipient are forfeited, cancelled and terminated without payment.

In the event an RSU Plan Recipient is terminated without cause, all unvested RSUs credited to such terminated RSU Plan Recipient will immediately vest on the date of termination. If an RSU Plan Recipient's employment or service is terminated (otherwise than without cause), or the RSU Plan Recipient enters Retirement (as defined in the RSU Plan), dies, or suffers Total Disability (as defined in the RSU Plan), all unvested RSUs will automatically be cancelled without compensation.

The number of common shares available for reserve under the RSU Plan is a fixed number, therefore when RSUs are terminated or cancelled under the Plan, the common shares reserved for the exercise of such RSUs are also terminated and cancelled and no longer available for reserve under the RSU Plan.

Change of Control

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within thirty (30) days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a payment equal to the number of RSUs that vested on the date of the Change of Control, multiplied by the Fair Market Value on that date.

Adjustments

In the event of any dividend paid in common shares, any subdivision of the common shares, any combination or exchange of the common shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting the common shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as the Board, in its discretion, considers appropriate to reflect the change.

Vesting

The Board has the discretion to grant RSUs to Eligible Persons as the Board determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) the date set by the Board at the time of the grant or if no date is set then December 1 of the third calendar year following the date of the grant (the "**Trigger Date**"), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be December 31 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the "**Expiry Date**"). The Board may accelerate the Trigger Date of any RSU at its election.

Limitations under the RSU Plan

Unless permitted otherwise by the policies of the TSXV:

(a) the maximum number of common shares which may be reserved for issuance to Insiders, as a group, under the RSU Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), may not exceed 10% of the issued common shares;

(b) the maximum number of RSUs that may be granted to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the issued common shares calculated on the date of the grant of the RSUs;

(c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the issued common shares calculated on the date of the grant of the RSUs; and

(d) the maximum number of RSUs that may be granted to any one Consultant, within a 12-month period, may not result in a number of RSUs exceeding 2% of the number of issued and outstanding common shares at the Grant Date, together with any other Share Compensation Arrangement, without the prior consent of the TSXV.

On August 31, 2015 the Board adopted a stock option plan under which convertible securities can be issued as an additional mechanism to encourage equity participation in the Company by directors, officers, employees and consultants, which for the purposes of the RSU Plan is considered a Share Compensation Arrangement. Any grants under the Option Plan would be considered in the limitations under the RSU Plan listed hereunder. For additional information regarding the Option Plan, please see the heading *Option-based Awards – Stock Option Plan* above.

Amendment or Termination of RSU Plan

Subject to the requirements of applicable laws, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination of the RSU Plan will not accelerate the vesting of RSUs or the time in which a RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs.

Incentive Plan Awards – Compensation Securities

The following table discloses the particulars of the option-based and share-based awards granted to the NEOs and Directors under the Option Plan and the RSU Plan in the financial year ended December 31, 2016.

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/yy)**	**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 (mm/dd/yy)**
John Kupice CEO and director	Options	500,000	08/31/2015	0.15	0.15	0.20	08/31/2020
Denise Lok CFO	Options	160,000	08/31/2015	0.15	0.15	0.20	08/31/2020
Murray Walden President and Director	Options	500,000	08/31/2015	0.15	0.15	0.20	08/31/2020
Savio Chu Director	Options	100,000	08/31/2015	0.15	0.15	0.20	08/31/2020
Ronald Overstreet Director	Options	120,000	08/31/2015	0.15	0.15	0.20	08/31/2020
Richard J. Umbedenstock Director	Options	300,000	8/9/2016	0.15	0.15	0.20	8/19/2021
Martin Hubbes Director	Options	100,000	10/31/2016	0.205	0.205	0.20	10/31/2019

Exercise of Compensation Securities by NEOs and Directors

There were no compensation securities exercised by any of the NEOs or directors of the Company during the financial year ended December 31, 2016.

Outstanding Options and RSUs

As at June 29, 2017 there were 87,978,505 common shares issued and outstanding. Accordingly, under its share compensation arrangements, being the Company's Option Plan and RSU Plan, the Company has the authority to grant options to purchase up to a total of 4,371,520 common shares and to grant RSUs awarding 1,759,570 Common Shares. At the date of this Executive Compensation Form, options to purchase an aggregate of 4,371,520 common shares are granted and outstanding under the Option Plan, representing approximately 4.97% of the outstanding common shares, RSUs to purchase an aggregate of nil common shares are outstanding under the RSU Plan.

Pension Plan Benefits

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.