**PRIMARY ENERGY METALS INC.**

**(the “Company”)**

**FORM 51-102F6**

**STATEMENT OF EXECUTIVE COMPENSATION**

**(for the year ended December 31, 2018)**

For the purposes of this Statement of Executive Compensation:

**“CEO”** means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**“CFO”** means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

**“closing market price”** means the price at which the company’s security was last sold, on the applicable date,

1. in the security’s principal marketplace in Canada, or
2. if the security is not listed or quoted on a marketplace in Canada, in the security’s principal marketplace;

**“company”** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

**“equity incentive plan”** means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of Section 3870 of the Canadian Institute of Chartered Accountants Handbook;

**“grant date”** means a date determined for financial statement reporting purposes under Section 3870 of the Handbook;

**“incentive plan”** means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

**“incentive plan award”** means compensation awarded, earned, paid, or payable under an incentive plan;

**“NEO”** or **“named executive officer”** means each of the following individuals:

1. a CEO;
2. a CFO;
3. each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6), for that financial year; and
4. 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, nor acting in a similar capacity, at the end of that financial year;

**“non-equity incentive plan”** means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

**“option-based award”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option−like features;

**“plan”** includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

**“share-based award”** means an award under an equity incentive plan of equity−based instruments that do not have option− like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

#### Compensation Discussion and Analysis

The Company’s process for determining executive compensation is simple. In particular, the Company relies solely on board of director’s discussion without any formal objectives, criteria and analysis.

The objective of the Company’s compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company’s fiscal resources and competitive with companies at a similar stage of development.

The Board has not completed an evaluation of the implications of the risks associated with the Company’s compensation policies and practices. Going forward, the Board intends to review any risks associated with the Company’s compensation policies and practices on an annual basis.

### Share-Based and Option-Based Awards

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 senior executives taking into account a number of factors, including the amount and term of options previously granted and base salaries and competitive factors.

The Company’s Stock Option Plan is intended to emphasize management’s commitment to the growth of the Company and the enhancement of shareholders’ equity through, for example, improvements in its resource base and share price increments. For a description of the Company’s stock option plan readers should review the management information circular of the Company, dated as of October 26, 2018, a copy of which is available under the Company’s profile on SEDAR (www.sedar.com).

#### Executive Compensation

At December 31, 2018, the Company had four NEOs (for the purposes of applicable securities legislation), namely:

1. Patrick Morris, the Chief Executive Officer;
2. William Grossholz, former Chief Financial Officer;
3. Kenneth Phillippe, the former Chief Financial Officer; and
4. Geoff Balderson, the former Chief Financial Officer.

The compensation for the NEOs, directly or indirectly, for the Company’s most recently−completed financial year is as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name and principal position** | **Year** | **Salary ($)** | **Share- based awards ($)** | **Option- based awards ($)1** | **Non-equity incentive plan compensation ($)** | | **Pension value ($)** | **All other compensation ($)** | **Total compensation ($)** |
| **Annual incentive plans** | **Long-term incentive plans** |
| Patrick Morris2 CEO | 2018 | 95,000 | N/A | 118,193 | N/A | N/A | N/A | Nil | 213,193 |
| 2017 | 60,000 | N/A | Nil | N/A | N/A | N/A | Nil | 60,000 |
| 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Kenneth Phillippe 3  Former CFO | 2018 | 6,000 | N/A | 16,885 | N/A | N/A | N/A | Nil | 22,885 |
| 2017 | 5,500 | N/A | Nil | N/A | N/A | N/A | Nil | 5,500 |
| 2016 | 5,500 | N/A | Nil | N/A | N/A | N/A | Nil | 5,500 |
| William Grossholz 4  Former CFO | 2018 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Geoff Balderson5  Former CFO | 2018 | 9,600 | N/A | 42,212 | N/A | N/A | N/A | Nil | 51,812 |
| 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2016 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

1. The amount represents the fair value, on the date of grant, of awards made under the Company’s Stock Option Plan.
2. Mr. Morris served as CEO from February 14, 2017 until May 27, 2019.
3. Mr. Phillipe served as CFO from June 1, 2017 until August 23, 2018. Mr. Phillippe’s options expired on September 1, 2018.
4. Mr. Grossholz served as CFO from February 14, 2017 until June 1, 2017. Mr. Grossholz’s options expired on September 1, 2018.
5. Mr. Balderson served as CFO from April 23, 2018 until June 1, 2019.

#### Incentive Plan Awards

**Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information concerning all incentive plan awards outstanding at the end of the financial year ended December 31, 2018 for each Named Executive Officer.

| **NEO Name** | **Option-based Awards** | | | | **Share-based Awards** (1) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Number of securities underlying unexercised options (#)1** | **Option exercise price ($)1** | **Option expiration date** | **Value of unexercised in-the-money options ($)** | **Number of shares or units of shares that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** | **Market or payout value of vested share-based awards not paid out or distributed ($)** |
| Patrick Morris | 40,000  100,000 | 1.00  0.85 | March 9, 2023  Oct. 25,2023 | Nil  Nil | Nil  Nil | Nil  Nil | Nil  Nil |
| Geoff Balderson | 50,000 | 0.85 | Oct. 25, 2023 | Nil | Nil | Nil | Nil |
|  | | | | | | | |

1. The Corporation completed a share consolidation of one post-consolidation common share for every ten pre-consolidation common shares on February 19, 2019. All figures reflect the share consolidation.

**Incentive Plan Awards – value vested or earned during the year**

There were no option−based awards or share−based awards which vested or were earned during the most recently completed financial year for the NEOS.

Although an aggregate of 190,000 (post consolidated) stock options were granted to the aforesaid Named Executive Officers during the year ended December 31, 2018, the market price of the common shares on the date of grant did not exceed the exercise price and, accordingly, the value vested or earned was nil. None of the Named Executive Officers exercised their stock options during the year ended December 31, 2018.

#### Pension plan benefits

The Company has no pension plans for its directors, officers or employees.

#### Termination and Change of Control Benefits

There were no employment contracts between the Company nor any of its subsidiaries and a NEO during the fiscal year ended December 31, 2018 which provided for termination or change of control benefits. There was no compensatory plan or arrangement, including payments to be received from the Company or any of its subsidiaries, with respect to the NEOs except as disclosed under “Management Contracts”.

#### Director Compensation

During the Financial Period, no compensation was paid to the directors of the Company for their services in their capacity as directors, including any amounts payable for committee participation or special assignments pursuant to any standard or other arrangements, except as set forth below and as otherwise herein disclosed.

**Director Compensation Table**

The compensation provided to the directors who are not NEOs, for the Company’s most recently completed financial year of December 31, 2018 is:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** | **Fees earned**  **($)** 1 | **Share- based Awards ($)** | **Option- based awards ($)** 2 | **Non-equity incentive plan compensation ($)** | **Pension value ($)** | **All other compensation 3 ($)** | **Total ($)** |
| Barry Hemsworth 4 | Nil | Nil | 33,769 | Nil | Nil | Nil | 33,769 |
| Harold Davidson 5 | Nil | Nil | 33,769 | Nil | Nil | Nil | 33,769 |
| John Michael Mackey6 | Nil | Nil | 59,096 | Nil | Nil | Nil | 59,096 |
| Thomas Clarke7 | Nil | Nil | 42,212 | Nil | Nil | Nil | 42,212 |
| Chaimae El Amri8 | Nil | Nil | 42,212 | Nil | Nil | Nil | 42,212 |

1 Includes all fees awarded, earned, paid or payable in cash for services as a director, including annual retainer fees, committee, chair and meeting fees.

2 The amount represents the fair value, on the date of grant, of awards made under the Company’s Stock Option Plan.

3 Includes all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly.

4 Mr. Hemsworth served as a director from February 14, 2017 until July 25, 2018. Mr. Hemsworth’s options expired on October 25, 2018.

5 Mr. Davidson served as a director from July 22, 2010 until July 10, 2018. Mr. Davidson’s options expired on September 1, 2018.

6 Mr. Mackey served as a director from August 31, 2010 until April 24, 2019. Mr. Mackey’s options expired on July 23, 2019.

7 Mr. Clarke served as a director from July 16, 2018 until April 24, 2019. Mr. Clarke’s options expired on July 23, 2019.

8 Ms. El Amri served as a director from October 26, 2018 until April 18, 2018. Ms. El Amri’s options expired on July 17, 2019.

**Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information concerning all incentive plan awards outstanding at the end of the financial year ended December 31, 2018 for each Director of the Corporation.

| **Name** | **Option-based Awards** | | | | **Share-based Awards** (1) | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Number of securities underlying unexercised options (#)** | **Option exercise price ($)1** | **Option expiration date** | **Value of unexercised in-the-money options ($)1** | **Number of shares or units of shares that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** | **Market or payout value of vested share-based awards not paid out or distributed ($)** |
| John Michael Mackey | 20,000  50,000 | 1.00  0.85 | March 9, 2023  Oct. 25,2023 | Nil | Nil | Nil | Nil |
| Harold Davidson | 40,000 | 1.00 | March 9, 2023 | Nil | Nil | Nil | Nil |
| Thomas Clarke | 50,000 | 0.85 | Oct. 25,2023 | Nil | Nil | Nil | Nil |
| Chaimae El Amri | 50,000 | 0.85 | Oct. 25,2023 | Nil | Nil | Nil | Nil |
| Barry Hemsworth | 40,000 | 1.00 | March 9, 2023 | Nil | Nil | Nil | Nil |
| William Grossholz | 30,000 | 1.00 | March 9, 2023 | Nil | Nil | Nil | Nil |
| Kenneth Philippe | 20,000 | 1.00 | March 9, 2023 | Nil | Nil | Nil | Nil |
|  | | | | | | | |

*1 No options are "in the money" as the closing market price of the common shares of the Corporation on the Exchange on December 31, 2018 of C$0.10 (post consolidation) is below the stock option exercise price.*

**Incentive Plan Awards – value vested or earned during the year**

There were no option−based awards or share−based awards which vested or were earned during the most recently completed financial year.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is its stock option plan. The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2018. The Corporation completed a share consolidation of one post-consolidation common share for every ten pre-consolidation common shares on February 19, 2019.All figures reflect the share consolidation.

#### Equity Compensation Plan Information

|  |  |  |  |
| --- | --- | --- | --- |
| **Plan Category** | **Number of securities to be issued upon exercise of**  **outstanding options, warrants and rights**  **(a)** | **Weighted-average exercise price of**  **outstanding options, warrants and rights**  **(b)** | **Number of securities remaining available for future issuance under**  **equity compensation plans (excluding securities reflected in column (a))**  **(c)** |
| Equity compensation plans  approved by securityholders | 816,216 | $0.87 | 356,216 |
| Equity compensation plans not  approved by securityholders | N/A | N/A | N/A |
| **Total** | **816,216** | **N/A** | **356,216** |