

PRINCIPAL TECHNOLOGIES INC.
(the “Company”)

FORM 51-102FV6
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS
(Year Ended July 31, 2021)

The following information dated December 20, 2021 is provided in accordance with Form 51-102F6V-Statement of Executive Compensation – Venture Issuer for the financial year ended July 31, 2021. Unless otherwise indicated, all currency references are to Canadian dollars.

For the purpose of this Statement of Executive Compensation:

"Board" means the board of directors of the Company;

"CEO" means an individual who served as a chief executive officer of the Company, or performed functions similar to a chief executive officer, for any part of the most recently completed financial year;

"CFO" means an individual who served as a chief financial officer of the Company, or performed functions similar to a chief financial officer, for any part of the most recently completed financial year;

"Common Share" means a common share of the Company;

"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) a CEO;
- (b) a CFO;
- (c) the most highly compensated executive officer, 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(5) of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**"), for that financial year; 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, nor acting in a similar capacity, at the end of that financial year;

"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;

"Stock Option Plan" means the 10% rolling stock option plan of the Company; and

"underlying securities" means any securities issuable on conversion, exchange or exercise of compensation securities.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and Named Executive Officer Compensation (excluding Compensation Securities)

The Named Executive Officers of the Company during the last completed fiscal year ended July 31, 2021 (“Fiscal 2021”) were Frank Stronach, CFO, and John McCoach, Interim CEO. There were no other executive officers of the Company who individually earned more than \$150,000 in total compensation.

The Board of directors of the Company during Fiscal 2021 were Frank Stronach, John McCoach and Azim Dalla,

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each current and former NEO and director, in any capacity, for the past two fiscal years—2021 and 2020. Excluding compensation securities, no compensation was paid, payable, awarded, granted, given or otherwise provided to any current or former director of the Company during the said fiscal years.

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 (\$)
Frank Stronach ⁽¹⁾ CFO, Corporate Secretary & Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
John McCoach ⁽²⁾ Interim CEO & Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Azim Dhalla ⁽³⁾ Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Gerald Trent ⁽⁴⁾ Director	2021	N/A	N/A	N/A	N/A	N/A	N/A
	2020	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Stronach has served as Chief Financial Officer, Corporate Secretary and Director of the Company since April 3, 2018.
- (2) Mr. McCoach has served as Director since April 3, 2018 and as Interim Chief Executive Officer from July 6, 2020 to August 4, 2021.
- (3) Mr. Dalla has served as Director from April 3, 2018 to August 4, 2021.
- (4) Mr. Trent has served as Chief Executive Officer and Director since August 4, 2021.

Stock Options

The compensation securities granted to Named Executive Officers and directors of the Company during Fiscal 2021 are set out below.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾	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 ⁽²⁾ (\$)	Expiry Date
Frank Stronach ⁽³⁾ <i>CFO</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
John McCoach ⁽⁴⁾ <i>Interim CEO & Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
Azim Dhalla ⁽⁵⁾ <i>Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Each option entitles the holder to acquire one Common Share upon exercise. All options vest on the date of grant.
- (2) Reflects the closing price of the Common Shares on the TSX Venture Exchange on the last trading day of July 2021.
- (3) As at July 31, 2021, Mr. Stronach has an aggregate of 100,000 stock options outstanding.
- (4) As at July 31, 2021, Mr. McCoach has an aggregate of 100,000 stock options outstanding.
- (5) As at July 31, 2021, Mr. Dhalla has an aggregate of 100,000 stock options outstanding.

The Company did not issue stock options to directors or Named Executive Officers during Fiscal 2021.

None of the stock options were exercised during Fiscal 2021.

As at July 31, 2021, the Company has an aggregate of 300,000 stock options outstanding.

Stock Option Plan

The Company has adopted the Stock Option Plan, pursuant to which the Board of the Company may, from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and consultants to the non-transferable Stock Options, the number of Common Shares reserved for issuance under the Stock Option Plan will not exceed 10% of the issued and outstanding Common Shares. Such Stock Options may be exercisable for a period of up to 10 years from the date of grant. The exercise price of Stock Options is determined by the Board of the Company in accordance with Exchange policies and subject to the terms of the Stock Option Plan.

The number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Stock Options may be exercised for 90 days following cessation of the optionee's position with the Company. However, the cessation of office, directorship or consulting arrangement was by reason of death, the Stock Options may be exercised within a maximum period of one year after such death, subject to the expiry date of such Stock Options.

The Stock Option Plan was approved by the Company's shareholders on June 30, 2021.

The Stock Option Plan may be viewed under the Company's profile on SEDAR at www.sedar.com.

Employment, Consulting and Management Agreements

During Fiscal 2021, there were no contracts, agreements, plans or arrangements that provide for payments or salary to any NEO or director or which includes any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO's or director's responsibilities.

It is not anticipated that there will be any compensatory plans, contracts or arrangements between the Company and a Named Executive Officer in the 12 months following completion of the Qualifying Transaction with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Company; or (c) a change in the Named Executive Officer's responsibilities following a change in control of the Company involving an amount, where the Named Executive Officer is entitled to receive more than \$100,000, including periodic payments or installments.

The Company entered into a consulting agreement with a consulting company owned and controlled by Gerald Trent for his CEO services on June 11, 2021, pursuant to which the Company pays consulting fees in the amount of €10,000 per month. In addition, Mr. Trent received a one-time signing bonus of €100,000 in 2021. Mr. Trent is also entitled to an annual performance bonus equal to 20% of the increase (if any) in value of the Company's equity capital, as measured in reference to the difference between the 20 day volume weighted average of the Common Shares multiplied by the issued and outstanding Common Shares as at the beginning and end of each such annual period. The annual bonus which was approved by the Company's shareholders on June 30, 2021 will be paid in Common Shares, subject to approval of the Exchange. Mr. Trent is also entitled to receive option based compensation periodically at the discretion of the Board.

The Company entered into a consulting agreement with a consulting company owned and controlled by Frank Stronach for his CFO and Corporate Secretary services on August 4, 2021, pursuant to which the Company pays consulting fees on an hourly basis, as agreed upon \$150 per hour. Mr. Stronach is also entitled to receive option based compensation periodically at the discretion of the Board.

Except as disclosed herein, the Company and its subsidiaries have no management or employment contracts with any other Named Executive Officer or director.

Oversight and Description of Director and Executive Officer Compensation

Director Compensation

The Company had no standard arrangement pursuant to which the Directors were compensated by the Company for their services in their capacity as directors or for committee participation, involvement in special assignments or for services as consultants or experts during Fiscal 2021. Such incentives may be in the form of an annual director's fee and/or in the form of incentive stock options pursuant to the Stock Option Plan. Directors may however, receive stock options for their role as directors or committee members with the Company, in such amounts and upon such terms as may be approved by the Board from time to time. The number of stock options granted will depend the performance of each director. Previous grants of stock options also provide a basic guideline in determining new stock option grants.

Subsequent to year end, the Board of the Company approved that the Company's directors will receive quarterly fees for \$20,000 annually and that the Chairman of the Board and Chairman of the Audit Committee will receive quarterly fees for \$30,000 annually.

Executive Officer Compensation

The Company expects to pay compensation to NEOs and other officers, directors, employees and consultants of the Company for their services as such. The Company has entered into consulting agreements with the CEO and with the CFO, whose agreements are described as above.

Compensation Discussion and Analysis

The Company expects to provide a market-based blend of base salaries, bonuses and equity incentive components in the form of Stock Options to further align the interests of management with the interests of the Company's shareholders.

The Company expects to pay compensation to NEOs and other officers, directors, employees and consultants of the Company for their services as such. The Company has entered into consulting agreements with Gerald Trent, the CEO of the Company, and Frank Stronach, the CFO and Corporate Secretary of the Company. The terms of these agreements are described as above.

Option-Based Awards

The Company has a Stock Option Plan in place. The Board is responsible for granting options to the NEOs under the Stock Option Plan. The Compensation Committee or the Board may grant stock options on an annual basis to directors, executive officers and senior managers.

The Stock Option Plan is an important part of the Company's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the common shares over a stated period of time. The Stock Option Plan is intended to help attract and retain employees by providing them with an opportunity to participate in the future success of the Company and to reinforce commitment to long-term growth in profitability and shareholder value. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and employees. The Board believes that the Stock Option Plan aligns the interests of the executive officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of the common shares.

In determining the number of stock options to be granted to the executive officers and directors, the Board or the Compensation Committee, as the case may be, takes into account the number of stock options, if any, previously granted to each executive officer and director and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange.

The number of Stock Options granted to officers and directors is also dependent on each officer's and director's level of responsibility, authority and importance to the Company and to the degree to which such officer's or director's long term contribution to the Company will be key to its long term success.

In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible), its assessment of individual contribution to shareholder value and previous option grants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan.

Annual Incentives (Cash Bonuses)

Executive officers are eligible for an annual discretionary bonus, payable in cash. The Board approves such annual incentives based on its assessment of each active NEO's performance and his or her respective contribution to the Company's success, and after taking into account the financial and operating performance of the Company.

Compensation Governance

The Board of the Company may establish a compensation committee (the "Compensation Committee") and adopt a written charter for the Compensation Committee. If created, the Compensation Committee will assist the Board in fulfilling its obligations relating to compensation issues. The Compensation Committee will act alone when considering the compensation of the President and CEO; however, the President and CEO will assist the Compensation Committee in assessing the performance of all other executive officers. The proposed executive compensation is then presented to the Board for approval. The Compensation Committee will also make recommendations to the Board respecting the Company's incentive compensation plans, including administration of the Share Option Plan. It will also have the responsibilities of reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees to the Board, and evaluating the performance of officers generally and in light of annual goals and objectives.

Furthermore, the Compensation Committee may, at the request of the Board, review, approve and/or monitor compensation programs and strategies applicable to senior management, and review the corporate succession and development plans of the Company at the executive level.

The Compensation Committee will have the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers).

Pension Plan Benefits

The Company currently does not have a pension, retirement, deferred compensation or similar plan in place.