

## X1 ENTERTAINMENT GROUP INC.

615 – 800 West Pender Street  
Vancouver, British Columbia  
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Form 51-102F6V

### STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS (for financial year ended August 31, 2023)

#### **GENERAL**

The following information dated February 29, 2024 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:

“**Company**” means X1 Entertainment Group Inc.;

“**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;

“**named executive officer**” or “**NEO**” 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 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 (“**CFO**”), 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;
- (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.

#### **DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

During financial year ended August 31, 2023, based on the definition above, the NEOs of the Company were: Bobby Dhaliwal, CFO and Corporate Secretary; Mark Elfenbein, former CEO and director; Adam Giddens, director and former CEO; Samantha Shorter, former CFO, Corporate Secretary and director. The directors of the Company who was not NEOs during the financial year ended August 31, 2023, were Oliver Bales, Jan Hoffman, William O’Hara, and Latika Prasad. Jan Hoffman resigned from the board of directors (the “**Board**”) on October 3, 2022 and William O’Hara resigned from the Board on April 6, 2023.

#### **Director and NEO Compensation, Excluding Options and Compensation Securities**

The following table sets forth all compensation, excluding options and compensation securities, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, for the two most recently completed financial years, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, 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 of the Company for services provided and for services to

be provided, directly or indirectly, to the Company or a subsidiary of the Company. Options and compensation securities are disclosed under the heading “Stock Options and Other Compensation Securities” below.

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 (\$)
<b>Latika Prasad</b> <sup>(1)</sup> CEO and Director	2023	45,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	45,000
	2022	50,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	50,000
<b>Bobby Dhaliwal</b> <sup>(3)</sup> CFO and Corporate Secretary	2023	90,983	Nil	Nil	Nil	Nil	90,983
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Adam Giddens</b> <sup>(4)</sup> Director and former CEO	2023	68,000 <sup>(5)</sup>	Nil	Nil	Nil	Nil	68,000
	2022	21,000 <sup>(6)</sup>	Nil	Nil	Nil	Nil	21,000
<b>Oliver Bales</b> <sup>(7)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	N/A	N/A	N/A	N/A	N/A	N/A
<b>Mark Elfenbein</b> <sup>(8)</sup> Former CEO and Director	2023	135,057 <sup>(9)</sup>	Nil	Nil	Nil	Nil	135,057
	2022	192,022 <sup>(9)</sup>	Nil	Nil	Nil	Nil	192,022
<b>Samantha Shorter</b> <sup>(10)</sup> Former Director, CFO and Corporate Secretary	2023	15,250 <sup>(11)</sup>	Nil	Nil	Nil	Nil	15,250
	2022	77,859 <sup>(11)</sup>	Nil	Nil	Nil	Nil	77,859
<b>William O’Hara</b> <sup>(12)</sup> Former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil
<b>Jan Hoffman</b> <sup>(13)</sup> Former Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	52,829	Nil	Nil	Nil	Nil	52,829

Notes:

1. Latika Prasad was appointed CEO on December 1, 2023 and has been a director since January 9, 2020. Ms. Prasad was President and Corporate Secretary from January 9, 2020 to August 8, 2021.
2. Compensation paid as consideration for director services.
3. Bobby Dhaliwal was appointed as CFO and Corporate Secretary on October 3, 2022 and provides services through Red Fern Consulting Ltd.
4. Adam Giddens served as a director from May 10, 2021 to November 5, 2021 and was re-appointed to the Board on March 3, 2023. Mr. Giddens was CEO from August 1, 2021 to November 5, 2021 and from March 3, 2023 to December 1, 2023.
5. Compensation paid as consideration for officer services.
6. Compensation paid as consideration for director services.
7. Oliver Bales was appointed to the Board on April 6, 2023.
8. Mark Elfenbein was CEO and a director from December 1, 2021 to March 3, 2023.
9. Compensation paid as consideration for officer services.
10. Samantha Shorter was CFO and Corporate Secretary from August 1, 2021 to October 3, 2022 and a director from May 10, 2021 to August 1, 2021 and from October 3, 2022 to April 6, 2023.

11. Compensation paid as consideration for officer services.
12. William O'Hara was a director from May 10, 2021 to April 6, 2023.
13. Jan Hoffman was a director from August 1, 2021 to October 3, 2022.

### Outstanding Compensation Securities

There were no compensation securities granted to a director or NEO by the Company during the financial year ended August 31, 2023.

The following table sets out all compensation securities held by each NEO and director as of August 31, 2023:

Name and position	Type of compensation security	Number of compensation securities <sup>(1)</sup>	Issue, conversion or exercise price (\$)	Expiry Date M/D/Y
<b>Latika Prasad</b> CEO and Director	Options	200,000	\$2.25	06/28/2027
<b>Bobby Dhaliwal</b> CFO and Corporate Secretary	Options	10,000	\$2.25	06/28/2027
<b>Adam Giddens</b> Director and former CEO	Options	60,000	\$2.25	06/28/2027
<b>Oliver Bales</b> Director	N/A	N/A	N/A	N/A
<b>Mark Elfenbein</b> Former CEO and Director	N/A	N/A	N/A	N/A
<b>Samantha Shorter</b> Former Director, CFO and Corporate Secretary	Options	45,000	\$2.25	06/28/2027
<b>William O'Hara</b> Former Director	N/A	N/A	N/A	N/A
<b>Jan Hoffman</b> Former Director	N/A	N/A	N/A	N/A

Notes:

1. Granted on June 28, 2022 with an 8-month fully vested term.

### Exercise of Compensation Securities by Directors and NEOs

There were no stock options exercised by an NEO or a director of the Company during the financial year ended August 31, 2023.

### Stock Options and Other Compensation Plans

#### 10% "rolling" Share Option Plan (Option-Based Awards)

The Company has in place a 10% "rolling" share option plan dated for reference May 20, 2021, as amended June 20, 2022 (the "**Option Plan**"). The Option Plan was approved by the shareholders of the Company at the Company's annual general meeting held on April 6, 2023. Pursuant to the policies of the Canadian Securities Exchange (the "CSE"), the Option Plan will need to be re-approved by the Company's shareholders by April 6, 2026.

The purpose of the Option Plan is to assist the Company in attracting, retaining and motivating directors, officer, employees, consultants and contractors of the Company and of its affiliates and to closely align the personal interests of such service providers with the interests of the Company and its shareholders.

The following information is intended to be a brief description of the Option Plan and is qualified in its entirety by the full text of the Option Plan:

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

#### *Eligibility*

Any officer, director, employee, management company employee, consultant or investor relations person of the Company or its wholly-owned subsidiaries (each as described in the Option Plan and each, an “**Eligible Person**”) is eligible to receive Options under the Option Plan. The Board has full and final authority to determine the Eligible Persons who are granted Options under the Option Plan and the number of Common Shares subject to each Option.

#### *Shares Subject to Option Plan*

The maximum number of Common Shares which may be available for issuance under the Option, together with any other security-based compensation plan of the Company, will not exceed 10% of the total number of Common Shares issued and outstanding from time to time. The Option Plan is an “evergreen plan” and accordingly, any issuance of Common Shares from treasury, including the issuances of Common Shares in respect of which Options are exercised, and any expired or cancelled Options, shall automatically replenish the number of Common Shares issuable under the Option Plan.

The maximum number of Common Shares which may be issued or reserved for issuance to any one Person (as described in the Option Plan), and companies wholly-owned by that Person, under the Option Plan within any 12- month period shall not exceed 10% of the issued and outstanding Common Shares, calculated on the date an Option is granted to such Person.

#### *Exercise of Options*

The exercise price of Options issued may not be less than the price determined in accordance with CSE policies while the Common Shares are listed on the CSE.

Subject to the provisions of the Option Plan and the particular Option, an Option may be exercised, in whole or in part, by delivering a written notice of exercise to the Company along with payment in cash or certified cheque for the full amount of the exercise price of the Common Shares then being purchased.

#### *Term and Expiry Date*

The period within which Options may be exercised and the number of Options which may be exercised in any such period are determined by the Board at the time of granting the Options provided, however, that the maximum term of any Options awarded under the Option Plan is 10 years.

#### *Vesting*

All Options granted pursuant to the Option Plan may vest and become exercisable at the discretion of the Board.

### *Termination of Options*

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired Options held by such optionee for a period of 90 days from the date of cessation (or until the normal expiry date of the Option rights of such optionee, if earlier), subject to extension by the Board to a maximum of 1 year with approval from the CSE.

In the event of a death of the optionee during the currency of the optionee's Option, any vested Option theretofore granted to the optionee is exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of 1 year after the date of death of such optionee and the expiry date of the Option.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised Options of that optionee under the Option Plan shall immediately become terminated and shall lapse.

### *Non-Assignability and Non-Transferability*

Options granted under the Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such Option shall be exercisable, during an optionee's lifetime, only by the optionee.

### *Adjustments in Shares Subject to Option Plan*

The Option Plan contains provisions for the treatment of Options in the event of a reorganization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Common Shares of the Company. The Options granted under the Option Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of Common Shares covered by such Options and in the exercise price in the event of such change.

The foregoing description of the Option Plan does not purport to be complete and is qualified in its entirety by reference to the full text of the Option Plan.

### **Employment, consulting and management agreements**

Mark Elfenbein had entered into an agreement with the Company (the "**Consulting Agreement**") in connection with his services as CEO, pursuant to which an aggregate of USD\$200,000 was to be payable annually to Mr. Elfenbein. The Consulting Agreement was terminated on March 3, 2023. Certain entitlements with respect to Mr. Elfenbein's Consulting Agreement were subsequently amended, and following the cessation of Mr. Elfenbein's services to the Company, Mr. Elfenbein had no entitlements related to severance or any other form of remuneration or compensation.

The Company has not entered into any additional employment, consulting or management agreement.

### **Oversight and Description of Director and NEO Compensation**

The Company does not have a compensation committee or a formal compensation policy. The Company relies solely on the Board to determine the compensation of the NEOs and directors. In determining compensation, which the Board does on an annual basis, the Board considers industry standards and the Company's financial situation, but the Company does not have any formal objectives or criteria. The performance of each executive officer is informally monitored by the Board, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

In establishing compensation for executive officers, the Board as a whole seeks to accomplish the following goals:

- To recruit and subsequently retain highly qualified executive officers by competitive offering overall compensation;
- To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- To align the interests of executive officers with the long-term interests of shareholders through participation in the Stock Option Plan.

When considering the appropriate executive compensation to be paid to our officers and directors, the Board will have regard to a number of factors including: (i) recruiting and retaining individuals critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

The Board did not use any formal peer group evaluation to determine compensation.

In compensating its officers and directors, the Company has employed a combination of base salary and equity participation through its current Stock Option Plan.

#### 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.

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 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 Option Plan, in which certain securities are granted to executives 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. The Company emphasizes the provision of Options 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 based on a base salary, with 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 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 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.

#### **Termination and Change of Control Benefit**

As at the year ended August 31, 2023, the Company did not have any contract, agreement, plan or arrangement that provides for payment to any NEOs, executive officers or directors at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO, executive officer or director's responsibilities.

#### **Pension Disclosure**

As at the year ended August 31, 2023, the Company did not maintain any pension, retirement, defined benefit, defined contribution or deferred compensation plans that provides for payments or benefits to its directors and NEOs at, following, or in connection with retirement and none are proposed at this time.