

VELOX ENERGY MATERIALS INC.
(the "Company")

FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS
FOR THE YEAR ENDED DECEMBER 31, 2023

Summary Compensation Table

The following information is provided pursuant to National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, and sets forth the compensation paid, awarded, granted, given or otherwise provided to each named executive officer and director for the most recently completed financial year.

For the purposes of this Statement of Executive Compensation, a "Named Executive Officer" or "NEO" means each of the following individuals:

- (a) the Chief Executive Officer of the Company ("CEO");
- (b) the Chief Financial Officer of the Company ("CFO");
- (c) the most highly compensated executive officer of the Company other than the individuals identified in paragraphs (a) and (b) above, at December 31, 2023, whose total compensation was more than C\$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) above, but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at December 31, 2023,

(collectively, the "Named Executive Officers" or "NEOs").

For the financial year ending December 31, 2023, the Company had the following Named Executive Officers: Michael Griffiths, Simon Coyle, David Bhungara, and Silfia Morton who are collectively referred to as the "Named Executive Officers" or "NEOs".

This Form contains references to Canadian dollars and Australian dollars. References in this Form to "AUD\$" are to Australian dollars and references to "\$" or "C\$" are to Canadian dollars.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all direct and indirect compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Company or any subsidiary thereof to each NEO and each director of the Company, in any capacity, for the fiscal years ended December 31, 2023 and 2022 including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof. Compensation securities are disclosed under the heading "Stock Options and Other Compensation Securities" below.

Name and Position	Financial Year ended	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all other Compensation (\$)	Total Comp (\$)
Simon Coyle, CEO, President, and Director ⁽¹⁾	2023	100,427	Nil	Nil	Nil	Nil	100,427
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Silfia Morton, Chief Financial Officer	2023	5,394	Nil	Nil	Nil	Nil	5,394
	2022	N/A	N/A	N/A	N/A	N/A	N/A
Michael Griffiths, Vice President Exploration, Director ⁽²⁾	2023	260,533	Nil	Nil	Nil	Nil	260,533
	2022	95,000	Nil	Nil	Nil	Nil	95,000
David Bhumgara, CFO ⁽³⁾	2023	30,000	Nil	Nil	Nil	Nil	30,000
	2022	12,763	Nil	Nil	Nil	Nil	12,763
Nicole Morcombe, Director ⁽⁴⁾	2023	76,560	Nil	Nil	Nil	Nil	76,560
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Caroline Keats, Director ⁽⁴⁾	2023	31,500	Nil	Nil	Nil	Nil	31,500
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Stephen Coates, Director ⁽⁵⁾	2023	19,873	Nil	Nil	Nil	Nil	19,873
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Ryan Smith, Director ⁽⁶⁾	2023	19,873	Nil	Nil	Nil	Nil	19,873
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Robert Kirtlan, Director ⁽⁷⁾	2023	N/A	N/A	N/A	N/A	N/A	N/A
	2022	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Simon Coyle was appointed as CEO and President on July 10, 2023.
- (2) On May 15, 2023, the Company agreed to settle \$230,000 of accrued management fees owed to the previous CEO of the Company, Michael Griffiths, to be paid over five months starting July 2023 for a total of \$100,000. The remaining debt \$130,000 was forgiven. Mr. Griffiths stepped down as the CEO on July 10, 2023.
- (3) Mr. Bhumgara became CFO on October 15, 2021. Mr. Bhumgara's fees are received through a related company, PME consulting CDA LTD, and are included in the monthly fee of \$6,000 paid to Grove Corporate Services Ltd. ("Grove Capital"), a company related to Mr. Stephen Coates, a non-NEO director until September 21, 2023. Mr. Bhumgara resigned as a CFO on December 31, 2023.
- (4) Ms. Nicole Morcombe became a non-NEO Director on June 16, 2023.
- (5) Ms. Caroline Keats became a non-NEO Director on April 11, 2023 and resigned on December 31, 2023.
- (6) Mr. Smith and Mr. Coates retired as directors on September 21, 2023.
- (7) Mr. Kirtlan resigned as a non-NEO director on September 15, 2022.

External Management Companies

Grove Corporate Services Ltd. ("Grove") is a private company controlled by Stephen Coates, a non-NEO Director of the Company until September 21, 2023. Pursuant to an agreement dated July 1, 2017, the Company entered into a business services agreement with Grove, and through Grove, Stephen Coates, to provide management and administrative services to the Company. The contract included the cost of the corporate secretary, office rent, CFO services and other regular administrative functions. The contract was billed on a monthly basis with a thirty-day notice period. The monthly rate was \$6,000 up to April 30, 2023 and \$13,000 per month thereafter until the Company terminated the business services agreement with Grove effective December 31, 2023.

The Company was billed \$123,300 by Grove for services under this contract during the year ended December 31, 2023.

Stock Options and Other Compensation Securities

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

Name and position	Type of Compensation security	Number of compensation securities, number of underlying securities	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 Company's year-end (\$)	Expiry Date
Simon Coyle, CEO, President, and Director ⁽¹⁾	Stock Options	2,500,000 5,000,000	2023-04-11 2023-07-27	0.055 0.060	0.055	0.060	2028-04-11 2028-07-27
Nicole Morcombe, Director ⁽²⁾	Stock Options	4,500,000	2023-06-18	0.05	0.070	0.060	2028-06-16
Caroline Keats, Director ⁽³⁾	Stock Options	1,000,000	2023-04-11	0.055	0.055	0.060	2028-04-11

Notes:

- (1) As of December 31, 2023, Mr. Coyle, CEO and a director of the Company, held 7,500,000 incentive stock options entitling him to acquire, upon exercise, 7,500,000 common shares in the capital of the Company. All options are vested.
- (2) As of December 31, 2023, Ms. Morcombe, a director of the Company, held 4,500,000 incentive stock options entitling her to acquire, upon exercise, 4,500,000 common shares in the capital of the Company. All options are vested.
- (3) As of December 31, 2023, Ms. Keats, a director of the Company, held 1,000,000 incentive stock options entitling her to acquire, upon exercise, 1,000,000 common shares in the capital of the Company. All options are vested.

Each outstanding stock option of the Company entitles the holder thereof to acquire, upon exercise, one common share in the capital of the Company. There has been no compensation security that has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year, including the original and modified terms, the effective date, the reason for the modification, and the name of the holder.

Exercise of Compensation Securities by Directors and NEOs

No director or NEO exercised compensation securities during the most recently completed financial year.

Stock Option Plan

The Company adopted a new stock option plan (the "Plan") in 2017 which was last approved by shareholders on September 21, 2023. The Plan is a "rolling" stock option plan, whereby the aggregate number of shares reserved for issuance, together with any other shares reserved for issuance under any other plan or agreement of the Company, shall not exceed ten (10%) percent of the total number of issued shares (calculated on a non-diluted basis) at the time an option is granted. The Plan provides that the board of directors of the Company (the "Board"), may, from time to time, in its discretion, grant to directors, officers, employees, consultants and other personnel of the Company and its subsidiaries or affiliates, options to purchase shares of the Company.

The term of any options granted under the Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death, the term of any options granted under the Plan may not exceed ten years.

The number of shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- to any one optionee, shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval;
- to insiders as a group shall not exceed 10% of the total number of issued and outstanding shares, at any point in time and in any 12-month period, on a non-diluted basis, unless the Company has obtained disinterested shareholder approval;
- to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and
- to all investor relations service providers shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis.

The Board, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon which each option shall become vested in respect of option shares. Unless otherwise specified by the Board at the time of granting an option, and subject to the other limits on option grants set out in the Plan, all options granted under the Plan shall vest and become exercisable in full upon grant, except options granted to investor relations service providers, which options must vest in stages over twelve months such that:

- no more than 1/4 of the stock options vest no sooner than three months after the stock options were granted;
- no more than another 1/4 of the stock options vest no sooner than six months after the stock options were granted;
- no more than another 1/4 of the stock options vest no sooner than nine months after the stock options were granted; and
- the remainder of the stock options vest no sooner than 12 months after the stock options were granted.

Options shall be exercisable by delivering to the Company a notice specifying the number of option shares in respect of which the option is exercised together with payment in full of the option price for each such option share. Upon notice and payment there will be a binding contract for the issue of the option shares in respect of which the option is exercised, upon and subject to the provisions of the Plan. Delivery of the optionee's cheque payable to the Company in the amount of the option price shall constitute payment of the option price unless the cheque is not honored upon presentation in which case the option shall not have been validly exercised.

Employment, Consulting and Management Agreements

Effective July 10, 2023, Mr. Simon Coyle was appointed as the CEO and President of the Company. As part of his remuneration, Mr. Coyle entered into an employment agreement with the Company at a rate of AUD\$275,000 per annum plus statutory superannuation. The Company has also issued 5,000,000 stock options with an exercise price of \$0.055 and a 5-year term. In addition, upon completion of certain fundraising milestones, a further 4,000,000 stock options will be issued to Mr. Coyle, subject to the Company's capacity requirements and any required approvals. The stock options were issued under the Plan.

Effective July 10, 2023, Mr. Michael Griffiths entered into a consulting agreement with the Company at a rate of AUD\$10,000 per month. The contract is for a nine-month term, with the right to extend for another six months.

Effective July 1, 2023, Ms. Nicole Morcombe entered into a consulting agreement with the Company for a nine-month term, with the right to extend for another six months. The agreement is at a rate of AUD\$15,000 per month from July to September 2023, and subsequently at a day rate of AUD\$1,500 per day.

Oversight and Description of Director and Named Executive Officer Compensation

The Board is responsible for determining, by way of discussions at Board meetings, the compensation to be paid to the Company's NEOs, executive officers and directors. The Board has not created or appointed a compensation committee given the Company's current size and stage of development. In assessing the compensation of its directors and executive officers, including the NEOs, the Company does not have in place any formal objectives, criteria or analysis; however, the performance of each individual is considered along with the Company's ability to pay compensation and its results of operation for the period.

Compensation payable to executive officers and directors will be approved by the full Board, on an annual basis. The significant elements of compensation awarded to, earned by, paid or payable to the NEOs for the most recently completed financial year were: (i) base salary; (ii) bonus and other annual incentive awards; and (iii) other compensations, perquisites. No compensation is directly tied to a specific performance goal such as a milestone or the completion of a transaction. No peer group is formally used to determine compensation. The Company has not established any specific performance criteria or goals to which total compensation or any significant element of total compensation to be paid to any NEO is dependent. NEOs' performance is reviewed in light of the Company's objectives from time to time and such officers' compensation is also compared to that of executive officers of companies of similar size and stage of development.

Future compensation to be awarded or paid to the Company's directors and/or executive officers, including NEOs, is expected to consist primarily of management fees or salary, stock options and bonuses. In the meantime, payments may be made from time to time to executive officers, including NEOs, or companies they control for the provision of consulting or management services. Such services will be paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers. In addition, it is anticipated that the Board may award bonuses, in its sole discretion, to executive officers, including NEOs, from time to time. Any compensation paid to the Company's NEOs is dependent upon the Company's finances as well as the performance of each of the NEOs.

Pension Disclosure

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