

**ALSET CAPITAL CORP. (FORMERLY PROSMART ENTERPRISES INC.)**

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Vancouver, British Columbia, V6E 4N7  
Telephone: 1-844-927-6278

**Form 51-102F6V**

**STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS  
(for financial years ended September 30, 2020 and 2019)**

**GENERAL**

The following information, dated March 29, 2021, is provided as required under Form 51-102F6V – *Statement of Executive Compensation*, for Venture Issuers (the “Form”), as such term is defined in National Instrument 51-102.

For the purposes of this Form:

“**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;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**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.

Effective as of February 16, 2021, the Company a name change from “ProSmart Enterprises Inc.” to “ALSET CAPITAL INC.” and a share consolidation of its outstanding common shares on the basis of one (1) post-consolidation Common Share for every ten (10) pre-consolidated Common Shares and effective at market open on February 21, 201 the Company’s Common Shares began trading on the NEX board of the TSX Venture Exchange (“TSXV”) under stock symbol “KSUM.H”.

**DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

During financial year ended September 30, 2020, based on the definition above, the NEOs of the Company were: Zelong He, Chief Executive Officer and director, Alan R. Schuler, former President, Chief Executive Officer and former director, Darren Battersby, Chief Financial Officer and Corporate Secretary. The directors of the Company who were not NEO’s during financial year ended September 30, 2020 were: Pascale Audette, Parminder Singh, Cale Thomas, Zelong He and Robert Michael Geisthardt

Alan R. Schuler served as President, Chief Executive Officer and a director from June 14, 2017 to March 4, 2020. Zelong He was appointed elected a director on March 4, 2020 and was appointed Chief Executive Officer on March 4, 2020.

Cale Thomas and Robert Michael Geisthardt were appointed directors on March 4, 2020.

Pascale Audette served as a director from January 29, 2018 to March 4, 2020. Parminder Singh served as a director from May 28, 2018 to March 4, 2020.

During financial year ended September 30, 2019, based on the definition above, the NEOs of the Company were: James Mutter, Chairman of the Board and director, Alan R. Schuler, President and Chief Executive Officer, Darren Battersby, Chief Financial Officer, Corporate Secretary and a director, David M. McAherney, Chief Operating Officer, The directors of the Company who were not NEO’s during financial year ended September 30, 2019 were Myles A. McGovern and Alex Rothwell.

James Mutter served as Chairman of the Board from January 28, 2018 to December 8, 2018. Mr. Mutter served as a director of the Company from June 14, 2017 to May 28, 2018.

Darren Battersby was appointed Chief Financial Officer on June 23, 2017. Mr. Battersby was appointed Corporate Secretary on November 15, 2017. David M. McAherney served as Chief Operating Officer from July 3, 2018 to December 8, 2018.

Alan R. Schuler served as President and Chief Executive Officer and a director from June 14, 2017 to March 4, 2020.

Myles A. McGovern served as a director from June 14, 2017 to May 28, 2018. Alex Rothwell served as a director from June 23, 2017 to December 7, 2018.

## **Compensation Discussion and Analysis**

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. Compensation currently is, and historically has been, based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

### Philosophy and Objectives

The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its current Share Option Plan. Recommendations for senior management compensation are presented to the Board for review.

### Base Salary

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

### Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

### Equity Participation

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 current Share Option Plan and Restricted Share Unit Plan, in which certain securities 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 Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasises the provisions of option grants to maintain executive motivation.

### **NEO Compensation Table**

The compensation paid to the NEOs during the Company's three most recently completed financial years of September 30, 2020 and September 30, 2019 is as set out below:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(6)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Zelong He <sup>(1)</sup> CEO	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Darren Battersby <sup>(2)</sup> CFO, Secretary	2020 2019	105,000 67,200	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	105,000 67,200
Alan Schuler <sup>(3)</sup> Former CEO	2020 2019	Nil 109,426	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 109,416
David McAnerney <sup>(4)</sup> Former COO	2020 2019	Nil 64,991	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 64,991

Notes:

- (1) Mr. Zelong was appointed CEO on March 4, 2020.
- (2) Mr. Battersby was appointed CFO on June 23, 2017 and was appointed Corporate Secretary of the Company on November 15, 2017.
- (3) Mr. Schuler was appointed CEO on June 14, 2017 and resigned as an officer of the Company on March 4, 2020.
- (4) Mr. McAnerney was appointed COO on July 3, 2018 and resigned as an officer of the Company on December 8, 2018.
- (5) These values are based on the grant date fair value of the options calculated using the Black-Scholes Method using the following assumptions: risk free interest rate of 2.12%; expected dividend rate of 0%; expected stock price volatility of 144%; and expected option life 10 years.

### **Director Compensation Table**

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, except for the granting from time to time of incentive stock options in accordance with the policies of the TSXV. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

The compensation provided to directors of the Company, excluding all directors named above as an NEO, for the Company's two most recently completed financial years ended September 30, 2020 and 2019, is:

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(8)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Zelong He <sup>(1)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cale Thomas <sup>(2)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Vikas Ranjan <sup>(3)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert Michael Geisthardt <sup>(4)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Parminder Singh <sup>(5)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pascale Audette <sup>(6)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alan Schuler <sup>(7)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Mutter <sup>(8)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	5,541	Nil	Nil	Nil	Nil	Nil	5,541
Alex Rothwell <sup>(9)</sup>	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Zelong was appointed to be a director of the Company on March 4, 2020.
- (2) Mr. Cale was appointed to be a director of the Company on March 4, 2020.
- (3) Mr. Vikas was appointed to be a director of the Company on March 4, 2020.
- (4) Mr. Robert was appointed to be a director of the Company on March 4, 2020.
- (5) Mr. Singh was appointed to be a director of the Company on May 28, 2018 and resigned as a director of the Company on March 4, 2020.
- (6) Ms. Audette was appointed to be a director of the Company on January 29, 2018 and resigned as a director of the Company on March 4, 2020.
- (7) Mr. Schuler was appointed to be a director of the Company on June 14, 2017 and resigned as a director of the Company on March 4, 2020.
- (8) Mr. Mutter was appointed to be a director of the Company on June 14, 2017 and resigned as a director of the Company on December 8, 2018.
- (9) Mr. Rothwell was appointed to be a director of the Company on June 23, 2017 and resigned as a director of the Company on December 7, 2018.
- (10) These values are based on the grant date fair value of the options calculated using the Black-Scholes Method using the following assumptions: risk free interest rate of 1.7%; expected dividend rate of 0%; expected stock price volatility of 85%; and expected option life 5 years.

#### **Stock Options and Other Compensation Securities**

The Company has a 10% "rolling Share Option Plan in place, which was approved by the Company's shareholders on March 9, 2018 (the "**Share Option Plan**"). The Share Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Stock options (the "**Options**") are granted to executives and employees (the "**Optionees**") 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 the Options granted are determined by the Board based on recommendations put forward by the CEO

and CFO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

The Share Option Plan, under which convertible securities can be issued as an additional mechanism to encourage equity participation in the Company by officers and other key employees, for the purposes of the fixed Restricted Share Unit Plan (described below), is considered a Share Compensation Arrangement and any grants under the Share Option Plan would be considered in the limitations under the Restricted Share Unit Plan listed hereunder.

The material terms of the Share Option Plan are as follows.

*Service Provider*

"Service Provider" means a Person who is a bona fide director, officer, employee, management company employee, consultant or company consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;

*Maximum Plan Shares*

The maximum aggregate number of Share Option Plan Shares that may be reserved for issuance under the Share Option Plan at any point in time is 10% of the Company's issued and outstanding Shares at the time the Share Option Plan Shares are reserved for issuance as a result of the grant of an Option, less any Shares reserved for issuance under share options granted under Share Compensation Arrangements other than this Share Option Plan, unless the Share Option Plan is amended pursuant to the requirements of TSXV Policies.

*Limitations on Issue*

The following restrictions on issuances of Options are applicable under the Share Option Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with any other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSXV (or NEX, as the case may be); and
- (c) the aggregate number of Options granted to any one Consultant in any 12-month period cannot exceed 2% of the Company's issued and outstanding Shares, calculated at the time of grant, without the prior consent of the TSXV.

*Maximum Percentage to Insiders*

The aggregate number of Shares reserved for issuance to Insiders under the Share Option Plan will not exceed 10% of the Company's issued and outstanding Shares.

The number of Shares issued to Insiders within any one-year period under the Share Option Plan will not exceed 10% of the Company's issued and outstanding Shares.

*Exercise Price*

The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Share Option Plan, and cannot be less than the Discounted Market Price (as defined by Policy 1.1 of TSXV Policies);

### *Vesting of Options*

Vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Share Option Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

### *Vesting of Options Granted to Consultants Conducting Investor Relations Activities*

Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine

### *Term of Option*

An Option can be exercisable for a maximum of 10 years from the Effective Date.

### *Expiry Date*

Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by such Optionee at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

### *Assignability of Options*

All Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### *Amendment of the Plan by the Board of Directors*

Subject to the requirements of TSXV Policies, and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Share Option Plan or any granted Options as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;

- (b) it may change the vesting provisions of an Option granted hereunder, subject to prior written approval of the TSXV, if applicable;
- (c) it may change the termination provision of an Option granted hereunder which does not entail an extension beyond the original Expiry Date of such Option;
- (d) it may make amendments necessary as a result in changes in securities laws applicable to the Company;
- (e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (f) it may make such amendments as reduce, and do not increase, the benefits of this Share Option Plan to Service Providers.

#### *Amendments Requiring Disinterested Shareholder Approval*

The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Share Option Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
  - i. the aggregate number of Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Company's issued and outstanding Shares in the event that the Share Option Plan is amended to reserve for issuance more than 10% of the Company's issued and outstanding Shares;
  - ii. the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Company's issued and outstanding Shares in the event that the Share Option Plan is amended to reserve for issuance more than 10% of the Company's issued and outstanding Shares; or,
  - iii. the issuance to any one Optionee, within a 12-month period, of a number of Shares exceeding 5% of the Company's issued and outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

#### *Takeover Bid*

If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding any vesting requirements set out in the Option Commitment, be immediately exercised in whole or in part by the Optionee, subject to the approval of TSXV (or the NEX, as the case may be) for vesting requirements imposed by TSXV Policies.

#### *Black-Out Period*

The Share Option Plan also contains a "black-out" provision. Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to the approval of TSXV (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding provisions in the Share Option Plan, the tenth Business Day period referred to in the Share Option Plan may not be extended by the Board.

#### Restricted Share Unit Plan (Share-Based Awards)

The Company has a fixed Restricted Share Unit Plan in place, which was approved by the Company's shareholders on February 10, 2017 (the "**RSU Plan**"). The RSU Plan was established to provide certain directors, officers, consultants and other key employees (an "**Eligible Person**") of the Company and its related entities with the opportunity to acquire restricted

share units (“**RSUs**”) of the Company, thereby allowing an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person’s interests with the shareholders.

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 of 1,750,000 Shares.

#### *Nature and Administration of the RSU Plan*

As defined in the RSU Plan, Eligible Persons may participate in the RSU Plan (as “**Recipients**”), and the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation as a Recipient in the RSU Plan. Eligibility to participate as a Recipient 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 its appointed committee, can, from time to time, award RSUs to Eligible Persons. RSUs will be credited to an account maintained for each Recipient on the books of the Company as of the award date. The number of RSUs to be credited to each 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 (as defined in the RSU Plan) 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.

RSUs and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

#### *Credit for Dividends*

A Recipient’s account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Shares. The number of additional RSUs to be credited to a Recipient’s account is computed by multiplying the amount of the dividend per Share by the aggregate number of RSUs that were credited to the Recipient’s account as of the Record Date for payment of the dividend, and dividing that number by the Fair Market Value (as defined in the RSU Plan). Note that the Company is not obligated to pay dividends on Shares.

#### *Resignation, Termination, Leave of Absence or Death*

Generally, if a Recipient’s employment or service is terminated, or if the 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 Recipient are forfeited, cancelled and terminated without payment.

In the event a Recipient is terminated without cause, unvested RSUs will immediately vest on the date of termination. If a Recipient’s employment or service is terminated (otherwise than without cause), or the Recipient enters Retirement (as defined in the RSU Plan), dies, or suffers Total Disability (as defined in the RSU Plan), all unvested RSUs are automatically cancelled without compensation.

#### *Control Change*

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to a 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 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 Shares, Share subdivision, combination or exchange of Shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting

Shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as it, in its discretion, considers appropriate to reflect the change.

*Vesting*

The Board has discretion to grant RSUs to Eligible Persons as it 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. Vesting occurs on the date set by the Board at the time of the grant or if no date is set then December 1 of the third calendar year following the date of the grant (the “**Trigger Date**”), and the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

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 rules of the Exchange:

- (a) the maximum number of Shares which may be reserved for issuance to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement of the Company (as defined in the RSU Plan), cannot exceed 10% of the issued 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 issued 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 issued Shares calculated on the date of the grant of the RSUs.

*Amendment or Termination of RSU Plan*

The Board may amend or terminate the RSU Plan at any time, but the consent of the Recipient is required for any such amendment that adversely affects the rights of the 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 which a Recipient would otherwise be entitled to receive payment in respect of the RSUs.

**Outstanding Compensation Securities**

Financial year ended September 30, 2020

The below chart describes incentive stock options (option-based awards) and restricted stock units (share-based awards) that were outstanding to NEOs and directors who were not NEOs of the Company as at September 30, 2020. There were no share-based awards outstanding to NEOs and directors who were not NEOs of the Company as at September 30, 2020.

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
Darren Battersby	Incentive stock options	75,000	September 30, 2017	\$0.88	0.18	0.03	Sept. 21, 2027

### **Exercise of Compensation Securities by NEOs and Directors**

Financial Year Ended September 30, 2020

There were no exercise of an option-based award or a share-based award by a NEO or a director who was not an NEO during the fiscal year ended September 30, 2020.

### **Employment, Consulting and Management Agreements**

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 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. Compensation currently is, and historically has been, based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

### **Philosophy and Objectives**

The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its current Share Option Plan. Recommendations for senior management compensation are presented to the Board for review.

### **Base Salary**

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

Financial Year ended September 30, 2020

### ***Related party transactions***

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities including key members of management and the Board of Directors that are members of the same group, under common control, or provide key management personnel services to another entity. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

- a) Paid or accrued salaries for the
  - Former CEO of the Company in the amount of \$155,333 (2019 - \$109,426),
  - Former COO of the Company in the amount of \$nil (2019 - \$64,991) and;
- b) Paid or accrued professional fees of:
  - \$120,794 (2019 – \$67,200) to a company of which the CFO of the Company is an owner, and;
  - \$nil (2019 – \$5,541) to a law firm of which a former director is a partner;
- c) Paid or accrued share-based payments of \$1,886 (2019 - \$26,492) to directors and officers of the Company.

As at September 30, 2020, \$199,964 (2019 - \$236,286) is due to related parties and former related parties and included in accounts payable and accrued liabilities.

As at September 30, 2020, loans payable of \$3,189 (2019 - \$2,000) is due to the CFO of the Company

#### Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

#### Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Board. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

#### Equity Participation

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 current Share Option Plan and Restricted Share Unit Plan, in which certain securities 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 Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasises the provisions of option grants to maintain executive motivation.

#### Compensation Review Process

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. Compensation currently is, and historically has been, based upon a negotiated fee, with stock options and bonuses potentially being issued and paid as an incentive for performance. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program.

#### Risks Associated with the Company's Compensation Program

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

*Benefits and Perquisites*

The Company does not, as of the date of this Form, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options or restricted share unit awards as otherwise disclosed and discussed herein.

*Hedging by Directors or NEOs*

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

**Pension Disclosure**

The Company does not have any pension or retirement plan. The Company has no benefit, contribution, deferred or pension plans that provide for payments or benefits at, following, or in connection with retirement or otherwise.