

RSI International Systems Inc.
(the “Company”)

Form 51-102F6V
STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS
for the fiscal year ended December 31, 2020
Dated June 15, 2021

Director and Named Executive Officer Compensation Excluding Compensation Securities

Named Executive Officers

Set out below are particulars of compensation paid to the following persons (the “**Named Executive Officers**” or “**NEOs**”):

- (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 (“**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, including an individual performing functions similar to a chief financial officer (“**CFO**”);
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer (other than the CEO and CFO) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with applicable securities rules, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and not acting in a similar capacity, at the end of that financial year.

For the year ended December 31, 2020, the Company had two Named Executive Officers, namely Adam Ho (CEO), and Sam Wong (CFO).

Table of Compensation Excluding Compensation Securities

The following table sets out compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company, to each NEO and director, in any capacity, for each of the Company’s financial years ended December 31, 2020 and 2019.

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 (\$)
ADAM HO (CEO) and Director	2020	36,000	Nil	Nil	Nil ⁽³⁾	Nil	36,000
	2019	36,000	Nil	Nil	Nil ⁽³⁾	Nil	36,000
SAM WONG ⁽²⁾ CFO	2020	36,000	Nil	Nil	Nil ⁽⁴⁾	Nil	36,000
	2019	36,000	Nil	Nil	Nil ⁽⁴⁾	Nil	36,000
DAVID KEYS Director	2020	Nil	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil
	2019	Nil	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil
ANTHONY BALIC Director	2020	Nil	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil
	2019	Nil	Nil	Nil	Nil ⁽⁴⁾	Nil	Nil

- (1) Amounts under “Salary” for Mr. Ho pertain to compensation paid by the Company to Adamant Communications, a company controlled by Mr. Ho. Mr. Ho was not paid any compensation for his role as a director of the Company.
- (2) Amount under “Salary” for Mr. Wong pertains to compensation paid by the Company to Samina Capital Ltd., a company controlled by Mr. Wong.
- (3) Perquisites that are not generally available to all employees did not exceed 10% of the NEO’s total salary for the financial year.
- (4) Perquisites that are not generally available to all employees did not exceed \$15,000.

External Management Companies

Other than as described below, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

Pursuant to a verbal service agreement with Adamant Communications (“**Adamant**”), the Company has engaged Adamant and through Adamant, Adam Ho, to provide various services in connection with performing the function of Chief Executive Officer.

Pursuant to a service agreement with Samina Capital Ltd. (“**Samina**”) dated February 13, 2019 between the Company and Samina, the Company engaged Samina, and through Samina, Sam Wong to provide various services in connection with performing the function of Chief Financial Officer.

From time to time, the Board of Directors of the Company can grant discretionary bonus to the senior management.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any NEO or director by the Company or one of its subsidiaries in the financial year ended December 31, 2020 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

The following table discloses the total amount of compensation securities held by each NEO and director of the Company as at the Company’s financial year end of December 31, 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 m/d/y	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 m/d/y
ADAM HO (CEO) and Director	stock options	450,000	5/1/2019	\$0.10	\$0.09	\$0.10	May 1, 2024
		225,000	1/23/2017	\$0.20	\$0.15	\$0.10	Jan. 23, 2022
SAM WONG ⁽²⁾ CFO	stock options	250,000	5/1/2019	\$0.10	\$0.09	\$0.10	May 1, 2024
DAVID KEYS Director	stock options	450,000	5/1/2019	\$0.10	\$0.09	\$0.10	May 1, 2024
		200,000	1/23/2017	\$0.20	\$0.15	\$0.10	Jan. 23, 2022
ANTHONY BALIC Director	stock options	250,000	5/1/2019	\$0.10	\$0.09	\$0.10	May 1, 2024

- (1) The numbers under this column represent the number of options and the same number of Common Shares underlying the related options.

No compensation security has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year, including the original and modified terms.

Except for the vesting schedules noted in the above table, there are no restrictions or conditions for converting, exercising or exchanging the compensation securities.

No NEO or director of the Company exercised any compensation securities during the financial year ended December 31, 2020.

Stock Option Plans and Other Incentive Plans

Stock Option Plan

The Company has an Amended Stock Option Plan dated for reference July 2016 (the “**Amended Option Plan**”). The Amended Option Plan is a fixed number of common shares equal to 20% of the then issued and outstanding common shares for issuance pursuant to options granted under the Amended Option Plan.

The purpose of the Amended Option Plan is to offer to the Company’s directors, officers, employees and consultants (and those of its affiliates) the opportunity to acquire a proprietary interest in the Company, thereby providing an incentive to such persons to promote the best interests of the Company, and to provide the Company with the ability to attract qualified persons as directors, officers and employees.

The Amended Option Plan is administered by the Company’s directors. The material terms of the Amended Option Plan are as follows:

- (a) the Amended Option Plan will reserve a fixed number of common shares, equal to 6,393,425 common shares, for issuance pursuant to options granted under the Amended Option Plan (less any common shares currently reserved for outstanding stock options under the current Option Plan);
- (b) the number of common shares reserved for issue to any one person in any 12 month period under the Amended Option Plan may not exceed 5% of the outstanding common shares at the time of grant without Disinterested Shareholder Approval (as defined in Policy 4.4 of the Exchange);
- (c) the number of common shares reserved for issue to any Consultant (as defined by the Exchange) in any 12 month period under the Amended Option Plan may not exceed 2% of the outstanding common shares at the time of grant;
- (d) the aggregate number of common shares reserved for issue to all Employees (as defined by the Exchange) conducting Investor Relations Activities (as defined by the Exchange) in any 12 month period under the Amended Option Plan may not exceed 2% of the outstanding common shares at the time of grant;
- (e) the aggregate number of common shares reserved for issue to Insiders (as defined by the Exchange) in any 12 month period under the Amended Option Plan may not exceed 10% of the outstanding common shares at the time of grant without Disinterested Shareholder Approval;
- (f) the number of common shares issued to any one person within a 12 month period on the exercise of stock options may not exceed 5% of the outstanding common shares at the time of exercise without Disinterested Shareholder Approval;
- (g) the exercise price per common share for a stock option may not be less than the Discounted Market Price (as calculated pursuant to the policies of the Exchange);

- (h) stock options may have a term not exceeding ten years;
- (i) stock options are non-assignable and non-transferable;
- (j) generally, stock options will cease to be exercisable 30 days after the optionee ceases to be a director, officer, employee or consultant of the Company otherwise than by death, subject to the Board's discretion to extend such period to not more than one year, or such longer period as may otherwise be approved by the Exchange;
- (k) the Amended Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of stock options, and the exercise price of stock options, in the event of a share consolidation, split, reclassification or other capital reorganization, or an amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the common shares or the Company's capitalization; and
- (l) in connection with the exercise of an option, as a condition to such exercise, the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option.

Employment, Consulting and Management Agreements or Arrangements

The Company has entered into a verbal service agreement with Adamant to engage Adam Ho (the “**Executive**”) for his services as Chief Executive Officer effective February 13, 2019 for no fixed term. As compensation for the services to be provided, the Executive will receive a monthly salary of \$3,000 (the “**Monthly Compensation**”).

The Company has executed a service agreement with Samina to engage Sam Wong (the “**CFO Executive**”) for his services as Chief Financial Officer effective February 13, 2019 for no fixed term. As compensation for the services to be provided, the CFO Executive will receive a monthly salary of \$3,000 (the “**CFO Monthly Compensation**”).

There are no provisions in any contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in the Company or a change in the NEO's responsibilities, except as disclosed above.

Oversight and Description of Director and Named Executive Officer Compensation

The Board of Directors in 2020 consisted of David Keys, Anthony Balic and Adam Ho, all of whom are considered independent directors except for Adam Ho. One of the primary functions of the Board of Directors is to monitor and make approve the total compensation paid by the Company to its directors and executive officers.

The directors received no cash compensation for acting in their capacity as directors of the Company during the most recently completed financial year.

Except for the grant to directors of stock options, there were no arrangements under which directors were compensated by the Company during the most recently completed financial year for their services in their capacity as directors.

The Board of Directors reviews annually and approves the total compensation (including direct salary and annual bonus as well as long term stock-related incentive plans) paid to each executive officer of the Company and paid to members of the Board as directors after taking into account any director compensation guidelines established by the Board. In accordance with TSX-V policies, any compensation paid to a director or executive officer of the Company must be approved by the independent members of the Board of Directors.

The Board of Directors is responsible for reviewing and considering corporate goals and objectives relevant to compensation for all executive officers, evaluating the performance of each executive officer in light of those corporate goals and objectives, and determining the level of compensation for the executive officers based on this evaluation.

The Board of Directors administers the Company's stock option plan (the "**Plan**") and makes decisions regarding option grants, including option terms and amendments, under the Plan, provided that, under the terms of the Plan, options for directors must be granted and approved by the Board of Directors.

There is no policy or target regarding cash and non-cash elements of the Company's compensation program. The directors are of the view that all elements should be considered rather than any single element. The Company does not currently provide the executive officers with personal benefits nor does the Company provide any additional compensation.

As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) as the mix of total compensation shifts towards a greater emphasis on bonus and stock options, thereby increasing the mutual interest between executive officers and shareholders. The level of base salary for each employee within a specified range is determined by past performance, as well as by the level of responsibility and the importance of the position to the Company.

With respect to long-term incentives, each year an executive may be awarded stock options. The amount of the long-term incentive is reviewed by the Board of Directors based on the philosophy, objectives and criteria outlined above, taking into account previous stock option grants.

For the 2020 financial year, the Company's executive compensation consisted of a base salary. Salary compensation to the Named Executive Officers during the 2020 financial year and prior were provided for under informal consulting arrangements with the Named Executive Officers or their management companies. See "Employment, Consulting and Management Agreements or Arrangements" for a description of the 2020 employment arrangements for Messrs. Ho, and Wong.

The Company does not presently anticipate making any significant changes to its compensation policies and practices in respect of its financial year ending December 31, 2020.

Pension Disclosure

The Company does not provide a pension to any director or NEO.