

CENTAURUS ENERGY INC.
(the “Corporation” or “Centaurus”)

FORM 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION - VENTURE ISSUERS

(Year Ended December 31, 2020)

The following information, dated as of July 14, 2021, is provided in accordance with Form 51-102F6V - *Statement of Executive Compensation - Venture Issuers*, for the financial year ended December 31, 2020.

1. GENERAL

The purpose of the following is to provide information about the Corporation’s philosophy, objectives and processes regarding compensation of the Corporation’s directors and for the following executive officers of the Corporation (referred to herein as “**Named Executive Officers**”):

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation 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, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, 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 Corporation, and was not acting in a similar capacity, at the end of that financial year.

The Named Executive Officers of the Corporation during the last completed fiscal year of the Corporation commencing January 1, 2019 and ending on December 31, 2020 (“**Fiscal 2020**”) were David Tawil, Interim Chief Executive Officer, and Steven (Shlomo) Azarbad, Interim Chief Financial Officer. Jose Peñafiel, Ezequiel Martinez and Alejandro Peñafiel, who were the President and Chief Executive Officer, Chief Financial Officer and Vice President, Growth and Capital, respectively, until they were terminated on March 24, 2020, were also Named Executive Officers during Fiscal 2020. There were no other Named Executive Officers during the financial year ended December 31, 2020.

During Fiscal 2020, Ruben Etcheverry, Ralph Gillcris, Gus Halas, Barry Larson, Leonardo Madcur, Nossomal Kleinfeldt, Alejandro Peñafiel, Jose D. Peñafiel, James K. Wilson, David Tawil, Steven Azarbad and Steven Balsam served as directors of the Corporation. Leonardo Madcur resigned as a director on February 18, 2020. Alejandro Peñafiel and Jose Peñafiel ceased to be directors of the Corporation on March 24, 2020 in accordance with the terms of their employment agreements. Effective April 8, 2020, Ralph Gillcris, Barry Larson, James K. Wilson, Gus Halas and Nossomal (Nate) Kleinfeldt resigned from the Board. David Tawil, Steven Azarbad and Steven Balsam were appointed during Fiscal 2020. David Tawil, Steven Azarbad, Steven Balsam and Ruben Etcheverry are the current directors of the Corporation.

The description of the Corporation’s compensation philosophy and objectives and the elements of such compensation during Fiscal 2020 are set forth below.

Notes:

- (1) David Tawil was appointed the Interim Chief Executive Officer on March 24, 2020. Mr. Tawil serves at the pleasure of the Corporation without an employment agreement and without compensation.
- (2) Steven (Shlomo) Azarbad was appointed the Interim Chief Financials Officer on March 24, 2020. Mr. Azerbad serves at the pleasure of the Corporation without an employment agreement and without compensation.
- (3) Mr. Jose Peñafiel was the President and Chief Executive Officer of the Corporation from May 8, 2017 until his termination on March 24, 2020. Mr. Jose Peñafiel was employed by the Corporation pursuant an employment agreement (the “J. Peñafiel Employment Agreement”) that provides that such agreement, and the executive’s employment, may be terminated by the Corporation (for reason other than “just cause”) at any time upon the payment of a termination allowance equal to the sum of USD\$315,000. The J. Peñafiel Employment Agreement also provided that the executive may elect to terminate the Peñafiel Employment Agreement during the six (6) months following any one of the following events and in such case the executive would be entitled to their retiring allowance:
 - a change of control (as such term is defined in the J. Peñafiel Employment Agreement);
 - if the executive’s duties, powers, rights or salary are fundamentally diminished; and
 - upon any failure by the Corporation to continue to provide the executive with any, or reasonably equivalent, benefit, bonus, profit sharing, incentive, remuneration or compensation plan, stock ownership or purchase plan, stock option plan, warrant ownership rights, life insurance, disability plan, pension plan or retirement plan in which the executive was entitled to participate in, or if the Corporation has taken any action which adversely affects the executive’s rights or participation in any such plans.
- (4) Mr. Ezequiel Martinez Ariet was the Chief Financial Officer of the Corporation from July 1, 2017 until his termination on March 24, 2020. Mr. Ariet was employed by the Corporation pursuant an employment agreement (the “Martinez Employment Agreement”). The Martinez Employment Agreement provided that such agreement, and the executive’s employment, may be terminated by the Corporation (for reason other than “just cause”) at any time upon the payment of a termination allowance equal to the sum of USD\$360,000 decreasing monthly on a straight-line basis to USD\$110,000 as of July 1, 2020.
- (5) Mr. Alejandro Peñafiel was the VP, Growth of Capital of the Corporation from April 2019 until his termination on March 24, 2020. Mr. Alejandro Peñafiel was employed by the Corporation pursuant an employment agreement (the “A. Peñafiel Employment Agreement”) that provides that such agreement, and the executive’s employment, may be terminated by the Corporation (for reason other than “just cause”) at any time upon the payment of a termination allowance equal to the sum of USD\$180,000.
- (6) The Corporation applies the Black-Scholes option pricing model to determine the fair value of the award. The Corporation used the following weighted average assumptions to determine the value of the award recorded above: dividend yield – 0%; expected life – 4.05 years; volatility – 75%; risk free interest rate – 0.61%. No bonuses with respect to the Named Executive Officers were approved for the years ended December 31, 2020 and 2019. The value of perquisites received by the above named Named Executive Officers (including property and other personal benefits which were not generally available to all employees), was not in total greater than \$50,000 or 10% of the Named Executive Officers’ total salary for 2020 or 2019.

2.2 Stock Options and Other Compensation Securities

The following table sets forth details for all stock options granted or issued to each director and named executive officer during Fiscal 2020. The Corporation issued no other compensation securities during Fiscal 2020.

COMPENSATION SECURITIES

Name and Position	Number of Stock Options (#)	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 Fiscal 2020 (\$)	Expiry Date
David Tawil <i>Interim Chief Executive Officer and Director</i>	10,000,000	10,000,000 [1.84%]	Aug 10, 2020	\$0.05	\$0.04	\$0.03	Aug 10, 2025
Steven Azarbad <i>Interim Chief Financial Officer and Director</i>	5,000,000	5,000,000 [0.92%]	Aug 10, 2020	\$0.05	\$0.04	\$0.03	Aug 10, 2025
Steven Balsam <i>Director</i>	5,000,000	5,000,000 [0.92%]	Aug 10, 2020	\$0.05	\$0.04	\$0.03	Aug 10, 2025

COMPENSATION SECURITIES

<u>Name and Position</u>	<u>Number of Stock Options (#)</u>	<u>Number of Underlying Securities and [Percentage of Class] (#)</u>	<u>Date of Issue or Grant</u>	<u>Issue, Conversion or Exercise Price (\$)</u>	<u>Closing Price of Security or Underlying Security on Date of Grant (\$)</u>	<u>Closing Price of Security or Underlying Security at Year end Fiscal 2020 (\$)</u>	<u>Expiry Date</u>
Ruben Etcheverry <i>Director</i>	5,000,000	5,000,000 [0.92%]	Aug 10, 2020	\$0.05	\$0.04	\$0.03	Aug 10, 2025

Note:

- (1) The 90-day expiry following termination pursuant to the Option Plan was waived for these options.
- (2) Indicates the total number of compensation securities held by the Named Executive Officer as at December 31, 2020.
- (3) As at December 31, 2020, Mr. Etcheverry held options to purchase an aggregate of 5,500,000 common shares of Centaurus (including the options indicated in the foregoing table).

No stock options or other compensation securities were exercised during Fiscal 2020.

2.3 Stock Option Plans and Other Incentive Plans

Centaurus has adopted the Option Plan pursuant to which Options may be granted to its directors, officers, employees, consultants and other service providers (collectively, “**Centaurus Service Providers**”).

The purpose of the Option Plan is to develop the interest of Centaurus Service Providers in the growth and development of the Corporation by providing them the opportunity through Options to acquire an increased proprietary interest in the Corporation. Options granted pursuant to the Option Plan have a term not exceeding five years and vest in such manner as determined by the Board.

The total number of Common Shares reserved for issuance pursuant to the Options granted and outstanding under the Option Plan at any time shall not exceed a number of Common Shares equal to 10% of the aggregate number of issued and outstanding Common Shares.

Options are not transferable or assignable except in accordance with the Option Plan and the holding of Options shall not entitle the holder to any rights as a security holder.

Pursuant to option agreements entered into in respect of outstanding Options, on a change of control of the Corporation (as defined therein), the vesting of Options granted thereunder are accelerated. Based on the closing price of the Common Shares at December 31, 2020 (\$0.03 per Common Share), no Options held by the Named Executive Officers at December 31, 2020 were vested and “in-the-money” at such date. In addition, in the event of certain events such as a liquidation or dissolution of the Corporation or a reorganization, plan of arrangement or consolidation of the Corporation with one or more entities as a result of which the Corporation is not the surviving entity, the Board of Directors may exercise its discretion to permit accelerated vesting of Options on such terms as the Board sees fit and, in the event of an acceleration of vesting, to cause the Options to terminate after the end of the period of accelerated vesting, even if such termination is prior to the end of the normal exercise period.

The Option Plan also provides for: (i) termination of all unvested Options upon termination of a Centaurus Service Provider for any other reason, other than death, and termination of all vested Options at the earlier of dates ranging from thirty (30) days to ninety (90) days (depending on the particular stock option agreement entered into with the Centaurus Service Provider) from the date of cessation as a Centaurus Service Provider or the end of the applicable exercise period; and (ii) in the case of death, the Centaurus Service Provider is entitled to exercise those Options which such person was entitled to exercise on the date of the death ranging from within the earlier of ninety (90) days from the date of death and the end of the exercise period, or up to one year after the date of death of the Centaurus Service Provider and the end of the exercise period, if earlier (depending on the particular stock option

agreement entered into with the Centaurus Service Provider). Except as set forth above, the Option Plan allows for the Board to amend or discontinue the Option Plan at any time, provided that no such amendment may, without the consent of optionee, alter or impair any Option previously granted to an optionee under the Option Plan and provided further that any amendment to the Option Plan is subject to prior approval of the TSXV, if required, and approval of the Shareholders of Centaurus, if required.

2.4 Employment, Consulting and Management Agreements

There are no management functions of the Corporation that are to any substantial degree performed by a person or Corporation other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

2.5 Oversight and Description of Directors and Named Executive Officers Compensation

Compensation of Named Executive Officers:

The Board of Directors sets the compensation received by Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board of Directors will rely primarily on their own experience and knowledge.

The executive compensation program adopted by the Corporation and applied to its executive officers is designed to attract and retain qualified and experienced executives who will contribute to the success of the Corporation. The executive compensation program attempts to ensure that the compensation of the senior executive officers provides a competitive base compensation package and a strong link between corporate performance and compensation. Senior executive officers are motivated through the program to enhance long-term shareholder value.

Compensation provided to Named Executive Officers consists of two principal components: salary (including potential bonuses) and stock options granted under the Corporation's stock option plan, described below. In addition to base salary, the Board of Directors may from time to time pay a bonus to Named Executive Officers for either the accomplishment of specific performance criteria or for exceptional performance. Currently, compensation is not tied any performance criteria or goals. Pursuant to the Corporation's stock option plan, the Board of Directors, at its discretion, determines all grants of stock options to Named Executive Officers and Directors. Such grants are considered incentives intended to align the Named Executive Officers', Directors' and Shareholders' interests in the long term.

Compensation of Directors:

As at December 31, 2020, the directors of the Corporation are entitled to receive: (i) an annual retainer of \$25,000 payable to the independent directors of the Corporation; (ii) an annual retainer of \$50,000 payable to the Chairman of the Board; (iii) an additional annual retainer of \$5,000 payable to each of the Chairmen of the Compensation Committee and Reserves Committee; (iv) an additional annual retainer of \$10,000 payable to the Chairman of the Audit Committee; and (v) an additional \$1,000 for every committee and Board meeting attended by an independent director in person or by conference call.

The Corporation has in place a travel policy to compensate directors for the time and effort required to travel in their role as a director of the Corporation, including attending Board and committee meetings and site visits to the Corporation's operations (the "**Travel Policy**"). The Travel Policy includes a per diem fee of \$1,000 (equivalent to a market-typical meeting fee) for travel times exceeding four hours, with all travel claims approved by the Chair of the Audit Committee or the Chair of the Compensation Committee.

Directors were reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Each of the Corporation's non-management directors also participated in the Corporation's stock option plan.

2.6 Pension Disclosure

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.