

ALPHA COGNITION INC.
(the “Company”)

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

(Year Ended December 31, 2020)

The following information dated June 25, 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 Company’s philosophy regarding compensation of the Company’s directors and for the following executive officers of the Company (referred to herein as “**Named Executive Officers**”):

- (a) each individual who, in respect of the Company, 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 Company, 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 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, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that financial year; and
- (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.

The Named Executive Officers of the Company during the last completed fiscal year of the Company commencing January 1, 2020 and ending on December 31, 2020 (“Fiscal 2020”) were as follows:

Kenneth Cawkell, Chief Executive Officer and Director;
Frederick Sancilio, President and Director;
Jeremy Wright, Chief Financial Officer; and
Denis Kay, Chief Scientific Officer.

The board of directors of the Company during Fiscal 2020 were as follows:

Kenneth Cawkell;
Len Mertz;
John Havens;
Phillip Mertz; and
Frederick Sancilio.

2. OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The Company's compensation philosophy for its executive officers is designed to attract well-qualified individuals by paying modest base salaries plus short and long-term incentive compensation in the form of stock options or awards under the Long Term Incentive Plan. In making its determinations regarding the various elements of executive compensation, the board of directors of the Company will have access to and will rely on published studies of compensation paid in comparable businesses.

The duties and responsibilities of the Chief Executive Officer are typical of those of a business entity of the Company's size in a similar business and include direct reporting responsibility to the chair of the board of directors of the Company, overseeing activities of all other executives of the Company, representing the Company, providing leadership and responsibility for achieving corporate goals, and implementing corporate policies and initiatives.

The objectives of the Company's executive compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain the Company's continued success;
- to align the interests of the Company's executives with the interests of the Company's shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in a similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that mirror executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. The Company expects to undergo rapid growth and is committed to retaining its key executives for the next several critical years, while at the same time ensuring that executive compensation is tied to specific corporate goals and objectives. The Company's executive compensation program has been designed to reward executives for reinforcing the Company's business objectives and values, for achieving the Company's performance objectives, and for their individual performance.

The executive compensation program consists of a combination of base salary, Long Term Incentive Plan awards and stock option incentives.

2.1 Base Salary

The base salary of an executive officer is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration. The base salary review of any executive officer takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the executive officer. Base salary is not evaluated against a formal "peer group".

2.2 Long Term Incentive Plan

On October 9, 2020, the Company adopted the long-term incentive performance plan (the "**Long Term Incentive Plan**"). The purpose of the Long Term Incentive Plan will be to promote the long-term success of the Company and the creation of Company shareholder value by: (i) encouraging the attraction and retention of directors, officers, employees and consultants of the Company; (ii) encouraging such directors, officers, employees and consultants to focus on critical long-term objectives; and (iii) promoting greater alignment of the interests of such directors, officers, employees and consultants with the interests of the

Company.

The Long Term Incentive Plan will be administered by the board of directors of the Company, who will have the authority to interpret and construe any provision of the Long Term Incentive Plan and to adopt, amend and rescind such rules and regulations for administering the Long Term Incentive Plan as the board of directors of the Company may deem necessary in order to comply with the requirements of the Long Term Incentive Plan

All of the powers exercisable under the Long Term Incentive Plan by the board of directors of the Company may, to the extent permitted by applicable law and as determined by resolution of the board of directors of the Company, be delegated to and exercised by such committee as the board of directors of the Company may determine.

2.3 Stock Options

The Company believes that equity-based compensation in the form of stock options will link the interests of its executive officers with the long-term interests of the Company's shareholders. Stock option awards to executive officers (including executive officers) will typically be subject to time-based vesting provisions. The Company believes that such awards will encourage executive officers to focus on long-term company performance and increasing long-term shareholder value, and will serve as a useful retention mechanism by encouraging executive officers to remain employed with the Company.

The Company does not have any formal policy regarding when stock options are to be granted or the size of any given grant, and the Company does not intend to tie such grants directly to any pre-established corporate or individual goals. The Company Board or a committee thereof will, however, consider and evaluate the total compensation package, including base salary and Long Term Incentive Plan awards, received or to be received by a particular executive officer, and will seek to ensure that such total compensation package is fair, reasonable and competitive. When considering an award of options to an executive officer, consideration of the number of options previously granted to the executive may be taken into account.

3. DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

3.1 Director and Named Executive Officer Compensation, Excluding Stock Options and other Compensation Securities

The Company does not anticipate entering into any standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options.

The following table set forth information concerning the total compensation (other than the compensation disclosed in Item 3.2 hereof) paid during Fiscal 2020 to all persons who were Named Executive Officers or directors during the past two fiscal years.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

Name and Position	Fiscal Year Ended December 31	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation ⁽³⁾ (US\$)	Total compensation (US\$)
Kenneth Cawkell <i>Chief Executive Officer and Director</i>	2020	191,000	Nil	Nil	Nil	135,132	351,132
	2019	225,999	Nil	Nil	Nil	706,042	932,041
Frederick Sancilio <i>President and Director</i>	2020	240,000	90,000 ⁽⁴⁾	Nil	Nil	166,582	496,582
	2019	110,000	60,000 ⁽⁵⁾	Nil	Nil	743,429	913,429
Jeremy Wright ⁽¹⁾ <i>Chief Financial Officer</i>	2020	47,758	78,604	Nil	Nil	Nil	126,362
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Denis Kay <i>Chief Scientific Officer</i>	2020	165,000	Nil	Nil	Nil	142,601	307,601
	2019	186,665	Nil	Nil	Nil	723,471	910,136
Len Mertz <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	252,618	252,618
John Havens <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	126,310	126,310
Phillip Mertz ⁽²⁾ <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Wright was appointed as the part-time CFO of the Company on August 5, 2020 and became the full-time CFO on October 5, 2020.
- (2) Mr. Mertz became director of the Company on July 18, 2019.
- (3) Option-based awards: These amounts reflect the fair value of the graded vested Company Performance Shares as the Company granted option-based awards that vest over various periods. The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: (i) risk free interest rate of 2.76%; (ii) expected dividend yield of 0%; (iii) expected volatility of 125%; and (iv) an expected term of 10 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.
- (4) Includes an accrual for a bonus of \$60,000 which was paid to Mr. Sancilio in February 2021.
- (5) Includes an accrual for a bonus of \$40,000 which was paid to Mr. Sancilio in March 2020.

3.2 Stock Options

The Company issued no stock options during Fiscal 2020 to directors and Named Executive Officers. There were 39,154 stock options issued as part of compensation to one consultant for the consulting services.

No stock options were exercised during Fiscal 2020.

The Company has 39,154 stock options outstanding as at the end of Fiscal 2020.

3.3 Other Compensation Securities: Legacy Compensation Plan

The Company issued option-based awards, the Company Performance Shares. The following option-based awards made to the Named Executive officers and Named Executive Officers of the Company were outstanding as at December 31, 2020.

OPTION-BASED AWARDS

Name	Number of securities underlying unexercised options		Option exercise price (US\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (US\$)
	Unvested	Vested			
Kenneth Cawkell <i>Chief Executive Officer and Director</i>	Nil	300,000	0.001	February 1, 2026	347,700
	Nil	691,057	0.010	December 31, 2027	794,716
	520,000	980,000	0.010	September 1, 2028	1,127,000
	587,500	412,500	0.010	June 1, 2029	474,375
Frederick Sancilio <i>President and Director</i>	520,000	980,000	0.010	September 1, 2028	1,127,000
	1,031,250	468,750	0.010	June 1, 2029	539,063
Jeremy Wright <i>Chief Financial Officer</i>	Nil	Nil	Nil	Nil	Nil
Denis Kay <i>Chief Scientific Officer</i>	Nil	500,000	0.001	February 1, 2026	579,500
	520,000	980,000	0.010	September 1, 2028	1,127,000
	537,500	462,500	0.010	June 1, 2029	531,875

Notes:

- (1) Based on the difference between the share price of the Company's last private placement on August 30, 2019 of US\$1.16 and the Company Performance Option exercise price, multiplied by the number of vested Company Performance Shares under option.

The Company issued 1,691,057 Company Performance Shares to officers and employees of the Company in lieu of salaries, and a further 8,300,000 Company Performance Shares were issued to officers and employees, with vesting subject to performance milestones. Once vested, the Company Performance Shares are exercisable at \$0.001 to \$0.01 per common share, and have expiry dates of February 1, 2026, December 31, 2027, September 1, 2028 and June 1, 2029.

On September 2, 2020, the board of directors of the Company declared the Legacy Compensation Plan closed to new grants, with a total of 9,991,057 Company Performance Shares issued and outstanding. The Company Performance Shares continues to be governed by the Legacy Compensation Plan, as well as the vesting terms of the Company Performance Shares. The purpose of the Legacy Compensation Plan was to attract, retain and compensate persons of outstanding competence to act as directors, officers, employees, advisory board members and consultants of the Company, or its affiliates, and to further identify the interests of those members of the Company by encouraging them to acquire share ownership.

The following is a summary of the material terms of the Legacy Compensation Plan and the vesting provisions of the Company Performance Shares:

Administration. The Legacy Compensation Plan is administered by the board of directors of the Company, who, subject to the provisions of the Legacy Compensation Plan, may establish from time to time such rules and regulations, make such determinations and to take such steps in connection with the Legacy Compensation Plan as in the opinion of the board of directors of the Company are necessary or desirable for the proper administration of the Legacy Compensation Plan.

Transferability. The Company Performance Shares are non-assignable and non-transferable.

Termination. Each Company Performance Shares granted pursuant to the Legacy Compensation Plan will expire automatically on the earlier of:

- (a) the date on which such Company Performance Shares is exercised;
- (b) the expiry date of such Company Performance Shares as determined by the board of directors;
- (c) subject to sub-paragraph (f), after one year, or such longer period as the board of directors of the Company may determine from time to time, from the date on which the recipient of the Company Performance Shares is no longer a director of the Company or an affiliate of the Company;
- (d) the date not less than 90 days nor more than one year, as is determined by the board of directors of the Company at the time the Company Performance Option is granted, from the date of retirement or termination of employment, other than for just cause, of a holder who is an employee, officer or consultant of the Company or an affiliate of the Company, and provided further that the agreement respecting such Company Performance Option:
 - (i) may permit the holder to apply to the board of directors of the Company, at any time during the term of the Company Performance Option and prior to expiry, to extend the expiry date up to but not beyond one year following the date of retirement or termination; and
 - (ii) may further provide for a longer term as determined by the board of directors of the Company at the time of the grant, where the retirement or termination occurs within such period of time following a change of control as is determined by the board of directors of the Company in each case, provided that such change of control period shall not extend beyond one year following the date of retirement or termination;
- (e) where the holder's position as an employee, officer, consultant or director of the Company or an affiliate of the Company is removed or terminated for just cause, the date of such termination for just cause; or
- (f) where the holder ceases to be an employee, officer, consultant or director of the Company by reason of the death or disability of such holder, one year following the date of the death or the date of termination by reason of disability of such holder.

Vesting. Of the 8,300,000 Company Performance Shares granted to officers of the Company subject to vesting criteria, 4,432,500 vested upon the following criteria having been met:

1. Confirmation that a section 505(b)(2) New Drug Application issued by the FDA can be used for Alpha-1062 nasal spray;

2. Filing of a second IND with the FDA, or the filing of an IND-equivalent in a regulated jurisdiction other than the United States;
3. Filing of a third IND with the FDA, or the filing of a second IND-equivalent in a jurisdiction other than the United States;
4. Grant of the first Orphan Drug Designation for Alpha-602; and
5. Up to a total of 1,900,000 vest on the first day of each calendar quarter for eight quarters commencing October 1, 2019.

The remaining 3,867,500 will continue to vest upon the following criteria having been met:

1. Filing of any IND with the FDA;
2. Filing of an IND with respect to Alpha-602 with the FDA, or the filing of an Alpha-602 IND- equivalent in a regulated jurisdiction other than the United States;
3. Successful completion of the Pivotal Study of Alpha-1062; and
4. The remainder of the time-based vesting, with the last release being July 1, 2021.

Notwithstanding the above, any unvested Company Performance Shares shall immediately vest in full upon a change of control, being an occurrence when either a person (other than the current control person of the Company, if any) becomes a control person, or a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent board. In addition, any unvested Company Performance Shares shall immediately vest in full upon termination of the Company Performance Shares by the Company without just cause or by the optionee with good reason.

3.4 Employment, Consulting and Management Agreements

Management functions of the Company or any subsidiary are not performed by a person other than the directors or senior officers of the Company or subsidiary. The Company is not a party to any management contracts.