



CLOUD NINE WEB3 TECHNOLOGIES INC.

Form 51-102F6V

Statement of Executive Compensation – Venture Issuers For the years ended September 30, 2020 and September 30, 2019

The following information dated as of July 14, 2021, is provided under Form 51-102F6V – *Statement of Executive Compensation*, for Venture Issuers, as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*, and sets forth executive compensation for the financial years ended September 30, 2020 and September 30, 2019.

For the purpose of this Statement of Executive Compensation:

“**Board**” means the Board of Directors of the Company.

“**CEO**” means each 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 each 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.

“**Company or Cloud Nine**” means Cloud Nine Web3 Technologies Inc.

“**Committee**” means the Compensation Committee of the Board.

“**COO**” means each individual who acted as chief operating officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.

“**Exchange**” means the Canadian Securities Exchange.

“**Named Executive Officer**” or “**NEO**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, including any of the Company’s subsidiaries, 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 and whose total compensation was, individually, more than C\$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 Statement of Executive Compensation, for that financial year; and
- (d) each individual who would be a NEO under paragraph © 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 the most recently completed financial year.

“**Options**” means the Company’s Incentive Stock Options pursuant to its Stock Option Plan, and each Option entitles the holder to purchase one common share of the Company.

“**Plan**” means the Company’s Stock Option Plan originally approved by the Cloud Nine Shareholders on April 22, 2015, as amended on September 28, 2017.

During the year ended September 30, 2020, based on the above definition, the NEOs of the Company were:

- Allan Larmour, CEO and President since July 2017
- Kulwant Sandher, CFO, from July 2019 to February 2021.

During the year ended September 30, 2019, based on the above definition, the NEOs of the Company were:

- Allan Larmour, CEO and President since July 2017
- Kulwant Sandher, CFO, from July 2019 to February 2021
- Peter Lee, CFO, from May 2014 to July 2019.

Named Executive Officer and Director Compensation

The compensation of the Company's directors and Named Executive Officers is determined by the Board upon the recommendations of the Committee. The Committee is composed of three directors from the Board, Dalton Larson, Allan Larmour and Kulwant Sandher. Dalton Larson is an independent director within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees*. Allan Larmour is not an independent director as he is the CEO of the Company and Kulwant Sandher is not an independent director as he is the former CFO of the Company. All of the members of the Committee have experience setting compensation for executives in companies of similar size to the Company.

The Company does not have a formal compensation program. However, the Committee meets to discuss and determine the recommendations that it will make to the Board regarding management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other peer group companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a technology company without a history of earnings.

The Committee considers and evaluates executive compensation levels on an annual basis against available information for similar companies to ensure that the Company's executive compensation levels are within the range of comparable norms. In selecting similar companies, the Company primarily looks for public companies that are comparable in terms of business and size.

The Committee's NEO compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Committee recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

Currently, the principal components of the Company's executive compensation packages are base remuneration and long-term incentive in the form of Options. The compensation package is determined by gathering competitive salary information on comparable companies within the industry from a variety of sources.

While the Committee believes that it is important to use comparable data to assist it in determining appropriate ranges for executive compensation, it also considers other factors when awarding executive compensation, such as the overall financial strength of the Company and its business successes.

Base remuneration is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

The granting of Options provides a link between management compensation and the Company's share price.

It also rewards management for achieving results that improve Company performance and thereby increase shareholder value. Options are generally awarded to executive officers at the commencement of employment and periodically thereafter. In making a determination as to whether a grant of Options is appropriate, and if so, the number of Options that should be granted, consideration is given to: the number and terms of outstanding Options held by the Named Executive Officer; current and expected future performance of the Named Executive Officer; the potential dilution to shareholders and the cost to the Company; general industry standards and the limits imposed by the terms of the Plan and the Exchange. The Company considers the granting of Options to be a particularly important element of compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. The terms and conditions of the Company's Option grants, including vesting provisions and exercise prices, are governed by the terms of the Plan which is described under the heading below "**Stock Option Plan**".

The Committee considers the implications and risks of the Company's compensation policies and practices as a factor in assisting the Board in approving and monitoring guidelines and practices regarding the compensation and benefits of officers. In particular, the Committee considers the impact on NEOs and other senior executives to ensure that they do not take undue risks. The Committee has not identified any risks in the Company's existing compensation policies and practices that it believes would be reasonably likely to have a material adverse effect on the Company.

In 2020, Allan Larmour received compensation by way of a management fee and the grant of Options. This compensation was based on his agreement with the management with the objective to retain his services, motivate a high level of performance and reward him for his achievements and loyalty. All elements of compensation were approved by the Board. Mr. Larmour's annual remuneration is based on industry standards and, when paid or granted, the number of Options granted to him reflect his responsibilities to the Company relative to all other option recipients. Please refer to the "**Named Executive Officer and Director Compensation Table**" below.

In 2020, Kulwant Sandher received compensation by way of a professional fee paid to the company he controls, and the grant of Options. This compensation was based on his agreement with the management with the objective to retain his services, motivate a high level of performance and reward him for his achievements and loyalty. All elements of compensation were approved by the Board. Mr. Sandher's fees were based on industry standards and, when paid or granted, the number of Options granted to him reflect his responsibilities to the Company relative to all other option recipients.

Named Executive Officer and Director Compensation

The following table sets forth all 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, including, for greater certainty, 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 for each of the three most recently completed financial years:

| Table of Compensation excluding Compensation Securities | | | | | | | |
|---|---------------------------|--|-----------------------------|---|--|---|--|
| Name and Position | Year⁽¹⁾ | Salary, Consulting Fee, Retainer or Commission⁽²⁾ (\$) | Bonus (\$) | Committee or Meeting Fees (\$) | Value of Perquisites (\$) | Value of all other Compensation (\$) | Total Compensation (\$) |
| Allan Larmour ⁽³⁾⁽⁴⁾⁽⁵⁾ CEO, Director, and former President | 2020 | 60,000 | Nil | Nil | Nil | 4,940 | 64,940 |
| | 2019 | 120,000 | Nil | Nil | Nil | Nil | 120,000 |
| | 2018 | 125,000 | Nil | Nil | Nil | Nil | 125,000 |

| | | | | | | | |
|---|------|--------|-----|-----|-----|-------|--------|
| Kulwant Sandher ⁽³⁾⁽⁴⁾⁽⁶⁾ Director and former CFO | 2020 | 29,663 | Nil | Nil | Nil | 2,964 | 32,627 |
| | 2019 | 6,300 | Nil | Nil | Nil | Nil | 6,300 |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| Peter Lee ⁽⁷⁾ Director and former CFO and Corporate Secretary | 2020 | Nil | Nil | Nil | Nil | 2,964 | 2,964 |
| | 2019 | 18,900 | Nil | Nil | Nil | Nil | 18,900 |
| | 2018 | 80,063 | Nil | Nil | Nil | Nil | 80,063 |
| Dalton Larson ^{(3) (4)(8)} Director | 2020 | Nil | Nil | Nil | Nil | 4,940 | 4,940 |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| James Matkin ⁽⁹⁾ Former Director | 2020 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| Michael Hunter ⁽¹⁰⁾ Former COO and former Director | 2020 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | 60,000 | Nil | Nil | Nil | Nil | 60,000 |

Notes:

- (1) Financial year ending September 30.
- (2) Compensation was paid to NEOs and directors as management and professional fees.
- (3) Member of audit committee.
- (4) Member of compensation committee.
- (5) Mr. Larmour was appointed as a director of the Company on July 7, 2017 and President and CEO on October 18, 2017. Mr. Larmour resigned as President on March 31, 2021.
- (6) Mr. Sandher was appointed as a director of the Company on December 9, 2015 and CFO on July 1, 2019. Mr. Sandher resigned as CFO on February 15, 2021. Compensation for 2019 and 2020 reflected Mr. Sandher's fees for the periods July 1, 2019 to September 30, 2019 and October 1, 2019 to September 30, 2020, respectively. Monthly professional fees were paid to Hurricane Corporate Services Ltd., a company controlled by Kulwant Sandher.
- (7) Mr. Lee was appointed CFO on April 30, 2015, Corporate Secretary on November 12, 2018, and as a director of the Company on July 1, 2019. Mr. Lee resigned as CFO and Corporate Secretary on July 1, 2019. Compensation for 2019 reflected Mr. Lee's fees for the period October 1, 2019 to June 30, 2019. Monthly management fees were paid to Kowest Capital Ltd., a company controlled by Peter Lee.
- (8) Mr. Larson was appointed as a director of the Company on April 30, 2015.
- (9) Mr. Matkin was appointed as a director of the Company on January 2, 2017 and resigned on July 2, 2019.
- (10) Mr. Hunter was a director of the Company from April 30, 2015 to September 11, 2018, CEO and President from April 30, 2015 to October 18, 2017 and COO from October 18, 2017 to September 11, 2018.

Stock Option Plan

The Company currently has in place the Plan for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan to purchase shares of the Company. Recommendations for Option grants are made initially by the Committee, and subsequently reviewed and determined by the Board. One of the factors considered when granting new Option is the number of Options previously granted to each individual.

The purpose of granting such Options is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through Options granted under the Plan to purchase shares.

The aggregate number of shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Company from time to time subject to the following limitations:

- (a) the aggregate number of shares subject to a stock option that may be granted to any one individual in any 12 month period under this Plan shall not exceed 5% of the issued and outstanding shares determined at the time of such grant;
- (b) the aggregate number of shares subject to a stock option that may be granted to any one consultant in any 12 month period under this Plan shall not exceed 2% of the issued and outstanding shares determined at the time of such grant; and
- (c) The aggregate number of Shares subject to a stock option that may be granted to any one person conducting Investor Relations Activities in any 12 month period under this Plan shall not exceed 2% of the issued and outstanding Shares determined at the time of such grant.

As determined by the Board or the Committee, Options granted under the Plan may be subject to vesting. Subject to Exchange policies and any limitations imposed by any other regulatory authority having jurisdiction over the Company, the exercise price of a stock option granted under the Plan shall not be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options.

The maximum length of any stock option shall be five (5) years from the date the stock option is granted. Notwithstanding the above, a participant's stock option will expire 90 days after a participant ceases to act for the Company, other than for cause or by reason of death. Stock option of a participant that provides investor relations activities will expire 30 days after the cessation of the participant's services to the Company. In the event of the death of a participant, the participant's estate shall have twelve (12) months in which to exercise the outstanding Options.

The Company had no other equity incentive plans during the years 2020 and 2019, and there have been no option grants outside of the Plan.

As at September 30, 2020 and 2019, 1,600,000 and 1,114,000 Options were outstanding under the Plan, respectively.

The full text of the Plan can be obtained by contacting the Company by email to fdau@mosamventures.com or by phone call 604-669-9788.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each Named Executive Officer and director during the financial years ended September 30, 2020 and 2019 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 and Percentage of Class ⁽¹⁾⁽²⁾ | 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 Financial Year Ended 2020 (\$) | Expiry Date |
|--|-------------------------------|--|------------------------|--|--|--|--------------|
| Allan Larmour CEO, Director, and former President | Options | 75,000 - 0.44% | Oct 25, 2019 | 0.12 | 0.10 | 0.08 | Oct 25, 2024 |
| Kulwant Sandher Director and former CFO | Options | 75,000 - 0.44% | Oct 25, 2019 | 0.12 | 0.10 | 0.08 | Oct 25, 2024 |
| Peter Lee Director and former CFO and Corporate Secretary | Options | 45,000 - 0.27% | Oct 25, 2019 | 0.12 | 0.10 | 0.08 | Oct 25, 2024 |
| Dalton Larson Director | Options | 45,000 - 0.27% | Oct 25, 2019 | 0.12 | 0.10 | 0.08 | Oct 25, 2024 |

Note:

(1) All Options vested on the date of grant.

(2) Represents the number of underlying common shares issuable upon the exercise of Options and as a percentage of the total issued and outstanding common shares of the Company of 16,857,050 as at September 30, 2020.

No options were granted to any of the NEOs or directors during the financial year ended September 30, 2019.

No Options were re-priced, cancelled and replaced, extended or otherwise materially modified during the Company's two most recently completed financial years.

The following table sets forth the total compensation securities held by each Named Executive Officer and director as of September 30, 2020 and 2019:

| Name and Position | Type of Compensation Security | As at September 30, 2020 and 2019 | |
|---|-------------------------------|--|--|
| | | Total Number of Compensation Securities Held | Total Number of Common Shares Underlying Compensation Securities |
| Allan Larmour ⁽²⁾ CEO, Director, and former President | Options | 95,000 | 95,000 |
| Kulwant Sandher ⁽³⁾ Director and former CFO | Options | 110,000 | 110,000 |
| Peter Lee ⁽⁴⁾ Director and former CFO and Corporate Secretary | Options | 105,000 | 105,000 |
| Dalton Larson ⁽⁵⁾ Director | Options | 125,000 | 125,000 |
| Total | | 435,000 | 435,000 |

Exercise of Compensation Securities by NEOs and Directors

No Options were exercised by any Named Executive Officer or director during the two most recently completed financial years.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as of the financial year ended September 30, 2020:

| Plan Category | Number of securities to be issued upon exercise of outstanding options and rights, under equity compensation plans ⁽¹⁾ (a) | Weighted-average exercise price of outstanding options 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 – Stock Option Plan | 1,600,000 | \$0.19 | 85,705 ⁽¹⁾ |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| Total | 1,600,000 | \$0.19 | 85,705 ⁽¹⁾ |

Note:

- ⁽¹⁾ The number of common shares available under the Plan, which reserves a number of common shares for issuance, pursuant to the exercise of Options, that is equal to 10% of the issued and outstanding common shares from time to time.

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as of the financial year ended September 30, 2019:

| Plan Category | Number of securities to be issued upon exercise of outstanding options and rights, under equity compensation plans ⁽¹⁾ (a) | Weighted-average exercise price of outstanding options 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 – Stock Option Plan | 1,114,000 | \$0.32 | 564,704 ⁽¹⁾ |
| Equity compensation plans not approved by securityholders | N/A | N/A | N/A |
| Total | 1,114,000 | \$0.32 | 564,704 ⁽¹⁾ |

Note:

- ⁽¹⁾ The number of common shares available under the Plan, which reserves a number of common shares for issuance, pursuant to the exercise of Options, that is equal to 10% of the issued and outstanding common shares from time to time.

Employment, Consulting and Management Agreements

There are no employment, consulting or management agreements between the Company and the Named Executive Officers or directors.

Termination and Change of Control Benefits

There are no compensatory plans, contracts, agreements or arrangements in place that provide for payments to the Named Executive Officers at, following or in connection with any termination of employment (whether voluntary, involuntary or constructive), resignation, retirement or a change in the Named Executive Officer's or director's responsibilities following a change in control.

Pension Plan

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.