HERITAGE CANNABIS HOLDINGS LTD.
(formerly UMBRAL ENERGY CORP.)
(the "Company")

Form 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION
(for financial years ended October 31, 2017 and October 31, 2016)

GENERAL

The following information, dated as of April 26, 2018, is provided as required under Form 51-102F6V for Venture Issuers (the "Form"), as such term is set out in National Instrument 51-102 *Continuous Disclosure Obligations*.

For the purposes of this Statement of Executive Compensation:

"**Company**" means Heritage Cannabis Holdings 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;

"**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 whose total compensation was more than $150,000, for that financial year;

(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.

On December 9, 2014, the Company entered into a share exchange agreement for the acquisition of all the issued and outstanding shares of 1005477 B.C. Ltd., a holding company which owns 50% of the issued and outstanding common shares of PhyeinMed Inc. ("**PhyeinMed**"), an operating company incorporated in British Columbia which submitted an application to Health Canada for a Marihuana for Medical Purposes Regulations license. Management had determined that the 50% interest in PhyeinMed was a joint venture under IFRS 11.

The Company, through its wholly-owned subsidiary, 1005477 B.C. Ltd. ("**SubCo**"), completed an acquisition (the "**Acquisition**") of an additional 25% interest in PhyeinMed (a late stage Health Canada Access to Cannabis for Medical Purposes Regulations applicant) for the purpose of growing, selling and distributing medical cannabis, pursuant to a share purchase agreement dated for reference June 21, 2017 among the Company, SubCo, Estek Ventures Corp. ("**Estek**") and Debra Senger, sole shareholder of Estek. Prior to the closing of the Acquisition, SubCo owned 50% interest in PhyeinMed. On Closing, January 9, 2018, the Company, through SubCo, ownS an aggregate 75% interest in PhyeinMed.

The Acquisition constitutes a "change of business" transaction (the "**Transaction**") within the meaning of such term in the policies of the Canadian Securities Exchange (the "**CSE**") to a medical marijuana issuer.

In connection with the Acquisition, on January 10, 2018, the Company changed its name from "Umbral Energy Corp." to "Heritage Cannabis Holdings Corp." and the Company commenced trading on the CSE under new stock symbol "CANN".

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company for the two completed financial years ended October 31, 2017 and October 31, 2016. Options and compensation securities are disclosed under the heading "**Stock Options and Other Compensation Securities**" of this Form.

During financial year ended October 31, 2017, based on the definition above, the NEOs of the Company were: Jagdip Bal, President and Chief Executive Officer and director and Kristina Khersonski, Chief Financial Officer and Corporate Secretary. The directors of the Company who were not NEOs during financial year ended October 31, 2017 were Clinton Sharples, Chairman of the Board and non executive director, and director Bradley T. Culver.

During financial year ended October 31, 2016, based on the definition above, the NEOs of the Company were: Jagdip Bal, President and Chief Executive Officer and director and Kristina Khersonski, Chief Financial Officer and Corporate Secretary. The directors of the Company who were not NEOs during financial year ended October 31, 2016 were Clinton Sharples, Chairman of the Board and non executive director, and director, Bradley T. Culver.

Table of Compensation, Excluding Compensation Securities in Financial Years ended October 31, 2017 and October 31, 2016

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 all other compensation ($)**	**Total compensation ($)**
Clinton Sharples, Chairman of the Board and non Executive Director	2017 2016	49,910 [(1)] 4,150	Nil Nil	Nil Nil	Nil Nil	Nil Nil	49,910 4,150
Jagdip Bal, President and CEO and Director	2017 2016	115,890[(2)] 91,333 [(2)]	Nil Nil	Nil Nil	Nil Nil	Nil Nil	115.890 91,333
Kristina Khersonski, Chief Financial Officer and Corporate Secretary	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Bradley T. Culver Director	2017 2016	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:
(1) $46,500 was paid to Equival Inc., of which Clinton Sharples is a director in common.
(2) $115,890 was paid to Infinity Alliance Corp. (2016 - $91,333), of which Jag Bal is a director in common.

Stock Options and Other Compensation Securities

10% "rolling Share Option Plan

Effective on October 20, 2014, the Company commenced trading on the CSE. With the move from the TSX Venture Exchange to the CSE, management adopted a new 10% rolling stock plan (the "Stock Option Plan"). The Stock Option Plan is substantially similar to the Company's former TSX Venture Exchange form of stock option plan, except that it does not contain references to the TSX Venture Exchange or its policies.

The purpose of the Stock Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

The following information is intended to be a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan:

(a) the Stock Option Plan provides that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue, less any common shares reserved for issuance under any other share compensation arrangement. The options are non-assignable and may be granted for a term not exceeding ten years.

(b) the exercise price shall not be lower than the greater of the closing market price of the common shares 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.

(c) the terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

(d) the maximum number of options which may be granted to any one option holder under the Stock Option Plan within any 12 month period shall be 5% of the outstanding issue on the date of grant (unless the Company has obtained disinterested shareholder approval, if required by Regulatory Rules);

(e) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued shares;

(f) the maximum number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the outstanding Issue; and

(g) the maximum number of options which may be granted within any 12 month period to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.

During the year ended October 31, 2017 the Company issued a total of 13,030,000 common shares for the exercise of a total of 13,030,000 stock options between exercise prices of $0.05 and $0.08.

During the year ended October 31, 2016, the Company issued a total of 8,085,000 common shares for the exercise of a total of 8,085,000 stock options between exercise prices of $0.05 and $0.08.

Fixed Restricted Share Unit Plan adopted subsequent to October 31, 2017 year end

On August 4, 2017, the Board approved the adoption by the Company of a fixed restricted share unit plan. Shareholders will be asked at the Company's 2018 annual general meeting to be held on July 6, 2018, to ratify and approve the adoption of the fixed restricted share unit plan (the "**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 restricted stock units ("**RSUs**") of the Company in order to enable them to participate in the long-term success of the Company. The purpose of the RSU Plan is to further 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 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

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 6,000,000 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 Stock Option Plan described above), will not exceed an aggregate of 10% of the total number of issued and outstanding Common Shares at any time. RSUs to a maximum of 10% of the outstanding Common Shares of the Company may be granted to any one Eligible Person under the RSU Plan; and, in aggregate, a maximum of 5% of the outstanding Common Shares of the Company may be granted to any one Eligible Person in any 12 month period calculated on the grant date.

Capitalized terms used below are not defined below and shall have the meanings ascribed thereto in the RSU Plan.

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 that 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 this Plan and other amounts and values to be determined hereunder or in respect of this 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 Common Share for each whole vested RSU; and (b) a cash amount equal the fair market value of one Common Share (as determined in accordance with the RSU Plan) as at the Trigger Date (the "**Vesting Date Value**") of each whole vested RSU.

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

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 that 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 September 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 disinterested Shareholder Approval is obtained, or unless permitted otherwise by the policies of the Canadian Securities Exchange:

(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 outstanding 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 outstanding Common Shares calculated on the date of the grant of the RSUs; and

(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 outstanding Common Shares calculated on the date of the grant of the RSUs.

As indicated above, the Board adopted and shareholders approved a 10% "rolling" share option plan (defined above as the "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 other service providers, which for the purposes of the RSU Plan is considered a Share Compensation Arrangement. Any grants under the Stock Option Plan would be considered in the limitations under the RSU Plan.

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.

During the year ended October 31, 2017, and in connection with the Acquisition transaction referenced above, the Company granted 4,000,000 RSUs to the former owner of PhyeinMed and consultants of the Company.

There were no RSUs granted during the year ended October 31, 2016.

Outstanding Compensation Securities

Financial year ended October 31, 2017

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's share option plan that were outstanding to NEOs and directors of the Company as at October 31, 2017.

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**	**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**
Jagdip Bal, President, CEO and Director	Options	800,000	February 27, 2017	0.065	0.065	0.15	February 27, 2022

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**	**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**
Bradley T. Culver Director	Options	400,000	May 30, 2016	0.08	0.08	0.15	May 30, 2021

Financial year ended October 31, 2016

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's share option plan that were outstanding to NEOs and directors of the Company as at October 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**	**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**
Clinton Sharples, Chairman of the Board and non executive Director	Options	300,000 65,000	June 2, 2016 May 30, 2016	0.085 0.08	0.085 0.08	0.035 0.035	June 2, 2021 May 30, 2021
Jagdip Bal, President, CEO and Director	Options	900,000	May 30, 2016	0.08	0.08	0.035	May 30, 2021
Kristina Khersonski, CFO, Corporate Secretary	Options	500,000	May 30, 2016	0.08	0.08	0.035	May 30, 2021
Bradley T. Culver, Director	Options	400,000	May 30, 2016	0.08	0.08	0.035	May 30, 2021

<u>Exercise of Compensation Securities by NEOs and Directors</u>

<u>Financial Year Ended October 31, 2017</u>

Exercise of Compensation Securities by Directors and NEOs							
Name and position	**Type of compensation security**	**Number of underlying securities exercised**	**Exercise price per security ($)**	**Date of Exercise**	**Closing price per security on date of exercise ($)**	**Difference between exercise price and closing price on date of exercise ($)**	**Total Value on exercise date ($)**
Jagdip Bal, President, CEO and Director	Options	600,000	0.05	Jan. 16, 2017	0.03	(0.02)	(12,000.00)
Kristina Khersonski, CFO, Corporate Secretary	Options	500,000	0.08	Feb. 16, 2017	0.08	0.00	0.00
Jagdip Bal, President, CEO and Director	Options	600,000	0.07	Feb. 16, 2017	0.08	0.01	6,000.00
Jagdip Bal, President, CEO and Director	Options	900,000	0.08	Feb. 21, 2017	0.09	0.01	9,000.00
Clinton Sharples, Director	Options	600,000	0.065	Apr. 13, 2017	0.07	0.005	3,000.00
Jagdip Bal, President, CEO and Director	Options	500,000	0.055	Jun. 22, 2017	0.075	0.02	10,000.00
Kristina Khersonski, CFO, Corporate Secretary	Options	500,000	0.065	Jun. 27, 2017	0.095	0.03	15,000.00
Jagdip Bal, President, CEO and Director	Options	200,000	0.065	Sep. 1, 2017	0.125	0.06	12,000.00

There were no share-based awards granted during the financial year ended October 31, 2017.

<u>Financial Year Ended October 31, 2016</u>

Exercise of Compensation Securities by Directors and NEOs							
Name and position	**Type of compensation security**	**Number of underlying securities exercised**	**Exercise price per security ($)**	**Date of Exercise**	**Closing price per security on date of exercise ($)**	**Difference between exercise price and closing price on date of exercise ($)**	**Total Value on exercise date ($)**
Clinton Sharples, Director	Options	600,000	0.055	Feb. 25, 2016	0.02	(0.035)	(21,000.00)

Exercise of Compensation Securities by Directors and NEOs

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security ($)	Date of Exercise	Closing price per security on date of exercise ($)	Difference between exercise price and closing price on date of exercise ($)	Total Value on exercise date ($)
Jagdip Bal, President, CEO and Director	Options	200,000	0.05	Apr. 25, 2016	0.05	0.00	0.00
Jagdip Bal, President, CEO and Director	Options	600,000	0.055	Apr. 25, 2016	0.05	0.005	3,000.00
Jagdip Bal, President, CEO and Director	Options	138,000	0.05	Apr. 28, 2016	0.04	0.01	1,380.00
Jagdip Bal, President, CEO and Director	Options	94,000	0.05	May 24, 2016	0.04	(0.01)	(940.00)
Kristina Khersonski, CFO, Corporate Secretary	Options	200,000	0.05	May 30, 2016	0.08	0.03	6,000.00
Kristina Khersonski, CFO, Corporate Secretary	Options	225,000	0.055	May 30, 2016	0.08	0.025	5,625.00
Jagdip Bal, President, CEO and Director	Options	368,000	0.05	May 30, 2016	0.08	0.03	11,040.00
Clinton Sharples, Chairman of the Board and non executive Director	Options	800,000	0.05	May 30, 2016	0.08	0.03	24,000.00
Bradley T. Culver, Director	Options	400,000	0.05	May 31, 2016	0.08	0.03	12,000.00
Clinton Sharples, Chairman of the Board and non executive Director	Options	735,000	0.08	Jun. 6, 2016	0.085	0.005	3,675.00
Jagdip Bal, President, CEO and Director	Options	750,000	0.05	Oct. 12, 2016	0.045	(0.005)	(3,750.00)

There were no share-based awards granted during the financial year ended October 31, 2016.

Employment, Consulting and Management Agreements

Except as otherwise disclosed in this Form, the Company does not have any employment, consulting or management agreements or arrangements with any of the Company's current NEOs or directors.

Oversight and Description of Director and Named Executive Officer Compensation

Executive compensation is set to attract and retain the best available talent while efficiently utilizing available resources. The Company compensates executive management with a package typically including a base salary ("Base Salary"), an incentive compensation plan ("Incentive Compensation") and equity compensation (the "Equity Compensation") designed to be competitive with comparable employers. In considering executive management's compensation, the Board takes into consideration the financial condition of the Company. The Base Salary is set in comparison to the comparable positions in the market and in the industry, the Incentive

Compensation is used as a short-term incentive to achieve Company objectives, and the Equity Compensation is designed to allow the participants to enjoy the benefits of any increase in company valuation and share price, should such an increase occur. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Company does not have a Compensation Committee.

The Board is responsible for the compensation policies and guidelines for the Company and for implementing and overseeing compensation policies.

The Board reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the Named Executive Officers. The Board makes decisions with respect to basic salary and participation in share compensation arrangements for each executive officer. In considering executive officers other than the Chief Executive Officer, this Board takes into account the recommendation of the Chief Executive Officer.

The Company does not have a formal compensation program with set benchmarks, however, the Company does have a 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 executive officers.

This Board has not proceeded to a formal evaluation of the implications of risks associated with the Company's compensation policies and practices. The Board intends to review the risks at least once annually, if any, associated with the Company's compensation policies and practices at such time.

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

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

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

Philosophy and Objectives

The board of directors of the Company is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the Chief Executive Officer, the Chief Financial Officer and the directors.

The Company's executive compensation program is comprised of the following components: base salary, discretionary annual incentive and long-term incentives. Together, these components support the Company's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management; and
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results.

The compensation program is designed to reward for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized resource companies involved in the business of resource exploration and business development. Generally, the Company targets base salaries at levels approximating those holding similar positions in comparably sized companies in the mining and oil and gas industry and hopes to achieve comparable total compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk. The design takes into account individual and corporate performance. Compensation practices, including the mix of base salary, short-term incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends, and support the Company's long-term growth strategies.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Annual incentives, in the form of cash bonus payments, are designed to add a variable component of compensation based on overall corporate performance and the executive's individual performance.

<u>Base Salary or Consulting Fees</u>

Base salary ranges for executive officers were initially determined upon a review of companies within the mining and oil and gas industry, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the board of directors considers the following factors:

(a) the particular responsibilities related to the position;

(b) salaries paid by other companies in the mining and oil and gas industry which were similar in size as the Company;

(c) the experience level of the executive officer;

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

(e) the executive officer’s overall performance and performance in relation to the achievement of corporate milestones and objectives.

<u>Financial Year ended October 31, 2017</u>

During the financial year ended October 31, 2017:

(a) The Company incurred $115,890 for management fees to Infinity Alliance Corp. of which Jag Bal is a director in common.

(b) The Company incurred $46,500 for management fees to Equival Inc. of which Clinton Sharples is a director in common.

(c) The Company incurred $3,410 for technical consulting fees to a director, Clinton Sharples.

Financial Year ended October 31, 2016

During the financial year ended October 31, 2016:

(a) The Company incurred $91,333 for management fees to Infinity Alliance Corp. of which Jag Bal is a director in common.

(b) The Company incurred $4,150 for technical consulting fees to a director, Clinton Sharples.

(c) The Company owed Infinity Alliance Corp. of which Jag Bal is a director in common as to $2,257, and through its wholly owned subsidiary 1005477 BC Ltd., owed Clinton Sharples $110,021.

Bonus Incentive Compensation

Each of the executive officers, as well as all employees, is eligible for an annual bonus, payable in cash or through stock-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 flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Company did not award any bonuses for financial years ended October 31, 2017 and October 31, 2016.

Equity Participation

Equity participation is accomplished through the Company's stock option plan. The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the compensation committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

Compensation Review Process

Risks Associated with the Company's Compensation Program

This Board has not proceeded to a formal evaluation of the implications of risks associated with the Company's compensation policies and practices. The Board intends to review the risks at least once annually, if any, associated with the Company's compensation policies and practices at such time.

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

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

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

Benefits and Perquisites

The Company does not, as of the date of this Form, offer any benefits or perquisites to its NEOS other than entitlement to incentive stock options and restricted share units as otherwise disclosed and discussed herein.

Hedging by Directors or NEOs

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. The Company is not, however, aware of any directors of officers having entered into this type of transaction

Option-Based Awards

The Board is responsible for administering compensation policies related to the Company's executive management, including with respect to option-based awards.

The Company has in place, a 10% rolling stock option plan pursuant to which the Board can grant stock options to directors, officers, employees, management and others who provide services to the Company. The stock option plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

Share-Based Awards

As described above, the Company as an RSU Plan. The RSU Plan was designed to provide certain directors, employees, officers, other key employees and consultants of the Company and its related entities with the opportunity to acquire restricted share units ("**RSUs**") of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Shareholders. The Board (or a Committee delegated by the Board) is responsible for administering the RSU Plan.

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 maximum number of 6,000,000 Common Shares.

Pension Disclosure

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