

AUSTRALIS CAPITAL INC.

(the “Corporation”)

Form 51-102F6V

*Statement of Executive Compensation – Venture Issuers
(for financial year ended March 31, 2022)*

STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS

GENERAL

The following information, dated as of September 27, 2022, is provided as required under Form 51-102F6V 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 Corporation 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 Corporation, 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 Corporation, 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 Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with the Form, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

DIRECTOR AND NAMED EXECUTIVE COMPENSATION

During financial year ended March 31, 2022, based on the definition above, the NEOs of the Corporation were: Terry Booth, CEO; Jon Pau, CFO; and Duke Fu, Chief Operating Officer. The directors of the Corporation who were not NEO’s during the financial year ended March 31, 2022 were: Jason Dyck, Avi Geller, John Esteireiro and Hanoz Kapadia.

During financial year ended March 31, 2021 based on the definition above, the NEOs of the Corporation were: Terry Booth, CEO; Jon Paul, CFO, Duke Fu Chief Operations Officer; Harry DeMott, former CEO; Cleve Tzung, former CEO; Alex Han, former CFO; and Scott Dowty, former CEO. The directors of the Corporation who were not NEO’s during financial year ended March 31, 2021 were: Richard Cutler, John Dover, Avi Geller, John Esteireiro, Hanoz Kapadia, Sameer Kumar, and Roger Swainson.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Corporation to NEOs and directors of the Corporation for the two completed financial years ended March 31, 2022 and March 31, 2021. Options and compensation securities are disclosed under the heading “Stock Options and Other Compensation Securities” in this Form.

Table of Compensation Excluding Compensation Securities in Financial Years ended March 31, 2022 and March 31, 2021

Table of compensation excluding compensation securities							
Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Terry Booth ⁽¹⁾ CEO and Director	2022	CA\$278,865.10	N/A	CA\$27,890.45	N/A	N/A	CA\$306,755.55
	2021	CA\$10,385	Nil	Nil	Nil	Nil	CA\$10,385
Jon Paul ⁽²⁾ CFO	2022	US\$196,127.74	US\$50,000	N/A	N/A	N/A	US\$246,127.74
	2021	US\$43,077	Nil	Nil	Nil	Nil	US\$43,077
Duke Fu ⁽³⁾ Former Chief Operations Officer, CEO and Director	2022	US\$166,075.51	US\$62,500	US\$20,000	N/A	N/A	US\$248,575.51
	2021	US\$61,235	Nil	US\$35,000	Nil	Nil	US\$96,235
Leah Bailey ⁽⁴⁾ Chief Business Development Officer	2022	US\$186,984.46	US\$50,000	Nil	N/A	N/A	US\$236,984.46
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Jason Dyck ⁽⁵⁾ Director and Chief Science Officer	2022	N/A	N/A	\$24,918	N/A	N/A	CA\$24,918
	2021	Nil	Nil	CA\$35,000	Nil	Nil	CA\$35,000
John Esteireiro ⁽⁶⁾ Director	2022	N/A	N/A	CA\$24,918	N/A	N/A	CA\$24,918
	2021	Nil	Nil	CA\$35,000	Nil	Nil	CA\$35,000
Avi Geller ⁽⁶⁾ Director	2022	N/A	N/A	US\$20,000	N/A	N/A	US\$20,000
	2021	Nil	Nil	CA\$35,000	Nil	Nil	CA\$35,000
Hanoz Kapadia ⁽⁶⁾ Director	2022	N/A	N/A	CA\$24,918	N/A	N/A	CA\$24,918
	2021	Nil	Nil	CA\$35,000	Nil	Nil	CA\$35,000
Harry DeMott ⁽⁷⁾ Former CEO and Director	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	US\$26,308	US\$40,000	Nil	Nil	Nil	US\$66,308
Cleve Tzung ⁽⁸⁾ COO, Former CEO, Former EVP and Former Chief Revenue Office	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	US\$168,945	Nil	Nil	Nil	Nil	US\$168,945
Alex Han ⁽⁹⁾ Former CFO, EVP and Chief Accounting Officer	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	US\$152,225	Nil	Nil	Nil	Nil	US\$152,225
Scott Dowty ⁽¹⁰⁾ Former Executive Chairman and CEO	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	US\$109,108	Nil	Nil	Nil	Nil	US\$109,108
Roger Swainson ⁽¹¹⁾ Former Director	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	Nil	Nil	Nil	Nil	Nil	Nil
John Dover ⁽¹¹⁾ Former Director	2022	N/A	N/A	N/A	N/A	N/A	N/A
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Booth was appointed as the Corporation’s CEO and as a director on March 9, 2021.
- (2) Mr. Paul was appointed as the Corporation’s CFO on January 1, 2021.
- (3) Mr. Fu was a director from November 18, 2020 to August 8, 2022, CEO from December 18, 2020 to March 9, 2021 and Chief Operating Officer from March 9, 2021 to August 8, 2022.

- (4) Ms. Bailey was appointed as the Corporation's Chief Business Development Officer on May 17, 2021.
- (5) Mr. Dyck was appointed as a director on November 18, 2020 and as Chief Science Officer on April 12, 2021.
- (6) Messrs. Esteireiro, Geller and Kapadia were appointed as directors on November 18, 2020.
- (7) Mr. DeMott served as a director from April 13, 2019 to November 18, 2020 and as CEO from September 30, 2020 to December 18, 2020.
- (8) Mr. Tzung served as CEO from June 25, 2020 to September 30, 2020.
- (9) Mr. Han served as CFO from January 15, 2020 to December 18, 2020.
- (10) Mr. Dowty served as CEO from June 15, 2018 to June 25, 2020.
- (11) Messrs. Dover and Swainson were directors from June 15, 2018 to October 2, 2020.

Stock Options and Other Compensation Securities

Stock Option Plan (Option-Based Awards)

The Corporation has a "rolling" stock option plan dated December 1, 2020 (the "**Option Plan**"), under which the Board may from time to time in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable stock options (each, a "**Option**") to purchase Common Shares. The Option Plan was last approved by the Shareholders at the last annual general and special meeting held on December 17, 2021.

The Option Plan provides that the number of Common Shares available for purchase under Options granted pursuant to the Option Plan, plus any other outstanding incentive stock options of the Corporation granted pursuant to a previous stock option plan or agreement plus any RSUs granted pursuant to the Corporation's Restricted Share Unit Plan (as the same may be amended from time to time), will not exceed 10% of the issued and outstanding Common Shares of the Corporation. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to the Option Plan.

The principal purpose of the Option Plan is to advance the interests of the Corporation by encouraging the directors, employees and consultants of the Corporation and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Common Shares in the share capital of the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

Material Terms of the Option Plan

The following is a summary of the material terms of the Option Plan:

- (a) persons who are consultants to the Corporation or its affiliates, or who are providing services to the Corporation or its affiliates, are eligible to receive grants of Options under the Option Plan;
- (b) Options granted under the Option Plan are non-assignable, and non-transferable;
- (c) an Option granted to any consultants will expire within 30 days after the date the Option Holder (as defined in the Option Plan) ceases to be employed by or provide services to the Corporation unless the Option Holder ceases to hold such position as a result of (i) termination for cause; (ii) resigning his or her position; or (iii) an order made by any regulatory authority having jurisdiction to so order, in which case the expiry date of the date the Option Holder ceases to hold such position;
- (d) if an Option Holder dies, any Options held by such Option Holder shall pass to the personal representative of the Option Holder and shall be exercisable by the personal representative on or before the date which is the earlier of one year following the date of death and the applicable expiry date;
- (e) the exercise price of each Option will be set by the Board on the effective date of the Option and will not be less than the Market Value (as defined in the Option Plan);

- (f) the vesting schedule for an option, if any, shall be determined by the Board and shall be set out in the Option Certificate (as defined in the Option Plan) issued in respect of the option; and
- (g) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Option Plan with respect to all Option Plan Common Shares in respect of options which have not yet been granted under the Option Plan.

Restricted Share Unit Plan (Share-Based Awards)

The restricted share unit plan (the "**RSU Plan**"), provides that the maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan. The RSU Plan is a "rolling plan" and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, Common Shares shall automatically be available for issuance pursuant to the RSU Plan. A copy of the RSU Plan is also attached as Schedule "B" to this Circular.

Nature and Administration of the RSU Plan

All Directors, Officers, Consultants and Employees (as defined in the RSU Plan) of the Corporation and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**Participants**"), and the Corporation reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation as Participants in the RSU Plan. Eligibility to participate as a Participant 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 (an "**Account**") maintained for each Participant on the books of the Corporation as of the award date. The number of RSUs to be credited to each Participant's Account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

RSUs and all other rights, benefits or interests in the RSU Plan are not transferable or assignable otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of the Participant only by the Participant and after death only by the Participant's legal representative.

Credit for Dividends

A Participant's Account will be credited with additional RSUs (the "**Dividend RSUs**") as of each dividend payment date in respect of which cash dividends are paid on Common Shares. The number of Dividend RSUs credited to a Participant's Account in connection with the payment of dividends on Common Shares will be based on the actual amount of cash dividends that would have been paid to such Participant had he or she been holding such number of Common Shares equal to the number of RSUs credited to the Participant's Account on the date on which cash dividends are paid on the Common Shares and the market price of the Common Shares on the payment date. The Corporation is not obligated to pay dividends on Common Shares.

Resignation, Termination, Leave of Absence or Death

Generally, if a Participant's employment or service is terminated, or if the Participant resigns from employment with the Corporation, then all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service or employment. In the event a Participant is terminated by reason of (i) termination by the Corporation other than for cause or (ii) the Participant's death, the Participant's unvested RSUs shall vest automatically as of such date. In the event the termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date.

Change of Control

In the event of a change of control, the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting Participants to settle any RSU, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event (as defined in the RSU Plan) or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation. The determination of the Board in respect of any such Change of Control Event shall for the purposes of this RSU Plan be final, conclusive and binding.

Adjustments

In the event there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the CSE where necessary, appropriate substitution or adjustment in (i) the number or kind of Common Shares or other securities reserved for issuance pursuant to the RSU Plan, and (ii) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the RSU Plan.

Vesting

Each award of RSUs vests on the date(s) specified by the Board on the award date, and reflected in the applicable RSU agreement certificate.

Limitations under the RSU Plan

The maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan.

Outstanding Compensation Securities

The table below sets out compensation securities granted or issued to NEOs and Directors by the Corporation during the financial year ended March 31, 2022 and that were outstanding as of March 31, 2022, for services provided or to be provided, directly or indirectly, to the Corporation or a subsidiary of the Corporation.

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 (CAD\$)	Closing price of security or underlying security on date of grant (CAD\$)	Closing price of security or underlying security at year end (CAD\$) ⁽³⁾	Expiry Date
Leah Bailey Chief Business Development Officer	Options	1,800,000 (0.65%)	May 17, 2021	\$0.30	\$0.30	\$0.105	May 17, 2026

Exercise of Compensation Securities by Directors and NEOs

There were no compensation securities exercised by NEOs and directors of the Corporation who were not NEOs during the financial year ended March 31, 2022.

Employment, consulting and management agreements

As at March 31, 2022, there were no written contracts or agreements that provide for payment to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a director or NEO's responsibilities other than below.

Leah Bailey Employment Agreement

The Corporation entered into an employment agreement dated April 14, 2021 with Leah Bailey to be effective on May 17, 2021 (the "**Bailey Employment Agreement**") whereby the Corporation agreed to employ Ms. Bailey in the position of Chief Business Development Officer. Pursuant to the Bailey Employment Agreement, Ms. Bailey is paid an annual base salary of USD\$225,000 (with a one-time bonus of USD\$50,000 payable in Common Shares of the Corporation) and is eligible for additional discretionary bonus as determined by the Compensation and Nominating Committee, which may be payable in Common Shares or RSUs, as determined by the Compensation and Nominating Committee.

If the Bailey Employment Agreement is terminated for any reason other than "with cause", the Corporation is required to pay to Ms. Bailey:

- (a) unused vacation at the time of termination;
- (b) annual salary earned, but not yet paid, at time of termination;
- (c) all earned but unpaid bonuses at time of termination;
- (d) reimbursement of expenses not yet reimbursed at time of termination;
- (e) benefits to the date of termination;
- (f) two (2) months' severance calculated in the form of salary continuation at the Base Salary ("Severance Pay") should the termination take place in the first six (6) months of the Term;
- (g) six (6) months' Severance Pay should the termination take place in the second six (6) months of the Term;
- (h) twelve (12) months' Severance Pay should the termination take place in the Second year of the Term or afterward; and
- (i) any vested stock awards or grants.

Terry Booth Employment Agreement

The Corporation entered into an employment agreement dated March 8, 2021 to be effective on that date, 2020 with Terry Booth (the "**Booth Employment Agreement**") whereby the Corporation agreed to employ Mr. Booth in the position of Chief Executive Officer. Pursuant to the Booth Employment Agreement, Mr. Booth is paid an annual base salary of CDN\$300,000 (with a one-time bonus of CDN\$100,000 payable in Common Shares of the Corporation at a deemed issue price of CDN\$0.50 per Common Share) and is eligible for additional discretionary bonus as determined by the Compensation and Nominating Committee, which may be payable in Common Shares or RSUs, as determined by the Compensation and Nominating Committee.

If the Booth Employment Agreement is terminated for any reason other than "with cause", the Corporation is required to pay to Mr. Booth:

- (a) twelve (12) months' annual salary and any salary earned, but not yet paid, to the date of termination;

- (b) an amount equivalent to twelve (12) months annual salary;
- (c) twelve (12) months' continued group medical insurance benefits or the lump sum cash equivalent;
- (d) unused vacation accrued to the date of termination;
- (e) all bonuses earned for performance in the calendar year prior to the year in which the termination occurs, but not yet paid, and all pro-rated bonuses earned for performance in the calendar year in which the termination occurs;
- (f) reimbursement for any unreimbursed business expenses incurred prior to the date of termination; and
- (g) benefits to the date of termination.

Jon Paul Employment Agreement

The Corporation entered into an employment agreement dated December 20, 2020 to be effective January 1, 2021 with Jon Paul (the "**Paul Employment Agreement**") whereby the Corporation agreed to employ Mr. Paul in the position of Chief Financial Officer. Pursuant to the Paul Employment Agreement, Mr. Paul is paid an annual base salary of US\$200,000 (with a one-time bonus of US\$50,000 payable in Common Shares of the Corporation at a deemed value of the US dollar equivalent of CDN\$0.20 per Common Share) and is eligible for additional discretionary bonus as determined by the Compensation and Nominating Committee, which may be payable in Common Shares or RSUs, as determined by the Compensation and Nominating Committee.

If the Paul Employment Agreement is terminated for any reason other than "with cause", the Corporation is required to pay to Mr. Paul:

- (a) unused vacation at the time of termination;
- (b) annual salary earned, but not yet paid, at time of termination;
- (c) all earned but unpaid bonuses at time of termination;
- (d) reimbursement of expenses not yet reimbursed at time of termination;
- (e) benefits to the date of termination;
- (f) severance pay in the amount of two (2) months' annual salary (plus a pro rate percentage of anticipated bonus) if termination shall occur prior to the six month of employment, six months of salary (plus a pro rata share of anticipated bonus) if termination shall occur between the sixth and twenty fourth month of employment; and twelve months' salary and bonus if termination occurs after the second year of employment; and
- (g) any vested stock awards or grants.

Duke Fu Employment Agreement

The Corporation entered into an employment agreement dated March 23, 2021 to be effective that date, with Duke Fu (the "**Fu Employment Agreement**") whereby the Corporation agreed to employ Mr. Fu in the position of Chief Operating Officer. Pursuant to the Fu Employment Agreement, Mr. Fu is paid an annual base salary of US\$160,000 (with a one-time bonus of US\$25,000 payable in Common Shares of the Corporation at a deemed fair market value at time of issuance) and is eligible for additional discretionary bonus as determined by the Compensation and Nominating Committee, which may be payable in Common Shares or RSUs, as determined by the Compensation and Nominating Committee.

If the Fu Employment Agreement is terminated for any reason other than "with cause", the Corporation is required to pay to Mr. Fu:

- (a) severance pay in the amount of three (3) months' annual salary if termination shall occur in the first year of employment, six months annual salary if termination occurs in the second year of employment, or twelve months' salary if termination occurs in the third year of employment or thereafter; and
- (b) accrued obligations and benefits to the date of termination.

Mr. Fu resigned as a director, Chief Operations Officer and CEO of the Corporation on August 8, 2022.

Oversight and Description of Director and NEO Compensation

The Corporation's compensation policies and programs are designed to recognize and reward executive performance consistent with the success of the Corporation's business. These policies and programs are intended to attract and retain capable and experienced people. The Board's role and philosophy is to ensure that the Corporation's compensation goals and objectives, as applied to the actual compensation paid to the Corporation's CEO and other executive officers, are aligned with the Corporation's overall business objectives and with shareholder interests.

The Board considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Corporation and its shareholders, overall financial and operating performance of the Corporation and the Board's assessment of each executive's individual performance and contribution toward meeting corporate objectives.

The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Corporation based on recommendations of the Corporation's Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee recommends the type and amount of compensation for the executive officers. The Compensation and Corporate Governance Committee also reviews the compensation of the Corporation's senior executives and reviews the strategic objectives of the Corporation's share option plan and recommends stock based compensation, and considers any other matters which in its judgment should be taken into account in reaching conclusions concerning the compensation levels of the Corporation's executive officers.

Philosophy and Objectives

The compensation program for the Corporation's senior management is designed to ensure that the level and form of compensation achieves certain objectives, including:

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

Elements of the Compensation Program

In compensating its senior management, the Corporation employs a combination of base salary, performance bonuses and equity participation through its Option Plan and RSU Plan.

Base Salary

In the Board's view, paying base salaries competitive in the markets in which the Corporation operates, is a first step to attracting and retaining talented, qualified and effective executives.

Equity Participation

The Corporation 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

Corporation's Option Plan and RSU Plan. Share options and RSUs 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 competitive factors. The amounts and terms of options granted are determined by the Board based on recommendations of the Compensation and Corporate Governance Committee.

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Director Compensation

The directors receive no cash compensation for acting in their capacity as directors of the Corporation.

Except for the grant to directors of share options and RSUs, there are no arrangements under which directors were compensated by the Corporation during the two most recently completed financial years for their services in their capacity as directors.

Pension Plan

The Corporation does not have a pension plan for any of its Directors or NEOs.