



**AUXLY CANNABIS GROUP INC.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE**

**ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**TO BE HELD ON**

**JUNE 28, 2021**

**DATED AS OF MAY 20, 2021**

## AUXLY CANNABIS GROUP INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Auxly Cannabis Group Inc. (the "**Company**") will be held at the offices of Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario M5X 1A4 at 2:00 p.m. (Toronto time) on June 28, 2021, for the following purposes:

1. to receive the audited financial statements of the Company for the year ended December 31, 2020 and the report of the auditor thereon;
2. to elect directors of the Company for the ensuing year, as more particularly described in the management information circular (the "**Information Circular**") accompanying this Notice;
3. to reappoint the auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration of the auditor;
4. to consider and, if deemed advisable, to pass an ordinary resolution approving the consummation of the matters contemplated by the amending agreement dated April 19, 2021 between the Company and 1213509 B.C. Ltd. ("**Imperial**"), a wholly-owned indirect subsidiary of Imperial Brands plc, being certain amendments to the terms of: (i) the \$123 million 4.00% senior unsecured convertible debenture issued by the Company on September 25, 2019 to Imperial and (ii) the investor rights agreement entered into by the Company with Imperial on September 25, 2019, in each case as more particularly described in the accompanying Information Circular, excluding the Common Shares beneficially owned or controlled, directly or indirectly, by Imperial or its affiliates;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving and adopting the Amended and Restated Omnibus Plan of the Company, as more particularly described in the accompanying Information Circular; and
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Information Circular provides additional information relating to the business to be dealt with at the Meeting and is deemed to form part of this Notice. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), including financial information and management discussion and analysis in respect of the Company's most recently completed financial year. Shareholders are reminded to carefully review the Information Circular and any additional materials prior to voting on the matters being transacted at the Meeting.

**Out of an abundance of caution, to proactively deal with potential issues arising from the unprecedented public health impact of COVID-19, and to limit and mitigate risks to the health and safety of our communities, Shareholders, employees, directors and other stakeholders, the Company is discouraging physical attendance in person. The Meeting will not be open to the general public and will be limited to registered shareholders and duly appointed proxyholders only.**

**The vast majority of our Shareholders vote by proxy in advance of the meeting and we encourage Shareholders to continue to vote in this manner using one of the methods described in the Information Circular. Shareholders may listen to the Meeting by live audio teleconference by dialing 888-664-6383 (Confirmation #: 94023704) starting at 2:00 p.m. (Toronto time) on June 28, 2021. Please note that Shareholders will not be entitled to vote at, or otherwise participate in, the Meeting by way of teleconference or other electronic means.**

The Company has elected to use the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (the "**Notice-and-Access Provisions**") of the Canadian Securities Administrators for the Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to Shareholders of the Company by allowing the Company to post its Information Circular and any additional materials online.

The Information Circular and all additional materials have been posted in full on the Company's website at <https://auxly.com/investors/#events> and under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). All Shareholders of record as of May 17, 2021, the record date, will receive a notice and access notification containing instructions on how to access the Company's Information Circular and all additional materials. Shareholders of the Company may request paper copies of the Information Circular and additional materials at no cost by calling toll-free within North America at 1-866-692-0498, or direct from outside North America at 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 1-833-695-2414. In order to ensure that a paper copy of the Information Circular and additional materials can be delivered to a Shareholder in time for such Shareholder to review the Information Circular and return a form of proxy or voting instruction form prior to the deadline to receive proxies, it is strongly suggested that Shareholders ensure their request is received no later than June 18, 2021. Shareholders who would like more information about the Notice-and-Access Provisions may contact the Company's transfer agent, Computershare Investor Services Inc., toll-free at 1-866-964-0492. **Please see "Notice-and-Access" in the accompanying Information Circular.**

**It is important that you read and follow the instructions on how to vote by proxy included in the accompanying Information Circular or the instructions on your voting instruction form in order to have your vote count.**

**Registered Shareholders may attend the Meeting in person or be represented by proxy, but rather than attending in person, registered Shareholders are strongly encouraged to vote in advance by submitting their proxy by mail, facsimile, telephone or online in accordance with the instructions below.** Registered Shareholders who wish to appoint, as their proxy, the officers of the Company, whose names appear on the proxy form, are requested to complete, date and sign the enclosed form of proxy and deposit it with the Company's transfer agent, Computershare Investor Services Inc.: (i) by mail using the enclosed return envelope or one addressed to Computershare Investor Services Inc., Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by facsimile to 1-866-249-7775; or (iii) by telephone at 1-866-732-8683. As an alternative to completing and submitting a proxy for use at the Meeting, a Shareholder may vote electronically on the internet at [www.investorvote.com](http://www.investorvote.com). Votes cast electronically are in all respects equivalent to, and will be treated in the same manner as, votes cast via a paper form of proxy. Shareholders who wish to vote using internet or by telephone should follow the instructions provided in the form of proxy. In order to be valid, proxies must be received by the transfer agent not less than 48 hours prior to the commencement of the Meeting or any adjournment(s) thereof, excluding Saturdays, Sundays and holidays.

DATED this 20<sup>th</sup> day of May, 2021.

BY ORDER OF THE BOARD OF DIRECTORS  
AUXLY CANNABIS GROUP INC.

"Hugo Alves"

Hugo Alves

Chief Executive Officer and Director

AUXLY CANNABIS GROUP INC.



MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 28, 2021

PURPOSE OF SOLICITATION

This Management Information Circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Auxly Cannabis Group Inc. ("Auxly" or the "Company") for use at the annual general and special meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of the Company.

The Meeting will be held at the offices of Bennett Jones LLP, 3400 One First Canadian Place, Toronto, Ontario M5X 1A4 at 2:00 p.m. (Toronto time) on June 28, 2021 or at any adjournments or postponements thereof for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders (the "**Notice of Meeting**") accompanying this Information Circular. Information contained herein is given as of May 20, 2021, unless otherwise specifically stated.

The Company will use the Notice-and-Access Provisions (as defined below) to conduct the solicitation of proxies in connection with this Information Circular. Proxies may also be solicited by telephone, facsimile, email or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. Brokers, nominees or other persons holding Common Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Common Shares. The costs of soliciting proxies will be borne by the Company.

NOTICE-AND-ACCESS

The Company has elected to deliver the materials in respect of the Meeting pursuant to the notice-and-access provisions ("**Notice-and-Access Provisions**") concerning the delivery of proxy-related materials to shareholders found in section 9.1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), in the case of registered shareholders, and section 2.7.1 of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), in the case of beneficial shareholders. The Notice-and-Access Provisions are a set of rules that reduce the volume of proxy-related materials that must be physically mailed to shareholders by allowing issuers to deliver meeting materials to shareholders electronically by providing shareholders with access to these materials online.

The use of the Notice-and-Access Provisions reduces paper waste and mailing costs to the Company. In order for the Company to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting the Information Circular (and if applicable, other materials) electronically on a website that is not SEDAR, the Company must send a notice to Shareholders, including Beneficial Shareholders, indicating

that the proxy-related materials have been posted and explaining how a Shareholder can access them or obtain a paper copy of those materials from the Company.

In accordance with the Notice-and-Access Provisions, a notice and a form of proxy or voting instruction form has been sent to all Shareholders informing them that this Information Circular is available online and explaining how this Information Circular may be accessed, in addition to outlining relevant dates and matters to be discussed at the Meeting. This Information Circular has been posted in full on the Company's website at <https://auxly.com/investors/#events> and under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Company will send proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent, Computershare Investor Services Inc. The Company does not intend to pay for the Intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* of NI 54-101.

Any Shareholder who wishes to receive a paper copy of this Information Circular must contact the Company's transfer agent, Computershare Investor Services Inc. at Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, toll-free within North America at 1-866-692-0498, or direct from outside North America at 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 1-833-695-2414. In order to ensure that a paper copy of the Information Circular can be delivered to a requesting Shareholder in time for such Shareholder to review the Information Circular and return a form of proxy or voting instruction form prior to the deadline to receive proxies, it is strongly suggested that Shareholders ensure their request is received no later than June 18, 2021.

All Shareholders may call 1-866-964-0492 in order to obtain additional information regarding the Notice-and-Access Provisions or to obtain a paper copy of the Information Circular, up to and including the date of the Meeting, including any adjournment thereof.

## APPOINTMENT AND REVOCATION OF PROXIES

**The information in this section applies to Shareholders who hold their own Common Shares in their own name and have a share certificate or direct registration system (DRS) statement (a "Registered Shareholder").** As a Registered Shareholder, you are identified on the share register maintained by the Company's register and transfer agent, Computershare Investor Services Inc., as being a Shareholder.

Registered Shareholders will receive a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or officers of the Company. **A Registered Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Registered Shareholder at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is signed by the Registered Shareholder or by the Registered Shareholder's attorney authorized in writing or, if the Registered Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be dated, completed, signed and deposited with the Company's transfer agent, Computershare Investor Services Inc.: (i) by mail using the enclosed return envelope or one addressed to Computershare Investor Services Inc., Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by facsimile to 1-866-249-7775; or (iii) by telephone at 1-866-732-8683, by no later than 2:00 p.m. (Toronto time) on June 24, 2021, or two business days preceding the date of any adjournment or postponement of the Meeting. As an alternative to completing and submitting a proxy for

use at the Meeting, a Shareholder may vote electronically on the internet at [www.investorvote.com](http://www.investorvote.com). Votes cast electronically are in all respects equivalent to, and will be treated in the same manner as, votes cast via a paper form of proxy. Shareholders who wish to vote using internet or by telephone should follow the instructions provided in the form of proxy.

**A Registered Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by an instrument in writing executed by the Registered Shareholder or by his, her or its attorney authorized in writing or, if the Registered Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.**

#### **ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name in the Company's records. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should contact their broker or other intermediary as soon as practicable to ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit [www.proxyvote.com](http://www.proxyvote.com) to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his, her or its broker (or agent of the broker), a Beneficial

Shareholder may attend at the Meeting as proxyholder for a Registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a Registered Shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

**Beneficial Shareholders (other than Beneficial Shareholders who are duly appointed proxyholders) will not be admitted to the Meeting. Beneficial Shareholders are urged to vote their Common Shares in advance of the Meeting in accordance with the procedures and instructions received from Broadridge or other applicable intermediary. Beneficial Shareholders may listen to the Meeting using the live audioconferencing facilities described in this Information Circular.**

### **VOTING OF PROXIES**

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with such instructions. **In the absence of any such instructions, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon.**

**The form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting, then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner they see fit, in accordance with their best judgment.**

At the time of the printing of this Information Circular, management of the Company knew of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

Except as disclosed in this Information Circular, management of the Company is not aware of any material interest of any director or executive officer or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The board of directors of the Company (the "**Board**") has fixed May 17, 2021 as the record date for the meeting (the "**Record Date**"). Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournments or postponements thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a Registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or it owns the Common Shares and demands, not later than 10 days before the Meeting, that his, her or its name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the Record Date, there were 753,736,036 Common Shares outstanding. The Shareholders are entitled to one vote per Common Share at all meetings of the Shareholders either in person or by proxy. The Shareholders are also entitled to dividends, if and when declared by the directors of the Company, and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company.

On July 25, 2019, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with 1213509 B.C. Ltd. (“**Imperial**”), an indirect wholly-owned subsidiary of Imperial Brands plc, pursuant to which Imperial agreed to purchase a 4.00% senior unsecured convertible debenture due September 25, 2022 (the “**Debenture**”) in an aggregate principal amount of \$122,851,094.58 (the “**Transaction**”). The Transaction closed on September 25, 2019. At the closing of the Transaction, the Company and Imperial also entered into an investor rights agreement (the “**Investor Rights Agreement**”), pursuant to which Imperial was granted certain rights with respect to the beneficial ownership of the Debenture upon the completion of the Transaction. The Investor Rights Agreement provides, among other things, that for so long as Imperial holds a partially diluted percentage of outstanding Common Shares of not less than 15%, to nominate for election as a director of the Company at any meeting of shareholders at which directors are to be elected, one individual designated by Imperial. Conrad Tate is Imperial’s director nominee (“**Mr. Tate**” or the “**Imperial Nominee**”).

To the knowledge of the Company, no person beneficially owns, controls, or directs, indirectly or directly, more than 10% of the issued and outstanding Common Shares as of the date of this Information Circular.

### **BUSINESS TO BE TRANSACTED AT THE MEETING**

The following business will be transacted at the Meeting:

#### **Receive the Financial Statements**

The audited financial statements of the Company for the period ended December 31, 2020 and the report of the auditors thereon will be received at the Meeting. The audited financial statements of the Company and the report of the auditors are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Election of Directors**

At the Meeting, a board of five directors will be proposed for election. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The term of office for each director is from the date of the Meeting at which he or she is elected until the next following annual meeting or until his or her successor is elected or appointed.

As part of its ongoing review of corporate governance practices and in accordance with the provisions of the TSX Company Manual, the Board has adopted a majority voting policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes “withheld” than votes “for” shall, subject to certain exceptions, tender his or her resignation to the chair of the Board promptly following the Meeting. A copy of the majority voting policy is available on the Company’s website at <https://auxly.com/investors/#governance>.

The following table sets forth certain information regarding the nominees, their respective positions with the Company, principal occupations or employment during the last five years, the dates on which they became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of the Record Date.

<b>Name and Residence</b>	<b>Position held with the Company</b>	<b>Director Since</b>	<b>Principal Occupation for the Previous Five Years</b>	<b>Common Shares Beneficially Owned Directly or Indirectly</b>
Hugo Alves Toronto, Ontario	Director and CEO	August 10, 2017	Chief Executive Officer of the Company since August 27, 2019; President of the Company from August 10, 2017 – August 27, 2019. Formerly senior corporate and commercial Partner at Bennett Jones LLP where he founded and led the firm’s cannabis group, September 2014 – July 2017.	26,645,902 <sup>(1)</sup>
Genevieve Young <sup>(2)(4)</sup> Ottawa, Ontario	Chair of the Board, Director	December 27, 2018	President and Chief Operating Officer of Global Public Affairs since January 2017, Chief Operating Officer of Global Public Affairs since January 2015, and SVP, Ottawa/Practice lead, Global Public Affairs January 2008 – December 2014.	Nil.
Troy Grant <sup>(3)(4)</sup> Bedford, Nova Scotia	Director	December 21, 2016	Founder and Chief Executive Officer of Elcora Advanced Materials Corp., a TSXV listed graphene materials company, since June 2011.	11,250
Conrad Tate <sup>(3)(4)</sup> Bristol, UK	Director	September 25, 2019	Corporate Development Director at Imperial Brands PLC since 2010.	Nil.
Vikram Bawa <sup>(4)</sup> Mississauga, Ontario	Director	October 1, 2020	Managing Partner at Terrene Ltd. since August 2020; VP Marketing, Asia Pacific & EMEA at Logitech S.A. from November 2016 – June 2020.	Nil.

**Notes:**

- (1) Includes 12,000,000 Common Shares held through Grandville Asset Management Limited, a private company wholly owned by Mr. Alves.
- (2) Chair of the Audit Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.

***Corporate Cease Trade Orders or Bankruptcies***

No director or executive officer of the Company is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days.

No director or executive officer of the Company is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Personal Bankruptcies***

No director of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

### ***Penalties or Sanctions***

No director of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

**It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of each of the nominees specified above as directors of the Company. If, prior to the Meeting, any vacancies occur in the proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by management of the Company and FOR each of the remaining proposed nominees.**

### **Reappointment of Auditors**

On July 15, 2020, Ernst & Young LLP (“E&Y”) was reappointed as auditor of the Company, having first been appointed on November 28, 2019. At the Meeting, Shareholders will be requested to re-appoint E&Y as auditor of the Company, to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix the auditors’ remuneration.

**Absent contrary instructions, proxies given pursuant to this solicitation by the management of the Company will be voted FOR the appointment of E&Y as the auditor of the Company to hold office until the next annual meeting of Shareholders or until a successor is appointed and the authorization of the directors to fix the remuneration of the auditor.**

### **Amendment of the Debenture and the Investor Rights Agreement**

#### ***Background of the Imperial Transaction***

On September 25, 2019, pursuant to the terms of the Subscription Agreement, the Company issued the Debenture to Imperial. In connection with the Transaction, the Company and Imperial also entered into the Investor Rights Agreement, pursuant to which Imperial was granted certain rights with respect to the beneficial ownership of the Debenture upon the completion of the Transaction.

### ***Description of the Amending Agreement***

The following is a summary of the principal terms of the Amending Agreement (as defined below) and the Imperial Amendments (as defined below). This summary does not purport to be complete and is qualified in its entirety by reference to the Amending Agreement and the schedules attached thereto, which have been filed by the Company under its SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **The Proposed Imperial Amendments**

On April 19, 2021, the Company and Imperial entered into an agreement (the “**Amending Agreement**”) pursuant to which the Company and Imperial agreed, subject to certain conditions:

- (a) to implement the following amendments to the Debenture:
  - (i) the extension of the maturity date of the Debenture from September 25, 2022 to September 25, 2024 (the “**Maturity Date**”);
  - (ii) the incorporation of a right of Imperial to convert, on an annual basis, any or all of the accrued and unpaid interest on the Debenture then outstanding into Common Shares (the “**Interest Conversion Election**”), at a conversion price equal to the volume-weighted average trading price of the Common Shares for the five trading days immediately preceding the date that Interest Conversion Election is delivered, provided that the Interest Conversion Election may not result in Imperial, together with its affiliates, beneficially owning more than 19.9% of the Partially Diluted Percentage of Common Shares (as defined below);
  - (iii) for accrued and unpaid interest owing under the Debenture to be paid by the Company on the Maturity Date, rather than annually; and
- (b) to reinstate certain approval rights of Imperial under the Investor Rights Agreement (as more particularly described below), which rights had previously expired on September 25, 2020, for so long as Imperial continues to hold a Partially Diluted Percentage of Common Shares that exceeds 15%;

(collectively, the “**Imperial Amendments**”).

For the purposes of the Imperial Amendments, “**Partially Diluted Percentage of Outstanding Common Shares**” means the percentage equal to the quotient obtained when: (i) the aggregate number of issued and outstanding Common Shares beneficially owned by Imperial and its affiliates (collectively, the “**Imperial Group**”), or over which the Imperial Group exercises control or direction (including, for the purposes of this calculation, Common Shares for which the Debenture is convertible (the “**Underlying Shares**”) and any other Common Shares issuable upon conversion, exchange or exercise of any other convertible securities owned by the Imperial Group or over which the Imperial Group exercises control or direction), is divided by (ii) the aggregate number of issued and outstanding Common Shares (including, for the purposes of this calculation, the Underlying Shares and any other Common Shares issuable upon conversion, exchange or exercise of any other convertible securities owned by the Imperial Group or over which the Imperial Group exercises control or direction), in each case, on a non-diluted basis.

### **Reinstatement of Approval Rights**

Pursuant to the Imperial Amendments, the Company and Imperial have agreed to re-instate certain approval rights of Imperial under the Investor Rights Agreement which had previously expired on September 25,

2020. The Company has agreed that it will not, until the date which the Imperial Group holds a Partially Diluted Percentage of Outstanding Common Shares of less than 15%, without the prior written consent of Imperial: (i) consolidate or merge into or with another person or enter into any similar business combination; (ii) acquire any shares or similar equity interests, instruments convertible into or exchangeable for shares or similar equity interests, assets, business or operations with an aggregate cash consideration payable for such transactions of more than \$70 million, subject to certain exceptions; (iii) issue any Common Shares or instruments convertible into or exchangeable for shares or other equity interests, in each case in connection with the acquisition of any shares or instruments convertible into or exchangeable for shares or other equity interests, or the acquisition of any assets, businesses or operations, in each case whether through an acquisition, merger or similar business combination transaction, joint venture or otherwise (each, a “**Transaction Issuance**”), or undertake any issuance or transaction which would constitute a Triggering Event (as such term is defined below), other than any Transaction Issuances or Triggering Events which would not, in the aggregate, have a value of more than \$50 million in any fiscal year of Imperial Brands plc); (iv) adopt any plan or proposal for a complete or partial liquidation, dissolution or winding up of the Company or any of its subsidiaries; (v) sell, transfer, lease, pledge or otherwise dispose of any of its or any of its subsidiaries’ assets, businesses or operations or any shares in any of its subsidiaries with a value of more than \$25 million in the aggregate in any fiscal year of the Company, subject to certain exceptions; (vi) make any changes to the Company’s policy with respect to the declaration and payment of any dividends or other distributions on or in respect of the Common Shares; (vii) amend the articles or other constituting documents of the Company or any of its subsidiaries; (viii) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares or capital stock of the Company or any of its subsidiaries, subject to certain exceptions; (ix) create, incur, assume or otherwise become liable with respect to any indebtedness or guarantees thereof that would cause the aggregate indebtedness of the Company and its subsidiaries (including in respect of any guarantees) to exceed an amount of \$250 million, subject to certain qualifications and exceptions; (x) enter into, or materially modify the financial terms of, any contract with a related party or certain excluded persons; (xi) enter into, or materially modify the financial terms of, any contract which provides for expenditure of more than \$70 million in any fiscal year of the Company; (xii) waive the repayment of indebtedness owed to the Company or any of its subsidiaries under any existing arrangements in excess of \$5 million in any 12-month period in the aggregate; (xiii) engage in the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products and services in any jurisdiction where such activity is prohibited by applicable law; (xiv) issue more than 7,500,000 incentive securities of the Company in the aggregate in any fiscal year of the Company; or (xv) authorize, agree or resolve to do any of the foregoing.

“**Triggering Event**” means the issue of Common Shares and/or convertible securities by the Company by way of public offering, private placement or rights offering in which the Imperial Group would be capable of participating on a proportionate basis, subject to certain exceptions.

#### Mutual Conditions

The Amending Agreement provides that the implementation of the Imperial Amendments is conditional on:

- the receipt by the Company of the approval of the TSXV (the “**TSXV Approval**”);
- the receipt by the Company of the approval (the “**Minority Shareholder Approval**”), by simple majority, of the votes attached to the Common Shares cast in respect of a resolution to approve the Imperial Amendments by holders of Common Shares present at the Meeting in person or by proxy, but excluding the Common Shares beneficially owned or controlled, directly or indirectly, by Imperial or its affiliates (the shareholders entitled to vote in respect of the resolution being referred to herein as the “**Minority Shareholders**”), as required under Part 8 of Multilateral Instrument 61-

101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and as more particularly described below;

- the issue and delivery of the amended and restated Debenture being exempt from the requirement to file a prospectus, registration statement or similar document and the requirement to deliver an offering memorandum or similar document under applicable securities Laws; and
- there shall be no applicable Law or action or proceeding in effect, pending or threatened by any Person in any jurisdiction to prevent, prohibit or enjoin the consummation of the transactions contemplated by the Amending Agreement or makes the consummation of the transactions contemplated by the Amending Agreement illegal.

#### Representations, Warranties and Covenants

The Amending Agreement contains customary representations and warranties made by the Company and Imperial.

The representations and warranties provided by the Company in favour of Imperial relate to, among other things: (i) organization and power; (ii) authority relative to the Amending Agreement; (iii) required approvals; and (iv) non-contravention.

The representations and warranties provided by Imperial in favour of the Company relate to, among other things: (i) organization and power; (ii) authority relative to the Amending Agreement; and (iii) non-contravention.

The Amending Agreement also contains customary covenants, including, among others, agreements by the Company to take all actions to obtain the TSXV Approval. The Company received conditional acceptance of the TSXV with respect to the Imperial Amendments on April 15, 2021.

#### Termination

The Amending Agreement may be terminated prior to the date on which the Imperial Amendments are to become effective pursuant to the Amending Agreement: (a) by mutual written agreement of the Company and Imperial; or (b) by either the Company or Imperial if: (i) the Imperial Amendments are not implemented by September 30, 2021, provided that the terminating party is not the cause of such delay; (ii) the Minority Shareholder Approval is not obtained upon a vote on the matters contemplated by the Amending Agreement by the requisite holders of Common Shares at the Meeting; (iii) following the date of the Amending Agreement, a law is enacted that makes the consummation of the matters contemplated by the Amending Agreement illegal or otherwise permanently prohibits or enjoins Imperial or the Company from consummating the matters contemplated by the Amending Agreement; or (iv) the Debenture is either (A) repaid or repurchased in full by the Company, or (B) converted in full into Common Shares by Imperial, in each case, such that the Debenture is no longer issued and outstanding.

#### ***Reasons for the Amending Agreement and the Imperial Amendments***

The Board and the Company’s management believe that the completion of the matters contemplated by the Amending Agreement, including the implementation of the Imperial Amendments, will do the following:

- ***Significant Improvement to Cash Position.*** The extension of the Maturity Date by two years, and the deferral of any accrued and unpaid interest until the end of the term will strengthen the Company’s liquidity, both in the short term and the long term, by deferring significant cash

payment obligations of the Company, and will enable the Company to focus on its near and medium term strategic objectives and business plan.

- ***Strengthen Imperial Partnership.*** The Imperial Amendments demonstrate continued cooperation and partnership with Imperial, and its support for the Company’s strategic objectives.
- ***Option to Reduce Potential Interest Obligations.*** The Imperial Amendments provide Imperial with the Interest Conversion Election, pursuant to which Imperial has the right, but not the obligation, to convert any or all of the accrued and unpaid interest on the Debenture then outstanding into Common Shares, at a conversion price equal to the five-day volume-weighted average trading price of the Common Shares on the date that Interest Conversion Election is made. Should Imperial exercise the Interest Conversion Election, it will reduce the amount of accrued and unpaid interest that would otherwise be payable in cash.

**The Board (excluding the Imperial Nominee), UNANIMOUSLY recommend that the shareholders vote FOR the Imperial Amendment Resolution.**

### ***Review and Approval Process***

On April 19, 2021, Imperial and the Company entered into the Amending Agreement, which sets out the terms and conditions for implementing the Imperial Amendments. The entering into of the Amending Agreement is the result of arm’s length negotiations among representatives of the Company, Imperial and their respective legal advisors.

As a senior officer of Imperial and the director nominee of Imperial pursuant to the Investor Rights Agreement, Mr. Tate has a “disclosable interest” in the Amending Agreement and the transactions contemplated thereby, as such term is defined in the *Business Corporations Act* (British Columbia). Consequently, Mr. Tate recused himself from all meetings and other discussions of the Board in respect of the Amending Agreement and the matters contemplated thereby. Further, pursuant to Section 149 of the *Business Corporations Act* (British Columbia), Mr. Tate did not participate, in his capacity as a director of the Company, in the vote of the Board in respect of the Amending Agreement or the matters contemplated thereby.

The remaining members of the Board determined that the Company’s execution of the Amending Agreement and the consummation of the matters contemplated thereby would be in the best interests of the Company. Following this determination, the remaining members of the Board unanimously approved the Amending Agreement and the consummation of the matters contemplated by the Amending Agreement, including the implementation of the Imperial Amendments.

### ***Related Party Transaction***

As a reporting issuer in each of the provinces and territories of Canada, the Company is subject to applicable securities laws of such jurisdictions, including MI 61-101. MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. The protections afforded by MI 61-101 apply to, among other transactions, “related party transactions” which include issuances of securities to or the amendment of the terms of a security beneficially owned by “related parties” of the issuer (as each such term is defined in MI 61-101), as is contemplated by the Amending Agreement in connection with the implementation of the Imperial Amendments.

As of the Record Date, Imperial currently has direct and indirect beneficial ownership and control of the Debenture (which is currently convertible into 151,668,018 Common Shares) and an aggregate of 6,315,574 Common Shares, representing approximately 17.45% of the issued and outstanding Common Shares on a non-diluted basis assuming the conversion of the Debenture. As a result, Imperial is considered a “related party” of the Company, and the consummation of the matters contemplated by the Amending Agreement (including the implementation of the Imperial Amendments) constitutes a “related party transaction”, as such terms are defined under MI 61-101. In turn, pursuant to MI 61-101, the consummation of the matters contemplated by the Amending Agreement are subject to the Company’s satisfaction of the requirements set forth under MI 61-101.

#### Minority Shareholder Approval Requirement

MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to “minority approval” of every class of “affected securities” the applicable issuer, as each such term is defined in MI 61-101. The Common Shares are “affected securities” in connection with the performance by the Company of its obligation under the Amending Agreement. As a result, the consummation of the matters contemplated by the Amending Agreement (including the implementation of the Imperial Amendments) will require that the Company receive the Minority Shareholder Approval and no exemption from such requirement under MI 61-101 is available to the Company.

Pursuant to MI 61-101, to the knowledge of the Company after reasonable inquiry, it is the Company’s understanding that the votes of the following persons are required to be excluded when determining whether the Minority Shareholder Approval was obtained:

<b>Name</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>	<b>Percentage of Outstanding Common Shares</b>
Imperial	6,315,574	0.84%
<b>Total</b>	<b>6,315,574</b>	<b>0.84%</b>

#### Prior Offers

During the previous 24 months, the Company has not received any prior formal offers relating to the Debenture, the Investor Rights Agreement, or other offers that are otherwise relevant to the matters contemplated by the Amending Agreement.

#### Prior Valuations

During the previous 24 months, to the knowledge of management of the Company, no prior valuations have been made in respect of the Company relating to the Debenture, the Investor Rights Agreement, or anything otherwise contemplated by the Amending Agreement that would require disclosure in accordance with MI 61-101.

#### Exemption from Formal Valuation Requirement

The Company is relying on an exemption from the formal valuation requirements of MI 61-101 available on the basis of the securities of the Company not being listed on any of the specified markets prescribed by MI 61-101 at the time the Amending Agreement was entered into.

### ***Shareholder Approval of the Amending Agreement***

At the Meeting, the Minority Shareholders will be asked to consider, and if deemed advisable, to pass an ordinary resolution (the "**Imperial Amendment Resolution**") approving the consummation of the matters contemplated by the Amending Agreement, including the implementation of the Imperial Amendments.

The Minority Shareholders will be asked at the Meeting to approve the Imperial Amendment Resolution as follows:

"BE IT RESOLVED THAT:

1. Subject to the receipt by the Company of the TSXV Approval, as defined in this Information Circular, and the satisfaction of all other conditions precedent set forth in the Amending Agreement, as defined in this Information Circular, the consummation of the transactions contemplated by the Amending Agreement, including, without limitation, the implementation of the Imperial Amendments, as defined in this Information Circular, is authorized and approved.
2. Notwithstanding that this resolution has been passed by the shareholders of the Company, the Board may revoke such resolution at any time before it has been effected without further action by the shareholders of the Company.
3. Any director or officer of the Company be and is hereby authorized, for and on behalf of the Company to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matter authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action."

In order to be passed, the Imperial Amendment Resolution requires the approval of a simple majority of the votes cast thereon by the Minority Shareholders present in person or represented by proxy at the Meeting.

**The Board (excluding the Imperial Nominee), UNANIMOUSLY recommends that the shareholders vote FOR the Imperial Amendment Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Imperial Amendment Resolution.**

### **Approval of Amended and Restated Omnibus Incentive Plan**

At the Meeting, Shareholders will be asked to consider, and, if deemed advisable, to pass with or without variation, an ordinary resolution (the "**Amended and Restated Omnibus Plan Resolution**"), to approve and adopt an Amended and Restated Omnibus Incentive Plan (the "**Amended and Restated Omnibus Plan**"), amending and restating the current equity incentive compensation plan of the Company (the "**Predecessor Plan**"), and authorize and approve the unallocated awards thereunder, for a period of three years. All prior awards granted under the Company's Predecessor Plan and all awards granted thereafter will, assuming the Amended and Restated Omnibus Plan is approved by the Shareholders at the Meeting, be governed by the Amended and Restated Omnibus Plan.

The Amended and Restated Omnibus Plan was approved by the Board on May 19, 2021 and directed that the Amended and Restated Omnibus Plan be submitted for approval by the Shareholders.

The full text of the Amended and Restated Omnibus Plan is attached to this Information Circular as Schedule "A".

### *Background and Purpose*

In June 2018, the Board approved the Predecessor Plan, which was most recently approved by the Shareholders at the annual general and special meeting of the Company held on July 15, 2020. For a summary of the material terms and conditions of the Predecessor Plan, please refer to "Statement of Executive Compensation - Predecessor Plan" in this Information Circular and the Company's Management Information Circular dated July 30, 2019 for the annual general and special meeting of the Shareholders held on August 26, 2019, where the full text of the Predecessor Plan is attached thereto as Schedule "A".

In April 2021, the Company graduated from the TSX Venture Exchange ("TSXV") to the Toronto Stock Exchange (the "TSX"). In conjunction with the graduation process, the Company undertook a review of its equity compensation plan. Following the Company's review of prevailing market practices for senior issuers and applicable TSX requirements, the Board, on May 19, 2021 approved the Amended and Restated Omnibus Plan, subject to, and effective upon, Shareholder and TSX approval. The Amended and Restated Omnibus Plan provides for a revised amending provision and reflects other amendments of a "housekeeping" nature in order to make the Company's equity incentive compensation plan compliant with the TSX Company Manual.

### *Key Terms of the Amended and Restated Omnibus Plan*

A summary of the key terms of the Amended and Restated Omnibus Plan is set out below, which is qualified in its entirety by the full text of the Amended and Restated Omnibus Plan. A copy of the Amended and Restated Omnibus Plan is attached as Schedule "A" hereto. Unless otherwise defined in this Information Circular, all defined terms contained in the below summary have the meaning ascribed to them in the Amended and Restated Omnibus Plan.

#### **(A) Eligibility, Purpose and Administration**

Employees, Officers Directors and Consultants of the Company and its Affiliates will be eligible to participate in the Amended and Restated Omnibus Plan (the "**Participants**"). The purpose of the Amended and Restated Omnibus Plan is to attract, secure, retain, incentivize and reward the services of Participants who are expected to contribute significantly to the success of the Company and its Shareholders and, in general, to further the best interests of the Company, the Participants and its Shareholders.

The Board or a committee authorized by the Board will be responsible for administering the Amended and Restated Omnibus Plan. The Board will have full and exclusive discretionary power to interpret the terms and the intent of the Amended and Restated Omnibus Plan and any Stock Award Agreement or other agreement in connection with the Amended and Restated Omnibus Plan, to determine eligibility for Stock Awards, and to adopt such rules, regulations and guidelines for administering the Amended and Restated Omnibus Plan as the Board may deem necessary.

The Amended and Restated Omnibus Plan will permit the Board to grant Options, Restricted Stock Awards and RSU Awards (each, a "**Stock Award**") to eligible Participants.

TSX rules require that security-based compensation arrangements, like the Amended and Restated Omnibus Plan, which have unallocated awards and no fixed aggregate maximum number of securities issuable (i.e., a "rolling plan" or an "evergreen plan") be approved every three years. If approval of the Amended and Restated Omnibus Plan is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated Stock Awards under the Amended and Restated Omnibus Plan until the Company's 2024 annual Shareholders meeting. If approval is not obtained at the Meeting, Stock Awards which have not been allocated or which are outstanding as of June 28, 2021 and are subsequently cancelled, terminated or exercised will not be available for a new grant of Stock Awards. Previously allocated Stock

Awards will continue to be unaffected by the approval or disapproval of the resolution related to the Amended and Restated Omnibus Plan.

**(B) Common Shares Issuable Pursuant to the Amended and Restated Omnibus Plan**

The number of Common Shares reserved for issuance to Participants under the Amended and Restated Omnibus Plan and all other security-based compensation arrangements of the Company (including the Predecessor Plan) will not in the aggregate at any time exceed 10% of the aggregate number of issued and outstanding Common Shares on the grant date (the "**Share Reserve**"), representing a total of 77,761,663 Common Shares as at the date of this Information Circular (as of the date of this Information Circular, there were 777,616,634 Common Shares outstanding). The Amended and Restated Omnibus Plan is considered an "evergreen" plan, since the Common Shares covered by Stock Awards which have been exercised shall be available for subsequent grants under the Amended and Restated Omnibus Plan and the number of Stock Awards available to grant increases as the number of issued and outstanding Common Shares increases from time to time. For greater certainty, if any Stock Award is terminated, cancelled, forfeited or has expired without being fully exercised, any unissued Common Shares which have been reserved to be issued upon the exercise of the Stock Award will be returned to the Share Reserve and become available to be issued under Stock Awards subsequently granted under the Amended and Restated Omnibus Plan.

The number of securities issuable to Insiders, at any time, under all security-based compensation arrangements cannot exceed 10% of the issued and outstanding Common Shares from time to time determined on a non-diluted basis. Within any one-year period: (a) the number of Common Shares and Stock Awards issued to Insiders pursuant to Amended and Restated Omnibus Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the aggregate outstanding Common Shares from time to time determined on a non-diluted basis; and (b) the number Common Shares and Stock Awards that may be issued to any one Insider (and such Insider's associates and Affiliates) under Amended and Restated Omnibus Plan and any other share-based compensation arrangement adopted by the Company shall not exceed 5% of the number of Common Shares issued and outstanding. Such limitations in (a) and (b) being the "Insider Participation Limits".

As at the date hereof, there were: (A) 30,751,029 Options (which were all granted under the Predecessor Plan) outstanding issued to eligible Participants, exercisable for 30,751,029 Common Shares, of which 8,090,007 Options are held by Insiders; and (B) 3,140,000 vested Restricted Stock Awards to be settled with 3,140,000 Common Shares (which were all granted under the Predecessor Plan) none of these are held by Insiders. No other Stock Awards are outstanding under the Predecessor Plan.

The Common Shares underlying these outstanding Options and Restricted Stock Awards represent, collectively, 33,891,029 Common Shares or approximately 4.36% of the Common Shares issued and outstanding as at the date of this Information Circular, and the Common Shares underlying the Options held by Insiders represent 8,090,007 Common Shares or approximately 1.04% of the Common Shares issued and outstanding as at the date of this Information Circular.

Accordingly, based on the issued and outstanding share capital of the Company as at the date of this Information Circular, but subject to the annual limits described above, if the Amended and Restated Omnibus Plan is approved and adopted by the Shareholders at the Meeting, the Company will have room under the Amended and Restated Omnibus Plan to issue Stock Awards representing an additional 43,870,634 Common Shares to Participants, representing approximately 5.64% of the current issued and outstanding Common Shares.

## **(C) Types of Stock Awards under the Amended and Restated Omnibus Plan**

### *1. Options*

An Option is an option that is granted by the Company to a Participant pursuant to the Amended and Restated Omnibus Plan, which shall upon exercise entitle the holder thereof to acquire a designated number of Common Shares from treasury at a stated Exercise Price for a specified period of time subject to the terms and conditions of the Amended and Restated Omnibus Plan and the applicable Stock Award Agreement, provided that such Option has not expired or terminated prior to being exercised.

The Board may grant Options to any Participant at any time, in such number and on such terms as will be determined by the Board. The Exercise Price for any Option granted pursuant to the Amended and Restated Omnibus Plan will be determined by the Board and specified in the Stock Award Agreement. The minimum Exercise Price of an Option will not be less than the "Market Price" defined as at any date when the market value of Common Shares is to be determined, being either: (i) the closing price of the Common Shares on the trading day prior to such date on the TSX; or (ii) the five-day volume weighted average trading price of the Common Shares as calculated by dividing the total value by the total volume of Common Shares traded for the relevant period; as determined by the Board. The Board may impose such restrictions on Common Shares acquired pursuant to an Option granted under the Amended and Restated Omnibus Plan as it deems advisable.

Except as otherwise specifically provided the Amended and Restated Omnibus Plan or in any Stock Award Agreement, Options may be exercised by the Participant in whole at any time, or in part from time to time (in each case to the nearest full Common Share), during the applicable Option Period only in accordance with the vesting schedule, if any, determined by the Board, which vesting schedule may include Performance Criteria or acceleration of vesting in certain circumstances and may be amended or changed by the Board from time to time. Options may not be exercised until they have vested. Options will expire at such time as the Board determines at the time of grant. However, no Option will be exercisable later than the tenth anniversary of the date of its grant.

Participants may elect to undertake a: (i) "cashless exercise" pursuant to which the Company or its designee (including third-party administrators) may deliver a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations against delivery of the Common Shares to settle the applicable trade; or (ii) "net exercise" of their Options effected by withholding the minimum number of Common Shares otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required withholding obligations, in each case, subject to the requirements of the Amended and Restated Omnibus Plan.

### *2. Restricted Stock Awards*

A Restricted Stock Award is a Stock Award that, upon vesting, entitles the Participant to receive a Common Share issued from treasury or purchased on the open market pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant. The Board may grant Restricted Stock Award to any Participant at any time, in such number and on such terms as determined by the Board.

Subject to the provisions of the Amended and Restated Omnibus Plan or in any Stock Award Agreement, the holder of Restricted Stock Award is entitled to receive Common Shares as a function of the extent to which the corresponding vesting criteria, including Performance Criteria, if any, have been achieved. Unless otherwise determined by the Board, all Restricted Stock Awards in respect of which the vesting criteria

have not been achieved, shall automatically be forfeited and be cancelled on the applicable determination dates as set forth in the applicable Stock Award Agreement.

A Stock Award Agreement for Restricted Stock Awards may provide that any dividends paid on Common Shares subject to the Restricted Stock Award will be subject to the same vesting and forfeiture restrictions as apply to the Common Shares subject to the Restricted Stock Award to which they relate.

### *3. RSU Awards*

Each RSU Award granted to a Participant will entitle the Participant to receive: (i) a Common Share (issued from treasury or purchased on the open market); (ii) the Cash Equivalent or (iii) a combination thereof, as the case may be, all pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant.

The Board will: (i) designate the Participants who may receive RSU Awards under the Amended and Restated Omnibus Plan; (ii) fix the number or dollar amount of RSU Awards, if any, to be granted to each Participant and the date or dates on which such RSU Awards will be granted; and (iii) determine the relevant terms, conditions and vesting provisions, the whole subject to the terms of the Amended and Restated Omnibus Plan and in the applicable Stock Award Agreement.

Subject to the provisions of the Amended and Restated Omnibus Plan or in any Stock Award Agreement, the holder of RSU Award shall be entitled to receive payout on the value and number of RSU Awards, determined by the Board as a function of the extent to which the corresponding vesting criteria, including Performance Criteria, if any, have been achieved. Unless otherwise determined by the Board, all RSU Awards in respect of which the vesting criteria have not been achieved, shall automatically be forfeited and be cancelled on the applicable determination dates as set forth in the applicable Stock Award Agreement.

The Board, in its sole discretion, may settle vested RSU Awards by providing a Participant with: (i) in the case of settlement of RSU Awards for their Cash Equivalent, delivery of a cheque or any other form of payment deemed acceptable by the Board to the Participant representing the Cash Equivalent; (ii) in the case of settlement of RSU Awards for Common Shares, delivery of Common Shares issued from treasury or purchased on the Participant's behalf on the open market; in the case of settlement of the RSU Awards for a combination of Common Shares and the Cash Equivalent, a combination of (i) and (ii).

Dividend equivalents equal to and in lieu of the amount of cash dividends paid by the Company to holders of Common Shares may be credited in respect of Common Shares covered by a RSU Award, as determined by the Board and contained in the Stock Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional Common Shares covered by the RSU Award in such manner as determined by the Board. Any additional Common Shares covered by the RSU Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Stock Award Agreement to which they relate and will be subject to all applicable required withholding obligations.

#### **(D) Assignability**

Except as provided in a Participant's Stock Award Agreement, Stock Awards will be non-transferable and non-assignable.

**(E) Cessation of Stock Awards**

*1. Termination with Notice or Resignation*

Except provided otherwise in a Participant's Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates as a result of the Company or an Affiliate terminating the Participant for any reason other than for Death, Disability or Cause or the Participant resigns and thereby terminates their own Continuous Service, then:

- (i) all unvested Stock Awards shall immediately and automatically terminate on the date the Participant is provided notice of such termination by the Company or on the date the Participant provides notice of resignation to the Company and Participant will be prohibited from exercising any unvested Stock Awards at such time; and
- (ii) the Participant may exercise any vested Options (otherwise subject to the terms of the Stock Award Agreement) within the period of time ending on the earlier of: (A) the date that is 90 days following the date the Participant is provided notice of such termination or on the date the Participant provides notice of resignation to the Company, and (B) the expiration of the Option Period as set forth in the Stock Award Agreement. If the Participant does not exercise its vested Options within the applicable time frame, any vested Options will expire, and the Participant shall have no further entitlement to their Options.

*2. Termination for Cause*

Except provided otherwise in a Participant's Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated by the Company or an Affiliate for Cause, then any Stock Awards granted to such Participant, whether vested or unvested, will immediately and automatically terminate upon the date the Participant is provided notice of such termination for Cause and the Participant will be prohibited from exercising his or her Stock Awards the moment immediately after the Participant is provided notice of such termination.

*3. Disability of Participant*

Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates on notice from the Company or the Participant as a result of the Participant's Disability, (i) all rights, title and interest in Stock Awards granted to such Participant under the Plan, which are unvested on the date the Company provides notice of the Continuous Service termination for Disability ("**Disability Termination Date**"), will continue to vest in accordance with the terms of this Plan and the Participant's Stock Award Agreement for a period of up to 12 months, subject to the underlying Stock Awards expiry date and if any Restricted Stock Awards or RSU Awards vest during such time they shall be settled by the Company in accordance with the terms of the applicable Stock Award Agreement; and (ii) any vested Options (including such Options that vest during the period following the Disability Termination Date) will remain exercisable until the earlier of (A) 12 months after the Disability Termination Date and (B) the expiration of the Option Period as set forth in the Stock Award Agreement, after which time all Options will automatically expire.

*4. Death of Participant*

Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award

Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then: (A) all rights, title and interest in Stock Awards granted to such Participant under the Plan, which are unvested on the date of the Participant's death will continue to vest in accordance with the terms of this Plan and the Stock Award Agreement for a period of up to 12 months, subject to the underlying Stock Awards' expiry date and if any Restricted Stock Awards or RSU Awards vest during such time they shall be settled by the Company in accordance with the terms of the applicable Stock Award Agreement; and (B) vested Options (including such Options that vest during the period following the date of the Participant's death) will remain exercisable until the earlier of (X) 12 months after the date of the Participant's death and (Y) the expiration of the Option Period as set forth in the Stock Award Agreement, after which time all Options will automatically expire.

#### *5. Retirement of Participant*

Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates because of the Participant's voluntary retirement, (i) all rights, title and interest in Stock Awards granted to such Participant under the Plan, which are unvested on the Participant's last day of service with the Company ("**Retirement Date**"), will continue to vest in accordance with the terms of this Plan and the Participant's Stock Award Agreement for a period of up to 12 months, subject to the underlying Stock Awards' expiry date and if any Restricted Stock Awards or RSU Awards vest during such time they shall be settled by the Company in accordance with the terms of the applicable Stock Award Agreement; and (ii) vested Options (including such Options that vest during the period following the Retirement Date) will remain exercisable until the earlier of (A) 12 months after the Retirement Date and (B) the expiration of the Option Period as set forth in the Stock Award Agreement, after which time all Options will automatically expire.

#### **(F) Adjustment to Common Shares Subject to Outstanding Stock Awards**

At any time after the grant of a Stock Award to a Participant and prior to the expiration of the term of such Stock Award or the forfeiture or cancellation of such Stock Award, in the event of (i) any subdivision of the Common Shares into a greater number of Common Shares; (ii) any consolidation of Common Shares into a lesser number of Common Shares; (iii) any reclassification, reorganization or other change affecting the Common Shares, (iv) any merger, amalgamation or consolidation of the Company with or into another corporation; (v) any distribution to all holders of Common Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Company or one of its Subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit); or (vi) any transaction or change having a similar effect, then the Board will in its sole discretion, subject to the required approval of the TSX (if any), determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Stock Award in connection with such occurrence or change.

#### **(G) Change of Control**

In the event of a Change in Control, the Board has the right, among other things: (a) to arrange for the surviving or acquiring corporation to assume or continue the Stock Award or to substitute a similar Stock Award; (b) arrange for the assignment or reacquisition or repurchase rights held by the Company in respect of Common Shares issued pursuant to a Stock Award to the surviving corporation or acquiring corporation; (c) accelerate the vesting, in whole or in part, of the Stock Award to a date prior to the effective time of the Change in Control, with such Stock Award terminating if not exercised; (d) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award; (e) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior

to the effective time of the Change in Control, in exchange for such cash consideration (including no consideration) as the Board, in its sole discretion, may consider appropriate; and (f) make a payment, in such form as may be determined by the Board to be equal to the excess of the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Change in Control over any exercise price payable by such Participant in connection with such exercise.

**(H) Blackout Periods**

Notwithstanding any other provision of the Amended and Restated Omnibus Plan, if a Blackout Period is in effect: (i) the Company may not grant Stock Awards to eligible Participants, (ii) no Participant shall exercise any Stock Awards during such Blackout Period; and (iii) no Participant shall buy or sell Common Shares during such Blackout Period; unless otherwise determined by the Board and with the approval of the Exchange. Where any Stock Awards expire within a Blackout Period, the Board may, in its sole discretion, extend the end the exercise period for such Stock Award by 10 Business Days following the end of the Blackout Period.

**(I) Procedures for Amending**

Except as set out below, and as otherwise provided by law or stock exchange rules, the Amended and Restated Omnibus Plan may be amended, altered modified, suspended or terminated by the Board at any time, without notice or approval from Shareholders, including but not limited to:

- (i) any amendments to the vesting provisions, if applicable, or assignability provisions of any Stock Award;
- (ii) any amendment to the expiration date of a Stock Award that does not extend the terms of the Stock Award past the original date of expiration of such Stock Award;
- (iii) any amendment regarding the effect of termination of a Participant's employment or engagement;
- (iv) any amendment which accelerates the date on which any Option may be exercised under the Amended and Restated Omnibus Plan;
- (v) any amendment regarding the Amended and Restated Omnibus Plan or any Stock Award as necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Company, the Amended and Restated Omnibus Plan or the Shareholders;
- (vi) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the Amended and Restated Omnibus Plan, correcting or supplementing any provision of the Amended and Restated Omnibus Plan that is inconsistent with any other provision of the Amended and Restated Omnibus Plan, correcting any grammatical or typographical errors or amending the definitions in the Amended and Restated Omnibus Plan regarding administration of the Amended and Restated Omnibus Plan;
- (vii) any amendment relating to the administration of the Amended and Restated Omnibus Plan; and
- (viii) any other amendment that does not require the approval of Shareholders under the Amended and Restated Omnibus Plan.

Certain amendments will however require the prior approval of the Shareholders (subject to the level of vote required under the TSX Company Manual or any other applicable requirements of the TSX) including for the following amendments:

- (i) any amendment which reduces the Exercise Price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower Exercise Price, to the extent such reduction or replacement benefits an Insider;
- (ii) any amendment which extends the maximum term or expiry date of any Stock Award to the extent such amendment benefits an Insider, except in case of an extension due to a Blackout Period;
- (iii) any amendment which increases or removes the Insider Participation Limits;
- (iv) any increase to the maximum number of Common Shares issuable under the Amended and Restated Omnibus Plan; and
- (v) any amendment to the amendment provisions of the Amended and Restated Omnibus Plan.

Other than expressly provided for in a Stock Award Agreement, the Amended and Restated Omnibus Plan or upon a Change of Control, the Board will not alter or impair any rights or increase any obligations with respect to a Stock Award previously granted under the Amended and Restated Omnibus Plan without the consent of the Participant.

The Board may suspend or terminate the Amended and Restated Omnibus Plan at any time, provided that such suspension or termination will (a) not adversely alter or impair the rights or tax treatment of any Participant, without the consent of such Participant except as permitted by the provisions of the Amended and Restated Omnibus Plan; and (b) be in compliance with applicable law and with the prior approval, if Company, of the Shareholders, the TSX and/or any other regulatory body having authority over the Company.

#### *Shareholder Approval*

At the Meeting, Shareholders will be asked to consider and, if thought fit, to approve an ordinary resolution approving and adopting the Amended and Restated Omnibus Plan (amending and restating the Predecessor Plan), and authorizing and approving the unallocated awards thereunder, for a period of three years.

If the Amended and Restated Omnibus Plan is not approved and adopted by the Shareholders at the Meeting and, as such, the Predecessor Plan is not amended and restated as contemplated in this Information Circular, and no further grants will be permissible under the Predecessor Plan following the Meeting. This would have a detrimental effect on the ability of the Company to attract, retain and motivate qualified individuals to its management team.

Shareholders will be asked at the Meeting to approve with or without variation the Amended and Restated Omnibus Plan Resolution as follows:

" BE IT RESOLVED THAT:

1. The Amended and Restated Omnibus Plan of the Company attached as Schedule "A" to this Information Circular, having the effect of amending and restating the Predecessor Plan, and the same hereby is, confirmed, ratified and approved, subject to such

amendments: (a) as may be required by the TSX; or (b) that are consistent with the requirements of the TSX as may be determined from time to time by the Board.

2. The Company has the ability to grant awards under the Amended and Restated Omnibus Plan until June 28, 2024, which is the date that is three years from the date of this Meeting.
3. The unallocated awards under the Amended and Restated Omnibus Plan are hereby approved and authorized.
4. Notwithstanding that this resolution has been passed by the Shareholders, the Board may revoke such resolution at any time before it has been effected without further action by the Shareholders.
5. Any director or officer of the Company be and is hereby authorized, for and on behalf of the Company to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to implement this ordinary resolution and the matter authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action."

In order to be passed, the Amended and Restated Omnibus Plan Resolution requires the approval of a majority of the votes cast thereon by the Registered Shareholders present in person or represented by proxy at the Meeting. The Board believes that adopting the above-described Amended and Restated Omnibus Plan in order to amend and restate the Predecessor Plan as contemplated in this Information Circular, and in compliance with the TSX rules, is in the best interest of the Company and the Shareholders.

**The Board UNANIMOUSLY recommends that Shareholders vote "FOR" the Amended and Restated Omnibus Plan Resolution. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Amended and Restated Omnibus Plan Resolution.**

#### **STATEMENT OF EXECUTIVE COMPENSATION**

The purpose of this Statement of Executive Compensation is to provide information about the Company's philosophy, objectives and processes regarding executive compensation. This disclosure is intended to communicate the compensation provided to each of the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), and the next most highly compensated executive officer of the Company, if any, whose individual total compensation was more than \$150,000 for the year ended December 31, 2019 (collectively, the "**Named Executive Officers**" or "**NEOs**"), and the directors of the Company. During the fiscal year ended December 31, 2020, the Named Executive Officers of the Company were: (i) Hugo Alves, CEO, (ii) Brian Schmitt, CFO, and (iii) Michael Lickver, President and former Senior Vice President of Strategy.

#### **Director and named executive officer compensation, excluding compensation securities**

The following table sets forth the compensation paid to the Company's Named Executive Officers and directors for the Company's financial years ending December 31, 2020 and December 31, 2019:

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission</b>	<b>Bonus</b>	<b>Committee or meeting fees</b>	<b>Value of perquisites</b>	<b>Value of all other compensation</b>	<b>Total compensation</b>
<b>Hugo Alves<sup>(1)</sup></b> CEO and Director	2020	\$420,000 <sup>(2)</sup>	\$50,000	Nil.	\$18,000	Nil.	\$488,000
	2019	\$420,000	\$105,000	Nil.	\$18,000	Nil.	\$543,000
<b>Brian Schmitt<sup>(3)</sup></b> CFO	2020	\$300,000	\$50,000	N/A	\$12,000	Nil.	\$362,000
	2019	\$220,000 <sup>(4)</sup>	\$10,652	N/A	\$11,000	Nil.	\$241,652
<b>Michael Licker</b> President <sup>(5)</sup>	2020	\$248,750 <sup>(6)</sup>	\$50,000	N/A	\$12,000	Nil.	\$310,750
	2019	\$240,000	\$12,000	N/A	\$12,000	Nil.	\$264,000
<b>Chuck Rifici<sup>(7)</sup></b> Former Director and Former CEO	2020	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2019	\$200,000 <sup>(8)</sup>	\$48,750	Nil.	\$12,000	Nil.	\$260,750
<b>Troy Grant</b> Director	2020	\$16,800 <sup>(9)</sup>	Nil.	Nil.	Nil.	Nil.	\$16,800
	2019	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
<b>Genevieve Young</b> Chair of the Board	2020	\$24,750 <sup>(10)</sup>	Nil.	Nil.	Nil.	Nil.	\$24,750
	2019	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
<b>Conrad Tate<sup>(11)</sup></b> Director	2020	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
	2019	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
<b>Vikram Bawa<sup>(12)</sup></b> Director	2020	\$3,750	Nil.	Nil.	Nil.	Nil.	\$3,750
	2019	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Mr. Alves was appointed CEO of the Company on August 27, 2019, prior to which he served as President of the Company. No compensation was paid to Mr. Alves for his role as a director.
- (2) Mr. Alves deferred 18.75% of his annual base salary for the financial year ended December 31, 2020, which deferred amount is payable to Mr. Alves by June 30, 2021.
- (3) Mr. Schmitt was appointed CFO of the Company on February 11, 2019.
- (4) Reflects salary paid from February to December 31, 2019.
- (5) Mr. Lickver was appointed President of the Company on October 1, 2020, prior to which he served as Senior Vice President, Strategy of the Company.
- (6) Reflects an annual base salary of \$275,000 per annum from October 1, 2020 until December 31, 2020.
- (7) On August 27, 2019, Mr. Alves assumed the role of CEO of the Company and Mr. Rifici's role changed to being solely the Chairman of the Board. Mr. Rifici resigned from the Board effective October 1, 2020. No compensation was paid to Mr. Rifici for his role as a director.
- (8) Reflects salary paid from January to August 2019.
- (9) Reflects retainer paid to Mr. Grant for his role as a member of the Board, and a member of the Audit Committee.
- (10) Reflects retainer paid to Ms. Young for her role as a member of the Board, Chair of the Board and Chair of the Audit Committee.
- (11) Mr. Tate was appointed to the Board on September 25, 2019.
- (12) Mr. Bawa was appointed to the Board on October 1, 2020, fees earned represent prorated retainer amount earned between October 1, 2020 and December 31, 2020.

**Stock options and other compensation securities**

The following table sets forth information with respect to all compensation securities granted or issued to the Company's Named Executive Officers and directors by the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company:

<b>Compensation Securities</b>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Brian Schmitt</b> CFO	Options	450,000 <sup>(1)</sup> 0.06% <sup>(2)</sup>	June 29, 2020	0.30	0.29	0.255	June 29, 2025
<b>Michael Lickver</b> President	Options	260,000 <sup>(1)</sup> 0.04% <sup>(2)</sup>	June 29, 2020	0.30	0.29	0.255	June 29, 2025

**Notes:**

- (1) 25% of the optioned shares will vest on the grant date and 25% will vest each year on that date for the following 3 years.
- (2) Based on 691,861,024 Common Shares issued and outstanding as at December 31, 2020.

Exercises of compensation securities by the Company's Named Executive Officers and directors during the most recently completed financial year were as follows:

<b>Exercise of Compensation Securities by Directors and NEOs</b>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of underlying Securities exercised</b>	<b>Exercise price per security (\$)</b>	<b>Date of exercise</b>	<b>Closing price per security on date of exercise (\$)</b>	<b>Difference between exercise price and closing price on date of exercise (\$)</b>	<b>Total value on exercise date (\$)</b>
<b>Chuck Rifici</b> <sup>(1)</sup> Former Director and Former CEO	Options	2,917,149	0.025	December 14, 2020	0.27	0.245	714,701.51

**Notes:**

- (1) Mr. Rifici resigned from the Board effective October 1, 2020.

**Amended and Restated Omnibus Incentive Plan**

As described under the heading "*Business to be Transacted at the Meeting – Approval of Amended and Restated Omnibus Incentive Plan*", the Company is seeking to obtain approval from the Shareholders at the Meeting of the Amended and Restated Omnibus Plan. For more information and a summary of the Amended and Restated Omnibus Plan, please see under the heading "*Business to be Transacted at the Meeting – Approval of the Amended and Restated Omnibus Incentive Plan*". Upon approval of the Amended and Restated Omnibus Plan, all prior awards granted under the Company's Predecessor Plan and all awards granted thereafter will be governed by the Amended and Restated Omnibus Plan.

**Predecessor Plan**

The Amended and Restated Omnibus Plan will replace the Predecessor Plan upon its approval, and no further awards will be issued under the Predecessor Plan. The following is a summary of certain provisions of the Predecessor Plan.

	<b>Predecessor Plan</b>
<i>Eligibility</i>	The Predecessor Plan is a rolling option plan that provides for the grant of incentive stock awards, including incentive stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards based on Common Shares (collectively, the " <b>Stock Awards</b> "). Subject to the terms and conditions of the Predecessor Plan, Stock Awards are available to directors, officers, employees, consultants and persons conducting Investor Relations Activities for the Company (collectively, " <b>Eligible Persons</b> "). A " <b>Participant</b> " is an Eligible Person to whom a Stock Award has been granted under the Predecessor Plan.
<i>Shares Reserved</i>	Subject to the terms and conditions of the Predecessor Plan, the maximum number of Common Shares which may be reserved and set aside for issuance upon the grant or exercise of Stock Awards under the Predecessor Plan is 10% of the Company's issued and outstanding share capital at the time of any grant. The Predecessor Plan is a "rolling" maximum option plan, and any increase or decrease or reduction in the number of outstanding Common Shares will result in an increase or decrease, respectively, in the number of Common Shares that are available to be issued under the Predecessor Plan.
<i>Insider participation limits</i>	The maximum number of Common Shares reserved for issue pursuant to Stock Awards granted to Participants who are insiders of the Company in any 12-month period may not exceed, in the aggregate, 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received in accordance with the policies of the TSXV. The maximum number of Common Shares reserved for issue to any one Participant upon the exercise of Options (as defined below) in any 12-month period may not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the TSXV.
<i>Maximum issuable to one person</i>	<p>The maximum number of Common Shares reserved for issue to any one Participant upon the exercise of Options (as defined below) in any 12-month period may not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the TSXV.</p> <p>Notwithstanding the foregoing, the maximum number of Common Shares reserved for issue to any one consultant upon the exercise of Options in any 12-month period shall not exceed 2% of the number of Common Shares then outstanding. The maximum number of Common Shares reserved for issue to all persons conducting Investor Relations Activities (as such term is defined in the policies of the TSXV) upon the exercise of Stock Awards in any 12-month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding.</p>
<i>Securities Issuable</i>	<p>Pursuant to and subject the terms of the Predecessor Plan, the Board may grant the following securities to Eligible Persons:</p> <p><u>Options</u></p>

The Board is authorized to grant stock options ("**Options**") to Eligible Persons, subject to the terms of the Predecessor Plan. The exercise price per Common Share for Options shall not be less than the Discounted Market Price (as defined in the policies of the TSXV), or such other price as permitted pursuant to a waiver obtained from the TSXV, of the Common Shares on the effective date of grant of the Option. The term of each Option shall be fixed by the Board, provided that in no circumstances shall the term of any Option granted exceed 10 years from the date the Option is granted.

#### Stock Appreciation Rights

The Board is authorized to grant stock appreciation rights ("**SARs**") to Eligible Persons, subject to the terms and conditions of the TSXV, including, in particular, that for so long as the Company's securities are listed on the TSXV, the Company shall only be permitted to grant SARs if the Company satisfies the requirements of, and is listed as, a "Tier 1 Issuer" (as such term is defined in the TSXV Corporate Finance Manual).

For SARs that may be granted under the Predecessor Plan, the Participant, upon exercise of the SAR, will have the right to receive, as determined by the Board, cash or a number of Common Shares equal to the excess of: (i) the fair market value of one Common Share on the date of exercise (or, if the Board so determines at any time during a specified period before or after the date of exercise); and (ii) the grant price of the SAR as determined by the Board, which grant price cannot be less than the Discounted Market Price of one Common Share on the date of grant of the SAR. The term of each SAR shall be fixed by the Board, provided that in no circumstances shall the term of any SAR granted exceed 10 years from the date the SAR is granted.

#### Restricted Stock

The Board is authorized to grant restricted stock, in the form of Common Shares, to Eligible Persons subject to the terms and conditions of the Predecessor Plan ("**Restricted Stock**"). The Restricted Stock will be subject to such restrictions as the Board may impose and which comply with the requirements of the TSXV, which restrictions may lapse separately or in combination at such time or times, in such instalments or otherwise as the Board determines.

Subject to any restrictions imposed by the TSXV, holders of Restricted Stock shall have all rights of a shareholder of record with respect to such Common Shares (including the right to vote and receive dividends) upon the issuance of the certificate, certificates or written acknowledgment for the Common Shares of Restricted Stock. The Common Shares of Restricted Stock shall vest in the holder thereof when all vesting restrictions and vesting contingencies lapse, including the lapse of any rights of forfeiture. Until such time, the Board may require that such Common Shares be held by the Company together with a stock power duly endorsed in blank by the holder. Except as otherwise determined by the Board, upon a Participant ceasing to be an Eligible Person during the applicable restriction period, all applicable Common Shares of Restricted Stock

	<p>at such time subject to restriction shall be forfeited and reacquired by the Company.</p> <p><u>Restricted Stock Units</u></p> <p>The Board is authorized to grant restricted stock units ("<b>RSUs</b>"), in the form of Common Shares, to Eligible Persons, subject to the terms and conditions of the Predecessor Plan and any requirements of the TSXV. Each RSU issued under the Predecessor Plan confers on the holder the right to receive a Common Share (or cash payment equal to the fair market value of such Common Share if the Board so elects) at some future date, subject to the terms of an RSU award agreement as set by the Board and containing terms consistent with the provisions of the Predecessor Plan. The terms of an RSU award agreement will typically contain, among other things, provisions pertaining to vesting, settlement (including settlement price and manner of settlement), expiry and dividend equivalency rights. The Board may also, in its discretion, issue RSUs to a Participant in circumstances where such award is subject to one or more conditions subsequent or other criteria which must be satisfied before the actual number of RSUs remaining available for vesting or settlement to the benefit of such Participant can be determined and then "granted" to the Participant.</p> <p>An RSU will also entitle the Participant to receive, commencing from such date as is specified by the Board in the RSU award agreement, a payment in cash or property equal to any dividend paid on the security underlying the RSU. Any amount so paid does not have to be repaid by the Participant if the RSU is terminated or cancelled.</p> <p><u>Other Stock Awards</u></p> <p>The Board is authorized to grant to an Eligible Person, subject to the terms of the Predecessor Plan and any requirements of the TSXV, such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares) or other securities, as are deemed by the Board to be consistent with the purpose of the Predecessor Plan.</p>
<p><i>Vesting</i></p>	<p>All employee Stock Awards will be governed by an agreement and vest in accordance with the vesting schedule set forth in such agreement. If Stock Awards are issued to persons performing Investor Relations Activities, then such Stock Award must vest in stages over no less than a 12-month period with no more than one-quarter of the Common Shares subject to such Stock Award vesting in each three-month period.</p>
<p><i>Cessation</i></p>	<p>In the event that a Participant's service with the Company is terminated or interrupted in the manner set out in the Predecessor Plan, except as set out in the Participant's applicable Stock Award agreement or other written agreement between a Participant and the Company:</p> <p>(a) in the case of Options or SARs awarded to a Participant, the Participant may exercise the Options or SARs until the period ending on the earlier of: (i) the date that is 90 days following the</p>

	<p>termination of the Participant's continuous service (or such longer period specified in the Stock Award agreement, provided such period is no longer than 12 months), and (ii) the expiration of the term of the Options or SARs under the Stock Award agreement;</p> <p>(b) in the case of Restricted Stock, the Company may receive through a forfeiture condition or a repurchase right any or all of the Common Shares held by the Participant that have not vested as of the date of such termination under the terms of the Restricted Stock award agreement; and</p> <p>(c) in the case of RSUs, any RSUs that have not vested as of the date of termination will be forfeited.</p> <p>In the event that a Participant is terminated for cause, any Options or SARs granted to the Participant will terminate immediately. In the event of the death or disability of a Participant, Options or SARs must be exercised by a Participant or his or her respective estate, as applicable, on the earlier of (a) the date that is 12 months following the date of death or disability of the Participant; and (b) the expiration of the term of the Option or SAR.</p>
<i>Assignability</i>	<p>All Stock Awards are non-assignable and non-transferable (other than by will or laws of descent and distribution). The Predecessor Plan provides that, during the lifetime of a Participant, an Option or SAR shall be exercisable only by a Participant or a Participant's guardian or legal representative.</p>
<i>Amendment</i>	<p>The Board may, at any time, amend, suspend or terminate the Predecessor Plan. To the extent required under the rules of any securities exchange or market system on which the Common Shares are listed, amendments to the Predecessor Plan shall be subject to approval by the Shareholders entitled to vote at a meeting of Shareholders.</p>

### Annual Burn Rate

The following table sets forth the annual burn rate, calculated in accordance with the rules of the TSX, in respect of each of the Predecessor Plan for each of the three most recently completed financial years:

	Fiscal 2020	Fiscal 2019	Fiscal 2018
Annual Burn Rate <sup>(1)</sup>	1.06%	1.96%	5.89%

**Notes:**

- (1) The burn rate for the year is calculated as the number of Options and RSUs issued in the applicable fiscal year, divided by the weighted average number of Common Shares outstanding for such year.

### Employment Agreements, Termination and Change of Control Benefits

The Company currently has employment agreements in place with the Named Executive Officers. The employment agreements provide for, among other things, the continuation of the employment for an indefinite term, subject to termination as provided for in the employment agreements.

*Hugo Alves, CEO*

Pursuant to an employment agreement effective as of August 10, 2017 (the "**Alves Agreement**"), Mr. Alves was originally retained as the Company's President. On August 27, 2019, Mr. Alves became the Company's Chief Executive Officer. On December 18, 2020, the Alves Agreement was amended by the Compensation Committee consistent with recommendations provided by its independent compensation consultant, Willis Towers Watson ("**WTW**").

As of January 1, 2021, Mr. Alves is entitled to an annual base salary of \$500,000. Further, Mr. Alves is entitled to participate in the Company's short-term incentive plan with a target annual bonus of 100% to 200% of Mr. Alves' annual base salary depending on the satisfaction of certain targets to be set by the Compensation Committee. Mr. Alves is also entitled to receive Stock Awards under the Amended and Restated Omnibus Plan (if approved hereunder). Such Stock Awards are to be granted by the Compensation Committee equal to 200% to 300% of Mr. Alves' annual base salary depending on the satisfaction of targets to be set by the Compensation Committee.

If Mr. Alves is terminated by the Company without cause, then Mr. Alves will be entitled to:

- (i) a payment equal to 24 months of annual base salary in effect on the date of notice of such termination;
- (ii) a payment equal to any earned bonus for time worked with the Company (including any pro-rata portion for any partial year worked with the Company) if such bonus has not been paid prior to the date of termination;
- (iii) a payment equal to: (A) any bonus paid or earned/payable for the previous year; in the preceding twelve-month period multiplied by three; or (B) where no such bonus was paid or earned/payable for the previous year, an additional 12 months of annual base salary in effect on the date of notice of such termination; and
- (iv) have all Stock Awards or other equity incentives granted to Mr. Alves under any incentive plan continue to vest and be exercisable in accordance with the terms therein for the greater of the applicable severance period or until the end of the calendar year following the year of termination.

In the event that Mr. Alves is terminated or resigns for 'good reason' (as defined in the Alves Agreement) within 12 months of a change of control (as defined in the Alves Agreement), Mr. Alves shall be entitled to the same compensation package as provided in a without cause termination.

*Brian Schmitt, CFO*

Pursuant to an employment agreement dated February 7, 2019 (the "**Schmitt Agreement**"), Mr. Schmitt was retained as the Company's Chief Financial Officer. On December 18, 2020, the Schmitt Agreement was amended by the Compensation Committee consistent with recommendations provided by WTW.

Mr. Schmitt is entitled to an annual base salary of \$300,000. Further, Mr. Schmitt is entitled to participate in the Company's short-term incentive plan with a target annual bonus of 50% to 100% of Mr. Schmitt's annual base salary depending on the satisfaction of certain targets to be set by the Compensation Committee. Mr. Schmitt is also entitled to receive Stock Awards under the Amended and Restated Omnibus Plan (if approved hereunder). Such Stock Awards are to be granted by the Compensation Committee equal to 125% to 200% of Mr. Schmitt's annual base salary depending on the satisfaction of targets to be set by the Compensation Committee.

If Mr. Schmitt is terminated by the Company without cause, then Mr. Schmitt will be entitled to:

- (i) a payment equal to the aggregate of 12 months of annual base salary in effect on the date of notice of such termination plus an additional 1 month for each year of service with the Company up to a maximum of 24 months of annual base salary;
- (ii) a payment equal to any earned bonus for time worked with the Company (including any pro-rata portion for any partial year worked with the Company) if such bonus has not been paid prior to the date of termination;
- (iii) a payment equal to (A) any bonus paid or earned/payable for the previous year; or (B) where no such bonus was paid or earned/payable for the previous year, an additional 3 months of annual base salary in effect on the date of notice of such termination; and
- (iv) have all Stock Awards or other equity incentives granted to Mr. Schmitt under any incentive plan continue to vest and be exercisable in accordance with the terms therein for the greater of the applicable severance period or the end of the calendar year following the year of termination.

In the event that Mr. Schmitt is terminated or resigns for ‘good reason’ (as defined in the Schmitt Agreement) within 12 months of a change of control (as defined in the Schmitt Agreement), Mr. Schmitt shall be entitled to receive a payment equal to 18 months of Mr. Schmitt’s annual base salary plus an additional 1 month for each year of service with the Company, where the total amount for any such change of control payment may not exceed the total of 24 months of annual base salary. In addition, the Company shall also provide Mr. Schmitt with the same additional compensation owing upon a termination without cause as outlined above.

*Michael Lickver, President*

Pursuant to an employment agreement dated August 15, 2017, Mr. Lickver was retained as the Company’s Senior Vice President, Strategy (the “**Lickver Agreement**”). On October 1, 2020, Mr. Lickver became the Company’s President. On December 18, 2020, the Lickver Agreement was amended by the Compensation Committee consistent with recommendations provided by WTW.

As of January 1, 2021, Mr. Lickver is entitled to an annual base salary of \$300,000. Further, Mr. Lickver is entitled to participate in the Company’s short-term incentive plan with a target annual bonus of 50% to 100% of Mr. Lickver’s annual base salary depending on the satisfaction of certain targets to be set by the Compensation Committee. Mr. Lickver is also entitled to receive Stock Awards under the Amended and Restated Omnibus Plan (if approved hereunder). Such Stock Awards are to be granted by the Compensation Committee equal to 50% to 100% of Mr. Lickver’s annual base salary depending on the satisfaction of targets to be set by the Compensation Committee.

If Mr. Lickver is terminated by the Company without cause, then Mr. Lickver will be entitled to:

- (i) a payment equal to an aggregate of 12 months of annual base salary in effect on the date of notice of such termination plus an additional 1 month for each year of service with the Company, where the total amount for any such termination payment may not exceed the total of 24 months of annual base salary;
- (ii) a payment equal to any earned bonus for time worked with the Company (including any pro-rata portion for any partial year worked with the Company) if such bonus has not been paid prior to the date of termination;

- (iii) a payment equal to (A) any bonus paid or earned/payable for the previous year; or (B) where no such bonus was paid or earned/payable for the previous year, an additional 3 months of annual base salary in effect on the date of notice of such termination; and
- (iv) all Stock Awards or other equity incentives granted to Mr. Lickver under any incentive plan continue to vest and be exercisable in accordance with the terms therein for the greater of the applicable severance period or the end of the calendar year following the year of termination.

In the event that Mr. Lickver is terminated or resigns for 'good reason' (as defined in the Lickver Agreement) within 12 months of a change of control (as defined in the Lickver Agreement), Mr. Lickver shall be entitled to receive a payment equal to 18 months of Mr. Lickver's annual base salary plus an additional 1 month for each year of service with the Company, where the total amount for any such change of control payment may not exceed the total of 24 months of annual base salary. In addition, the Company shall also provide Mr. Lickver with the same additional compensation owing upon a termination without cause as outlined above.

## **Oversight and description of director and named executive officer compensation**

### *Compensation Philosophy and Objectives*

The Company's compensation policies and programs are designed to be competitive with industry peers and to recognize and reward executive performance consistent with the success of the Company's business. These policies and programs are intended to motivate, attract and retain capable and experienced individuals who will contribute to the success of the Company. The Board, with input from the Compensation Committee, reviews the adequacy of remuneration for its senior executives by evaluating their performance in light of the Company's goals and objectives, and by comparing with other reporting issuers of similar size in the same industry.

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 Company and Shareholders, overall financial and operating performance of the Company and the Board's assessment of each executive's individual performance and contribution toward meeting the Company's corporate objectives.

### ***Determination of Compensation***

#### *Compensation Committee*

The Company established a Compensation Committee in December 2020 which is appointed by the Board to assist in fulfilling the Board's executive compensation oversight responsibilities. The Compensation Committee is comprised of four independent directors, being Ms. Genevieve Young, Mr. Troy Grant, Mr. Vikram Bawa and Mr. Conrad Tate. Each member of the Compensation Committee has the relevant competence and skills to make informed decisions on the suitability of the Company's compensation policies and practices. In addition, the Compensation Committee members' diverse backgrounds bring to the Compensation Committee a wide variety of perspectives in executing the Company's philosophy and objectives with respect to compensation.

The Compensation Committee is responsible for reviewing and making recommendations to the Board regarding the compensation for the Chief Executive Officer and other senior executive officers of the Company. The Compensation Committee seeks to ensure that the Company's compensation goals and objectives, as applied to the actual compensation paid to the Company's executive officers, are aligned with the Company's overall business objectives and Shareholder interests. The Compensation Committee is also

responsible for reviewing the executive compensation disclosure before the Company discloses this information publicly.

The Compensation Committee is tasked with establishing an executive compensation program, which includes any share-based awards, option-based awards or the establishment of any non-equity incentive plans. The terms of any proposed compensation for the directors of the Company who are not also officers of the Company (including any options to be granted) is determined by the Compensation Committee.

The Board, with assistance from the Compensation Committee, reviews the Company's approach to director compensation. The Compensation Committee considers many factors, including whether compensation fairly reflects the responsibilities and risks involved. The review of the Company's director compensation includes benchmarking against other cannabis and consumer goods companies in Canada. Annual retainers have been intended to provide an appropriate level of fixed compensation that will assist in director retention and recruitment.

#### *Compensation Consultants*

In November 2020, the Company engaged WTW as its independent compensation consultant to assess and provide recommendations regarding compensation of the Company's NEOs and independent directors of the Board and to assist the Compensation Committee in developing a comparator group of public companies with similar attributes to the Company for the purpose of benchmarking its compensation policies and plans. Following receipt of the WTW's report by the Company, the employment agreements with certain of the NEOs were amended, effective December 2020, in order to implement recommendations from WTW regarding executive compensation of NEOs, including changes to base salary, and short-term and long-term incentive compensation.

#### *Elements of Executive Compensation*

The executive compensation program of the Company consists of three principal components: fixed compensation, short-term incentive compensation and long-term incentive compensation.

#### *Fixed Compensation*

Fixed compensation in the form of base salary is designed to provide income certainty and to attract and retain executives, and is therefore based on the assessment of a number of factors such as current competitive market conditions, compensation levels within similarly situated companies to the Company and factors particular to the executive, including individual performance, the scope of the executive's role with the Company and retention considerations.

As part of the executive compensation review and design process conducted by WTW in November 2020, the Compensation Committee, with support of WTW, established a peer group to benchmark compensation of its NEOs and directors. The companies forming part of the peer group identified by the Company are deemed to reflect the financial situation of the Company as a publicly listed organization and to have a complexity of operations and technologies comparable to the Company. The peer group consists of all publicly traded companies, and a mix of cannabis companies and non-cannabis consumer packaged goods companies. The peer group will be reviewed regularly to ensure the criteria and constituents remain appropriate.

#### *Short-term Incentive Compensation*

In addition to base salary, the Company may award executives with short term incentive awards in the form of an annual bonus. Annual bonuses are intended to provide short-term incentives to executives and to

reward them for their yearly individual contribution and performance of certain corporate and personal objectives in the context of overall annual corporate performance. Typically, the amount is not pre-established and is at the discretion of the Board.

#### *Long-Term Incentive Compensation*

Long-term incentive compensation may be provided through the grant of Stock Awards pursuant to the Amended and Restated Omnibus Plan, and previously, the Predecessor Plan. The Company has the Amended and Restated Omnibus Plan in place to attract, secure, retain, incentivize and reward the services of Participants who are expected to contribute significantly to the success of the Company and its Shareholders and, in general, to further the best interests of the Company, the Participants and its Shareholders.

The size of Stock Award grants to Named Executive Officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be crucial to its long-term success. Previous grants are taken into account when considering new grants.

### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding Options, the weighted-average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under equity compensation plans as at December 31, 2020.

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding Options</b>	<b>Weighted-average exercise price of outstanding Options</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</b>
Equity compensation plans approved by Shareholders	40,890,608	\$0.902	28,295,494 <sup>(1)</sup>
Equity compensation plans not approved by Shareholders	Nil.	N/A	Nil.
Total	40,890,608	\$0.902	28,295,494 <sup>(1)</sup>

**Note:**

(1) Options remaining as at December 31, 2020, based on issued and outstanding number of Common Shares of 691,861,024.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Company or its subsidiaries since the beginning of the Company's most recently completed financial year.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Set out below is a description of the Company's current corporate governance practices and other information relating to the Board, per National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and related disclosure requirements.

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. Listed below is a brief discussion of the Company's approach to corporate governance.

### **Board of Directors**

The Board facilitates its exercise of independent supervision over management through the participation of directors. Currently, the Board has five directors of whom four are independent within the meaning of National Instrument 52-110 – *Audit Committees*. The Board members are Genevieve Young, Hugo Alves, Troy Grant, Vikram Bawa and Conrad Tate.

Genevieve Young, Troy Grant, Vikram Bawa and Conrad Tate are independent directors in that they do not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. Hugo Alves is not considered independent as he is the Chief Executive Officer of the Company.

Genevieve Young, an independent director, is the Chair of the Board. Her role and responsibilities include, but are not limited to: (i) providing leadership to the Board; (ii) chairing Board meetings; (iii) ensuring the duties and responsibilities of the Board's committees are carried out in accordance with the charters of such committees; and (iv) working with senior executives of the Company to discharge the duties of the Board.

### **Directorships**

The following directors are presently directors of other reporting issuers:

<u>Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Stock Exchange</u>
Troy Grant	Elcora Advanced Materials Corp.	TSXV
	Global Care Capital Inc.	CSE
	Interactive Games Technologies Inc	CSE

### **Board Mandate**

The Board is responsible for supervising the management of the business and affairs of the Company and is expected to focus on guidance and strategic oversight with a view to increasing shareholder value. The Board Mandate is attached to this Information Circular as Schedule "B".

### **Orientation and Continuing Education**

Due to the size of the Company's Board, no formal program currently exists for the orientation of new directors, but new directors have orientation on an informal and ad hoc basis that includes meetings with management on business directions, operational issues and financial aspects of the Company. The Chair also meets with new directors to review and explain the role of the Board, its committees, and the expectations of each individual in their role as a director.

Management updates the Board on a regular basis regarding the business and activities of the Company to ensure that the directors have the necessary knowledge to meet their obligations as directors. No formal continuing education program currently exists for the directors of the Company; however, the Company encourages directors to attend, enroll or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director of the Company has the responsibility for ensuring that they maintain the skill and knowledge necessary to meet their obligations as a director.

Directors are encouraged to communicate with management, the auditors and the Company's legal counsel to keep themselves current with the Company's business. Directors are also provided with full access to the Company's records.

### **Ethical Business Conduct**

All Board members and employees are committed to maintaining the highest standards of integrity and ethical business conduct in the management of the Company and their interaction with all key securityholders. These standards can only be achieved by the Company adhering to the values and principles of conduct. The Board has adopted a Code of Business Conduct and Ethics (the “**Code**”) which applies to every director, officer and employee of the Company and its wholly-owned subsidiaries. The Board monitors compliance with the Code by requiring that all employees and executive officers of the Corporation certify that they have read, understood and agreed to be bound by the Code. The Board also relies on management to report any conduct that is contrary to the Code to the Chair of the Audit Committee.

The Company expects all Board members, executive officers and employees to conduct themselves in an ethical and law-abiding manner, in all areas, including but not limited to conflicts of interest and the protection and proper use of corporate assets, information and opportunities.

### **Conflicts of Interest**

When faced with a conflict, it is required that business judgment of responsible persons, uninfluenced by considerations other than the best interests of the Company, will be exercised. Pursuant to the *Business Corporations Act* (Ontario), any officer or director of the Company with a conflict of interest must disclose the nature and extent of such conflict to the Board and recuse themselves from a matter that materially conflicts with that individual's duty as a director or senior officer of the Company.

### **Protection and Proper Use of Corporate Assets, Information and Opportunities**

Confidential information is not to be used for any purposes other than those of the Company. This requirement of confidentiality extends beyond the duty not to discuss private information, whether about the Company and/or its management and also applies to any asset of the Company, including trade secrets, customer lists, business plans, computer software, company records and other proprietary information.

In the situation of contracts with third parties such as suppliers and service providers, management is to share only that information which is needed to satisfy the conditions of the contract and only to those individuals who need to know.

The duty of confidentiality applies to all Board members and employees even after leaving the Company regardless of the reason for departing.

### **Compliance with Laws, Rules and Regulations**

It is required that the Company is in compliance with all legislation applicable to the Company's business operations, including but not restricted to the *Cannabis Act* (Canada), the laws of the Province of Ontario, all Canadian provincial laws and legislation, and any other similar legislation in jurisdictions where the Company operates.

All Board members and employees have a duty to know, understand and comply with any specific legislation pertaining to the business of the Company and any legislation applicable to their duties and responsibilities.

## **Nomination of Directors**

At present, the Company does not have a Nominating Committee. The Board, however, reviews periodically the appropriate size of the Board and if necessary, identifies new candidates with qualified skills, appropriate experience and background, and necessary competencies that are consistent with the Company's goals and objectives.

## **Compensation**

The Company has a Compensation Committee composed of entirely independent directors. The Compensation Committee is responsible for determining the compensation for the directors and the executive officers. The Compensation Committee seeks to ensure that the Company's compensation goals and objectives, as applied to the actual compensation paid to the Company's executive officers, are aligned with the Company's overall business objectives and Shareholder interests. For more details on the Compensation Committee, please see "*Statement of Executive Compensation – Determination of Compensation - Compensation Committee*" in this Information Circular.

## **Other Committees**

The Audit Committee and the Compensation Committee are the only standing committees of the Company. As the Company grows, and its operations and management structure become more complex, the Board anticipates that it will constitute additional formal standing committees.

### *Audit Committee*

The Audit Committee of the Board consists of Genevieve Young (Chair), Troy Grant and Conrad Tate, each of whom are independent within the meaning of National Instrument 52-110 – *Audit Committees*. Additional information on the Audit Committee (under the heading "*Audit Committee Information*") and the full text of the Audit Committee's charter can be found in the Company's annual information form for the year ended December 31, 2020 dated April 23, 2021 (the "**AIF**"). The AIF is available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Assessments**

To date, no formal evaluation process has been put in place to evaluate the effectiveness and contribution of the directors. This task is the responsibility of the Board, who periodically reviews its effectiveness as well as its directors' roles, and its members are encouraged to give feedback regarding the effectiveness of the Board as a whole, its practices and individual directors will, when necessary, make recommendations to the Board. The Board works closely with management and, accordingly, is in a position to assess individual directors' performance on an ongoing basis. The Board continuously assesses the existing strengths of the Board as well as the changing needs of the Company, to determine which individuals possess the competencies and skills it should seek in new Board members to add value to the Company.

## **Director Term Limits and Other Mechanisms of Board Renewal**

The Board has not adopted a formal policy relating to term limits or other mechanisms of board renewal because it has not felt that such mechanisms are appropriate given the Company's size and stage of development. The Board is of the opinion that term limits may disadvantage the Corporation through the loss of beneficial contributions of its directors.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed in this Information Circular, neither the Company, nor any director or officer of the Company, nor any proposed nominee for election as a director of the Company, nor any other insider of the Company, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2020, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company.

## **OTHER BUSINESS**

Management of the Company is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is contained in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2020 and the Company's annual information form for the year ended December 31, 2020 dated April 23, 2021. In addition, a Shareholder may obtain copies of the Company's financial statements and management's discussion and analysis, by contacting the Company by mail at 777 Richmond St. W., Unit 002, Toronto, ON M6J 0C2 or by telephone at 1-833-695-2414.

## **APPROVAL BY BOARD OF DIRECTORS**

The Board has approved the contents and sending of this Information Circular.

DATED at Toronto, this 20<sup>th</sup> day of May, 2021.

**By Order of the Board of Directors**

*“Genevieve Young”*

\_\_\_\_\_  
Chair of the Board

## SCHEDULE "A"

### AUXLY CANNABIS GROUP INC.

#### AMENDED AND RESTATED 2021 OMNIBUS INCENTIVE PLAN

##### 1. GENERAL.

- (a) **Eligibility.** Participants are eligible to receive Stock Awards.
- (b) **Available Stock Awards.** The Plan provides for the grant of the following types of Stock Awards: (i) Stock Options, (ii) Restricted Stock Awards and (iii) RSU Awards.
- (c) **Purpose.** The purpose of the Plan is to attract, secure, retain and reward the services of Participants who are expected to contribute significantly to the success of the Company; incentivize Participants to exert maximum efforts for the success of the Company; strengthen the mutuality of interests between such Participants and the Company and shareholders; and, in general, to further the best interests of the Company and its shareholders.
- (d) **Definitions.** All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in Section 14 of this Plan.
- (e) **Amended Plan.** This Plan shall amend and restate the Company's previous Equity Incentive Plan which was adopted by the Board on June 1, 2018 (the "**Predecessor Plan**"), and no further awards shall be made under the Predecessor Plan from and after the Effective Date of this Plan. Each Stock Award granted under the Predecessor Plan shall continue to be governed by the terms and conditions of such Predecessor Plan or the applicable Stock Award Agreement.
- (f) **Effective Date.** This Plan will become effective on the Effective Date.

##### 2. ADMINISTRATION.

- (a) **Administration by the Board.** The Board will interpret and administer the Plan in accordance with the provisions herein and may delegate administration of the Plan in the following manner:
  - (i) **Delegation to Committee.** The Board may delegate some or all of the administration of the Plan to a Committee. If delegated to a Committee, such Committee will have the administration powers set by the Board. A Committee is permitted to delegate its administration powers to a subcommittee of the Committee (and references in this Plan to the Board will thereafter also be to the Committee or subcommittee, as applicable). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

- (ii) **Delegation to an Officer.** The Board may delegate to one or more Officers the authority to: (A) grant Employees (who are not Officers) Stock Awards; (B) set the terms of such Stock Awards granted to such Employees; and/or (C) determine the number of Common Shares to be subject to such Stock Awards granted to such Employees; provided that the Board resolution(s) regarding such delegation will specify the total number of Common Shares that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Officer and may, at any time, revert in the Board some or all of the powers previously delegated.
- (b) **Powers of the Board.** The Board shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Stock Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Stock Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Board may deem necessary or proper. Such authority shall include, but not be limited to, selecting Stock Award recipients, establishing all Stock Award terms and conditions, including grant, exercise price, issue price and vesting terms, determining Performance Criteria applicable to Stock Awards and whether such Performance Criteria have been achieved, making amendments or adjustments under Section 8, adopting modifications and amendments to any Stock Award and any Stock Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and its Affiliates operate.
- (c) **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

### 3. SHARES SUBJECT TO THE PLAN.

- (a) **Share Reserve.**
  - (i) Subject to adjustment as provided in Section 9(b), the total number of Common Shares hereby reserved for issuance to Participants under the Plan or under any other security-based compensation arrangements of the Company (including for greater certainty the Predecessor Plan) shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time (calculated on a non-diluted basis) (the "**Share Reserve**"), or such other number as may be approved by the Exchange and the shareholders of the Company from time to time.
  - (ii) The Company will at all times during the term of this Plan ensure that it is authorized to issue such number of Common Shares as are sufficient to satisfy the requirements of this Plan. For the purposes of this Section, in the event that the Company cancels or purchases to cancel any of its issued and outstanding Common Shares ("**Cancellation**") and as a result of such Cancellation, the Company exceeds the limit set out in this Section, no approval of the Company's shareholders will be required for the issuance of Common Shares on the exercise of any Stock Awards which were granted prior to such Cancellation.

- (iii) This Plan is considered an “evergreen” plan, as the Common Shares covered by Stock Awards which have been exercised shall be available for subsequent grants under the Plan and the number of Stock Awards available to grant increases as the number of issued and outstanding Common Shares increases from time to time. For certainty, if any Stock Award is terminated, cancelled, forfeited or has expired without being fully exercised, any unissued Common Shares which have been reserved to be issued upon the exercise of the Stock Award will be returned to the Share Reserve and become available to be issued under Stock Awards subsequently granted under the Plan. For greater certainty, any issuance from treasury by the Company that is or was issued in reliance upon an exemption under applicable stock exchange rules applicable to security-based compensation arrangements used as an inducement to Persons not previously employed by and not previously an Insider of the Company shall not be included in determining the Share Reserve for grant and issuance under this Section.
- (b) **Stock Award Limits.** Subject to any amendments or adjustments in Section 9:
- (i) the number of securities issuable to Insiders, at any time, under all security-based compensation arrangements cannot exceed 10% of the issued and outstanding Common Shares from time to time determined on a non-diluted basis;
  - (ii) within any one-year period, the number of Common Shares and Stock Awards issued to Insiders pursuant to this Plan and all other security-based compensation arrangements of the Company shall not exceed 10% of the aggregate outstanding Common Shares from time to time determined on a non-diluted basis; and
  - (iii) within any one-year period, the number Common Shares and Stock Awards that may be issued to any one Insider (and such Insider’s associates and Affiliates) under this Plan and any other share-based compensation arrangement adopted by the Company shall not exceed 5% of the number of Common Shares outstanding.
- (c) **Source of Shares.** The Common Shares issuable under the Plan will be authorized but unissued or reacquired Common Shares, including shares repurchased by the Company on the open market or otherwise. All Common Shares issued from treasury pursuant to the exercise or the vesting of Stock Awards granted under this Plan shall, when the applicable exercise price, if any, is received by the Company in connection therewith, be so issued as fully paid and non-assessable Common Shares.

#### 4. PROVISIONS RELATING TO OPTIONS.

Each Option will be in such form and will contain such terms and conditions as the Board deems appropriate. The provisions of separate Options need not be identical; provided, that each Stock Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

- (a) **Term.** The Option Period for each Option shall be such period of time as determined by the Board (subject to any limited extension as set out in Section 12 provided that in no event shall an Option Period exceed ten years.
- (b) **Exercise Price.** The price at which any Common Share which is the subject of an Option may be purchased (the “**Exercise Price**”) shall be determined by the Board at the time the

Option is granted, provided that the Exercise Price shall not be less than the Market Price at the time of grant.

**(c) Payment of Exercise Price.**

**(i)** The Exercise Price and all applicable required withholding obligations shall be payable by the Participant to the Company by cash, cheque, bank draft or money order payable to the Company or in any other form of legal consideration that may be acceptable to the Board (and permissible under applicable laws and listing requirements). Following the receipt of settlement of any Options, the Options so settled shall be of no value whatsoever.

**(ii)** A Participant may elect, in its sole discretion, to undertake: (i) a broker assisted "cashless exercise" pursuant to which the Company or its designee (including third-party administrators) may deliver a copy of irrevocable instructions to a broker engaged for such purposes by the Company to sell the Common Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Company an amount equal to the Exercise Price and all applicable required withholding obligations against delivery of the Common Shares to settle the applicable trade; or (ii) a "net exercise" procedure effected by withholding the minimum number of Common Shares otherwise deliverable in respect of an Option that are needed to pay for the Exercise Price and all applicable required withholding obligations. In all events of cashless or net exercise pursuant to this Section, the Participant shall comply (i) with all provisions of this Plan with regards to any applicable required withholding obligations; and (ii) with all such other procedures and policies as the Board may prescribe or determine to be necessary or advisable from time to time including prior written consent of the Board, in connection with such exercise.

**(d) Transferability.** An Option will not be assignable or transferable except by will or by the laws of descent and distribution and in all cases the Options awarded under the Stock Award Agreement must remain subject to the terms of the Stock Award Agreement.

**(e) Vesting.** Except as otherwise specifically provided herein or in any Stock Award Agreement, Options may be exercised by the Participant in whole at any time, or in part from time to time (in each case to the nearest full Common Share), during the Option Period only in accordance with the vesting schedule, if any, determined by the Board, in its sole and absolute discretion, subject to the applicable requirements of the Stock Exchange, at the time of the grant of the Option, which vesting schedule may include Performance Criteria or acceleration of vesting in certain circumstances and which may be amended or changed by the Board from time to time with respect to a particular Option. Options may be subject to additional vesting conditions as may be determined by the Board at the time of grant, including any Performance Criteria. Options may not be exercised until they have vested.

**5. PROVISIONS RELATING TO RESTRICTED STOCK AWARDS.**

Each Restricted Stock Award will be in such form and will contain such terms and conditions as the Board deems appropriate. The provisions of separate Restricted Stock Award need not be identical; provided, that each Stock Award Agreement will conform to (through incorporation of provisions hereof

by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

- (a) **Nature of Restricted Stock Awards.** A Restricted Stock Award is a Stock Award that, upon vesting, entitles the Participant to receive a Common Share issued from treasury or purchased on the open market pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant. Vesting conditions may be based on continuing employment (or other service relationship) and/or achievement of Performance Criteria or other pre-established vesting conditions and objectives (including the passage of time and providing future or past services).
- (b) **Vesting.** Subject to the terms of this Plan and the applicable Stock Award Agreement, the holder of Restricted Stock Award is entitled to receive Common Shares as a function of the extent to which the corresponding vesting criteria, including Performance Criteria, if any, have been achieved. Notwithstanding any provision to the contrary in this Plan or the applicable Stock Award Agreement, the Board may, in its sole discretion, make adjustments to the calculation of any Restricted Stock Awards granted to Participants based on its assessment of the risk level, events that may impact the value of the Restricted Stock Awards or when calculations do not properly reflect all of the relevant considerations. Unless otherwise determined by the Board, all Restricted Stock Awards in respect of which the vesting criteria have not been achieved, shall automatically be forfeited and be cancelled on the applicable determination dates as set forth in the applicable Stock Award Agreement.
- (c) **Form of Underlying Common Shares.** At the Board's election, Common Shares underlying a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board.
- (d) **Transferability.** Rights to acquire the Restricted Stock Award or any Common Shares underlying the Restricted Stock Award will not be assignable or transferable except by will or by the laws of descent and distribution, and in all cases the Restricted Stock Awards awarded under the Stock Award Agreement must remain subject to the terms of the Stock Award Agreement.
- (e) **Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Common Shares subject to the Restricted Stock Award will be subject to the same vesting and forfeiture restrictions as apply to the Common Shares subject to the Restricted Stock Award to which they relate.

## 6. PROVISIONS RELATING TO RSU AWARDS.

Each RSU Award will be in such form and will contain such terms and conditions as the Board deems appropriate. The provisions of separate RSU Awards need not be identical; provided, that each Stock Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

- (a) **Nature of RSU Awards.** A RSU Award is a Stock Award that, upon vesting, entitles the Participant to receive (i) a Common Share (issued from treasury or purchased on the open market), (ii) the Cash Equivalent or (iii) a combination thereof, as the case may be, all

pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of Performance Criteria or other pre-established vesting conditions and objectives (including the passage of time and providing future or past services).

**(b) Granting RSU Awards.**

- (i)** Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time, in its sole discretion, (i) designate the Participants who may receive RSU Awards under the Plan; (ii) fix the number or dollar amount of RSU Awards, if any, to be granted to each Participant and the date or dates on which such RSU Awards shall be granted, and (iii) determine the relevant terms, conditions and vesting provisions (including the applicable Performance Criteria, if any), the whole subject to the terms and conditions prescribed in this Plan and in the applicable Stock Award Agreement.
- (ii)** RSU Awards shall be evidenced by a Stock Award Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine. The Stock Award Agreement shall contain such terms that may be considered necessary in order that the RSU Award will comply with any provisions respecting restricted share units in the Income Tax Act or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Company.
- (iii)** At the time of the grant of a RSU Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the Common Shares (or their Cash Equivalent) subject to a RSU Award to a time after the vesting of such RSU Award.

**(c) Vesting of Restricted Share Units.** Subject to the terms of this Plan and the applicable Stock Award Agreement, the holder of an RSU Award shall be entitled to receive payout on the value and number of RSU Awards, determined by the Board as a function of the extent to which the corresponding vesting criteria, including Performance Criteria, if any, have been achieved. Notwithstanding any provision to the contrary in this Plan or the applicable Stock Award Agreement, the Board may, in its sole discretion, make adjustments to the calculation of any RSU Awards granted to Participants based on its assessment of the risk level, events that may impact the value of the RSU Awards or when calculations do not properly reflect all of the relevant considerations. Unless otherwise determined by the Board, all RSU Awards in respect of which the vesting criteria have not been achieved, shall automatically be forfeited and be cancelled and, in any event, any RSU Award that has not vested, been settled or been forfeited on the applicable determination dates as set forth in the applicable Stock Award Agreement shall be forfeited without further consideration.

**(d) Settlement of RSU Awards.** The Board, in its sole discretion, may settle vested RSU Awards by providing a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) with:

- (i)** in the case of settlement of RSU Awards for their Cash Equivalent, delivery of a cheque or any other form of payment deemed acceptable by the Board to the

Participant representing the Cash Equivalent and all applicable required withholding obligations;

- (ii) in the case of settlement of RSU Awards for Common Shares, delivery of Common Shares issued from treasury or purchased on the Participant's behalf on the open market net of all applicable required withholding obligations; and
- (iii) in the case of settlement of the RSU Awards for a combination of Common Shares and the Cash Equivalent, a combination of (i) and (ii) above, each equivalent in value to the vested RSU Awards less all applicable required withholding obligations.

Following the receipt of settlement of any RSU Awards, the RSU Awards so settled shall be of no value whatsoever.

- (e) **Dividend Equivalents.** Dividend equivalents equal to and in lieu of the amount of cash dividends paid by the Company to holders of Common Shares may be credited in respect of Common Shares covered by a RSU Award, as determined by the Board and contained in the Stock Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional Common Shares covered by the RSU Award in such manner as determined by the Board. Any additional Common Shares covered by the RSU Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Stock Award Agreement to which they relate and will be subject to all applicable required withholding obligations.
- (f) **Transferability.** Rights to acquire the RSU Award or any rights thereunder will not be assignable or transferable except by will or by the laws of descent and distribution, and in all cases the Common Shares awarded under the Stock Award Agreement must remain subject to the terms of the Stock Award Agreement.

## 7. GENERAL CONDITIONS FOR STOCK AWARDS ON TERMINATION, RESIGNATION, DEATH, DISABILITY, AND RETIREMENT OF A PARTICIPANT.

- (a) **Termination with Notice or Resignation.** Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates as a result of the Company or an Affiliate terminating the Participant for any reason other than for Death, Disability or Cause (as further described below) or the Participant resigns and thereby terminates their own Continuous Service, then:
  - (i) all unvested Stock Awards shall immediately and automatically terminate on the date the Participant is provided notice of such termination by the Company or on the date the Participant provides notice of resignation to the Company and Participant will be prohibited from exercising any unvested Stock Awards at such time; and
  - (ii) the Participant may exercise any vested Options (otherwise subject to the terms of the Stock Award Agreement) within the period of time ending on the earlier of: (A) the date that is 90 days following the date the Participant is provided notice of such termination or on the date the Participant provides notice of resignation to the Company, and (B) the expiration of the Option Period as set forth in the Stock

Award Agreement. If the Participant does not exercise their vested Options within the applicable time frame, any vested Options will expire and the Participant shall have no further entitlement to such Options.

For purposes of this Section, any continuing compensation, severance, salary in lieu of notice, reasonable notice period or further compensatory payments otherwise owing, negotiated or legally mandated from the Company to the Participant shall be irrelevant and have no bearing on the dates and periods of exercise referenced for a Participant's Stock Awards in this Section.

- (b) **Termination for Cause.** Except as explicitly provided otherwise in a Participant's Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated by the Company or an Affiliate for Cause, then any Stock Awards granted to such Participant, whether vested or unvested, will immediately and automatically terminate upon the date the Participant is provided notice of such termination for Cause and the Participant will be prohibited from exercising his or her Stock Awards the moment immediately after the Participant is provided notice of such termination.
- (c) **Disability of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates on notice from the Company or the Participant as a result of the Participant's Disability, (i) all rights, title and interest in Stock Awards granted to such Participant under the Plan, which are unvested on the date the Company provides notice of the Continuous Service termination for Disability ("**Disability Termination Date**"), will continue to vest in accordance with the terms of this Plan and the Participant's Stock Award Agreement for a period of up to 12 months, subject to the underlying Stock Awards expiry date and if any Restricted Stock Awards or RSU Awards vest during such time they shall be settled by the Company in accordance with the terms of the applicable Stock Award Agreement; and (ii) any vested Options (including such Options that vest during the period following the Disability Termination Date) will remain exercisable until the earlier of (A) 12 months after the Disability Termination Date and (B) the expiration of the Option Period as set forth in the Stock Award Agreement, after which time all Options will automatically expire.
- (d) **Death of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then: (A) all rights, title and interest in Stock Awards granted to such Participant under the Plan, which are unvested on the date of the Participant's death will continue to vest in accordance with the terms of this Plan and the Stock Award Agreement for a period of up to 12 months, subject to the underlying Stock Awards' expiry date and if any Restricted Stock Awards or RSU Awards vest during such time they shall be settled by the Company in accordance with the terms of the applicable Stock Award Agreement; and (B) vested Options (including such Options that vest during the period following the date of the Participant's death) will remain exercisable until the earlier of (X) 12 months after the date of the Participant's death and (Y) the expiration of the Option Period as set forth in the Stock Award Agreement, after which time all Options will automatically expire.

- (e) **Retirement of Participant.** Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates because of the Participant's voluntary retirement, (i) all rights, title and interest in Stock Awards granted to such Participant under the Plan, which are unvested on the Participant's last day of service with the Company ("**Retirement Date**"), will continue to vest in accordance with the terms of this Plan and the Participant's Award Agreement for a period of up to 12 months, subject to the underlying Stock Awards' expiry date and if any Restricted Stock Awards or RSU Awards vest during such time they shall be settled by the Company in accordance with the terms of the applicable Stock Award Agreement; and (ii) vested Options (including such Options that vest during the period following the Retirement Date) will remain exercisable until the earlier of (A) 12 months after the Retirement Date and (B) the expiration of the Option Period as set forth in the Stock Award Agreement, after which time all Options will automatically expire.

## 8. COVENANTS OF THE COMPANY.

- (a) **Availability of Shares.** The Company will keep available at all times the number of Common Shares reasonably required to satisfy then-outstanding Stock Awards.
- (b) **Securities Law Compliance.** The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell Common Shares upon exercise or settlement of the Stock Awards; provided that this undertaking will not require the Company to register under any applicable laws the Plan, any Stock Award or any Common Shares issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Shares under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Shares upon exercise or settlement of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of a Stock Award or the subsequent issuance of cash or Common Shares pursuant to the Stock Award if such grant or issuance would be in violation of any applicable laws.
- (c) **No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising a Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.
- (d) **Future Market Value of the Shares.** The Company makes no representation or warranty as to the future market value of the Common Shares or with respect to any income tax matters affecting any Participant resulting from the grant, vesting or settlement of a Stock Award, the exercise of an Option or resulting from any transactions in the Common Shares or any other event affecting the Stock Awards. With respect to any fluctuations in the market price of the Common Shares, neither the Company, nor any of its Directors, Officers, Employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Common Shares hereunder, or in any other

manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Stock Awards will be granted to such Participant to compensate for a downward fluctuation in the price of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company and its Affiliates do not assume responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.

- (e) **No Right in the Company's Assets.** Participants (and their legal representatives and the liquidator, executor or administrator, as the case may be, of their respective estate) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Company or any of its Affiliates. No asset of the Company or any of its Affiliates shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any of its Affiliates under this Plan. Unless otherwise determined by the Board, this Plan shall be an unfunded obligation of the Company and its Affiliates (as applicable). To the extent any Participant or his or her estate holds any rights by virtue of a grant of Stock Awards under this Plan, such rights (unless otherwise determined by the Board) shall be general unsecured obligations and shall not be greater than the rights of an unsecured creditor of the Company.
- (f) **No Financial Assistance.** Unless otherwise determined by the Board, the Company shall not offer financial assistance to any Participant in regards to the exercise of any Stock Award granted under this Plan.

## 9. AMENDMENTS, ADJUSTMENTS, TERMINATION AND SUSPENSION

### (a) Amendments.

- (i) Subject to any applicable rules of the Exchange, the Board may from time to time, in its absolute discretion and without the approval of shareholders, make the following amendments to the Plan or any Stock Award:
  - (1) any amendment regarding the vesting provisions, if applicable, or assignability provisions of any Stock Award;
  - (2) any amendment to the expiration date of a Stock Award that does not extend the terms of the Stock Award past the original date of expiration of such Stock Award;
  - (3) any amendment regarding the effect of termination of a Participant's Continuous Service, employment or engagement;
  - (4) any amendment which accelerates the date on which any Option may be exercised under the Plan;
  - (5) any amendment regarding the Plan or any Stock Award as necessary to comply with applicable laws or the requirements of the Exchange or any other regulatory body having authority over the Company, the Plan or the shareholders;

- (6) any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan;
  - (7) any amendment respecting the administration of the Plan; and
  - (8) any other amendment that does not require the approval of shareholders under the TSX Company Manual or applicable laws.
- (ii) Subject to the level of vote required under the TSX Company Manual or any other applicable requirements of the Exchange, shareholder approval is required for the following amendments to the Plan:
- (1) except in the case of an adjustment pursuant to Section 9(b), any amendment which reduces the Exercise Price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower Exercise Price, to the extent such reduction or replacement benefits an Insider;
  - (2) any amendment which extends the maximum term or expiry date of any Stock Award to the extent such amendment benefits an Insider, except in the case of an extension due to a Blackout Period;
  - (3) any amendment which increases or removes the limitations set forth in Section 3(b) herein;
  - (4) any increase to the maximum number of Shares issuable under the Plan, except in the event of an adjustment pursuant to Section 9(b); and
  - (5) any amendment to the amendment provisions of the Plan.
- (iii) Other than as expressly provided in a Stock Award Agreement or as set out in Section 9(b) hereof or with respect to a Change of Control, the Board shall not alter or impair any rights or increase any obligations with respect to an Stock Award previously granted under the Plan without the consent of the Participant.
- (b) **Adjustments.** At any time after the grant of an Stock Award to a Participant and prior to the expiration of the term of such Stock Award or the forfeiture or cancellation of such Stock Award, in the event of (i) any subdivision of the Common Shares into a greater number of Common Shares, (ii) any consolidation of Common Shares into a lesser number of Common Shares, (iii) any reclassification, reorganization or other change affecting the Common Shares, (iv) any merger, amalgamation or consolidation of the Company with or into another corporation, (v) any distribution to all holders of Common Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Company or one of its subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit) or (vi) any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of the Exchange (if any), determine the

appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Stock Award in connection with such occurrence or change, including:

- (1) adjustments to the Exercise Price without any change in the total price applicable to the unexercised portion of any Options granted under the Plan;
  - (2) adjustments to the number of Common Shares to which the Participant is entitled upon exercise or settlement of such Stock Award;
  - (3) adjustments permitting the immediate exercise of any outstanding Stock Awards that are not otherwise exercisable; or
  - (4) adjustments to the number or kind of Common Shares reserved for issuance pursuant to the Plan.
- (c) **Termination and Suspension.** The Board may suspend or terminate the Plan at any time, provided that such suspension or termination shall:
- (i) not adversely alter or impair the rights or tax treatment of any Participant, without the consent of such Participant except as permitted by the provisions of the Plan; and
  - (ii) be in compliance with applicable laws and with the prior approval, if required, of the shareholders of the Company, the Exchange or any other regulatory body having authority over the Company.
- (d) **Awards Previously Granted.** No termination or suspension or modification of the Plan shall adversely affect in any material way any Stock Award previously granted under the Plan, without the written consent of the Participant holding such Stock Award except as permitted by the provisions of the Plan.

## 10. WITHHOLDING

- (a) **Tax Withholding and Deduction.**
- (i) Notwithstanding any other provision of this Plan, all distributions, delivery of Common Shares or payments (including, for greater certainty, payments of Cash Equivalent) to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of such Participant) under the Plan shall be made net of applicable taxes and social security and other source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Common Shares, then, the withholding obligation may be satisfied by (i) having the Participant elect to have the appropriate number of such Common Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (ii) any other mechanism as may be required or appropriate to conform with local tax and other rules.

- (ii) Participants will be responsible for (and will indemnify the Company and any Affiliate in respect of) all taxes, social security contributions (including, if the terms of a Stock Award Agreement so provide, and if lawful, employer social security contributions) and other liabilities arising out of or in connection with any Stock Award or the acquisition, holding or disposal of Common Shares. If the Company or any Affiliate or the trustee of any employee benefit trust has any liability to pay or account for any such tax or contribution, it may meet the liability by
- (1) Selling Common Shares to which the Participant becomes entitled on his behalf and using the proceeds to meet the liability;
  - (2) deducting the amount of the liability from any cash payment due under this Plan;
  - (3) reducing the number of Common Shares to which the Participant would otherwise be entitled; and/or
  - (4) deducting the amount from any payment of salary, bonus or other payment due to the Participant.
- (iii) A Canadian tax resident Participant shall not settle any tax or social security contributions, or other such liabilities, by the sale of Common Shares, acquired through a prior Stock Award, to the Company.
- (b) **Acknowledgement.** In any Stock Award Agreement, (i) the Participant shall acknowledge and agree that the ultimate liability for all taxes legally payable by Participant is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company; (ii) the Participant shall further acknowledge and agree that it is the responsibility of the Participant to complete and file any tax returns that may be required under applicable laws within the periods specified in those laws as a result of the Participant's participation in the Plan or any Award; the Participant shall further acknowledge that the Company: (A) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of this Plan; and (B) does not commit to and is under no obligation to structure the terms of this Plan to reduce or eliminate the Participant's liability for taxes or achieve any particular tax result, and (iii) further, if the Participant has become subject to tax in more than one jurisdiction, the Participant shall acknowledge that the Company may be required to withhold or account for taxes in more than one jurisdiction.
- (c) **Tax Treatment.** It is intended that the Plan and all Stock Awards will not be or become a "salary deferral arrangement" as defined in the Income Tax Act in respect of a Participant that is a Canadian tax resident. The Plan will be construed, administered, and governed in a manner that effects such intent, and the Company and any Affiliate will not take any action that would be inconsistent with such intent. Notwithstanding the generality of the foregoing or any provision to the contrary in the Plan, no amendment to the Plan will cause the Plan or any Stock Awards granted to a Canadian resident hereunder to be made without the consent of such Participant if the result of such amendment would be to cause any Stock Award to be or become a "salary deferral arrangement" under the Income Tax Act.

- (d) **Other Tax Matters.** Each Option granted to a Participant who is a Canadian taxpayer will be construed and administered such that, in the reasonable good-faith determination of the Board, the Participant qualifies for a deduction under paragraph 110(1)(d) of the Income Tax Act. Notwithstanding the foregoing, in no event will the Company, the Board or any Committee have any liability should the Participant not qualify for such a deduction.

## 11. DISSOLUTION, LIQUIDATION AND CHANGE OF CONTROL.

- (a) **Dissolution or Liquidation.** Except as otherwise provided in the applicable Stock Award Agreement or other written agreement between a Participant and the Company or an Affiliate, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding Common Shares not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the Common Shares subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; provided that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.
- (b) **Change in Control.** The following provisions will apply to Stock Awards in the event of a Change in Control unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Change in Control, then, notwithstanding any other provision of the Plan, the Board may take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Change in Control:
- (i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the shareholders of the Company pursuant to the Change in Control);
  - (ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Shares issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);
  - (iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Change in Control as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective date of the Change in Control), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Change in Control; provided that the Board may require Participants to complete and deliver to the Company a notice of exercise before the effective date of a Change in Control, which exercise is contingent upon the effectiveness of such Change in Control;

- (iv) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;
- (v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Change in Control, in exchange for such cash consideration (including no consideration) as the Board, in its sole discretion, may consider appropriate; and
- (vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Change in Control, over (B) any exercise price payable by such Participant in connection with such exercise. For clarity, this payment may be zero (\$0) if the value of the property is equal to or less than the exercise price. Payments under this provision may be delayed to the same extent that payment of consideration to the holders of Common Shares in connection with the Change in Control is delayed as a result of escrows, earn outs, holdbacks or any other contingencies.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants. The Board may take different actions with respect to the vested and unvested portions of a Stock Award.

## 12. BLACKOUT PERIODS

- (a) Notwithstanding any other provision of this Plan, if a Blackout Period is in effect: (i) the Company may not grant or settle any Stock Awards to eligible Participants; (ii) no Participant shall exercise any Stock Awards during such Blackout Period, and (iii) no Participant shall buy or sell Common Shares during such Blackout Period; unless otherwise determined by the Board and with the approval of the Exchange.
- (b) Where any Stock Awards expire within a Blackout Period, the Board may, in its sole discretion, extend the end of the exercise period of such Stock Award by 10 Business Days following the end of the Blackout Period.

## 13. MISCELLANEOUS.

- (a) **Use of Proceeds from Sales of Common Shares.** Proceeds from the sale of Common Shares pursuant to Stock Awards will constitute general funds of the Company.
- (b) **Corporate Action Constituting Grant of Stock Awards.** Corporate action constituting a grant by the Company of a Stock Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of Common Shares) that are inconsistent with those in the Stock Award Agreement or related grant documents as a result of a clerical error in the papering of the Stock Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Stock Award Agreement or related grant documents.

- (c) **Shareholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Common Shares subject to a Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of Common Shares under, the Stock Award pursuant to its terms, and (ii) the issuance of the Common Shares subject to the Stock Award has been entered into the books and records of the Company.
- (d) **No Employment or Other Service Rights.** Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without Cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the jurisdiction in which the Company or the Affiliate is incorporated, as the case may be.
- (e) **Change in Time Commitment.** In the event a Participant's regular level of time commitment in the performance of his or her services for the Company or any Affiliate is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Stock Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares subject to any portion of such Stock Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Stock Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Stock Award that is so reduced or extended.
- (f) **Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Shares under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that the Participant is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Shares subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Shares. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Shares under the Stock Award has been registered under a then currently effective registration statement under the Securities Act or any other applicable laws, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Shares.

- (g) **Electronic Delivery.** Any reference herein to a “written” agreement or document will include any agreement or document delivered electronically or posted on the Company’s intranet (or other shared electronic medium controlled by the Company to which the Participant has access).
- (h) **Deferrals.** To the extent permitted by applicable laws, the Board, in its sole discretion, may determine that the delivery of Common Shares or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable laws.
- (i) **Clawback/Recovery.** All Stock Awards will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any securities exchange or association on which the Company’s securities are listed or as is otherwise required by applicable laws. In addition, the Board may impose such other clawback, recovery or recoupment provisions in a Stock Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired Common Shares or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company.
- (j) **Beneficiary.** In the event of a Participant’s death or Disability, all amounts due under the Plan shall be paid only to, and all rights of a Participant shall be exercised only by, the administrator, liquidator, executor of the Participant’s estate or, any person who legally acquired the right to exercise the Stock Award by bequest or inheritance.
- (k) **Legend.** The certificates for Common Shares may include any legend that the Board deems appropriate to reflect any restrictions on transfer of such Common Shares.
- (l) **No Fractional Shares.** No fractional Common Shares shall be issued or delivered pursuant to the Plan or any Stock Award Agreement. In such an instance, unless otherwise provided in the applicable Stock Award Agreement, fractional Common Shares shall be rounded down to the nearest whole number.
- (m) **No Trust or Fund Created.** Neither the Plan nor any Stock Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to a Stock Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.
- (n) **Termination of Continuous Service.** Notwithstanding any provision in this Plan to the contrary, for purposes of the Plan, a Participant’s Continuous Service shall not be extended by and shall not include any period during which the Participant is in receipt of, or is eligible to receive, any statutory, contractual or common law notice or compensation in lieu thereof or severance payments following the date the Participant is provided notice of

such termination by the Company or on the date the Participant provides notice to the Company of their resignation. The Board, in its sole discretion, shall determine the effect of all matters and questions relating to any Continuous Service. For purposes of the Plan, a Participant's employee-employer relationship or consultancy relationship shall be deemed to be terminated in the event that the Affiliate employing or contracting with such Participant ceases to remain an Affiliate following any merger, sale of shares or other corporate transaction or event (including, without limitation, a spin-off).

- (o) **Governing Law.** The laws of the Province of Ontario will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that province's conflict of laws rules.
- (p) **Severability.** In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.
- (q) **Board Discretion or Authority.** Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term "discretion" or "authority" means the sole and absolute discretion of the Board.
- (r) **Headings.** Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Those headings will not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision of the Plan.
- (s) **Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.
- (t) **Statutory References.** A reference to a statute includes all rules and regulations made pursuant to such statute and, unless expressly provided otherwise, the provisions of any statute, rule or regulation which amends, supplements or supersedes any such statute, rule or regulation.

**14. DEFINITIONS.** As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

- (a) "**Affiliate**" means any entity that is an "affiliate" for the purposes of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, as amended from time to time.
- (b) "**Board**" means the Board of Directors of the Company.
- (c) "**Blackout Period**" means a period of time during which:
  - (i) the trading guidelines of the Company, as amended or replaced from time to time, restrict one or more Participants from trading in securities of the Company; or
  - (ii) the Company has determined that one or more Participants may not trade any securities of the Company.

- (d) **“Business Day”** means a day on which the Exchange is open for trading.
- (e) **“Cash Equivalent”** the amount of money equal to the Market Price per Share multiplied by the number of vested RSU Awards, as applicable, held by a Participant, net of any applicable taxes in accordance with the provisions of the Plan on the applicable settlement date.
- (f) **“Cause”** means:
  - (i) if a Participant is guilty of wilful misconduct, disobedience or wilful neglect of duty that is not trivial and has not been condoned by the Company as per the relevant employment laws; or
  - (ii) if a Participant is terminated for any reason that constitutes just cause at common law but does not constitute cause under paragraph 14(f)(i) above
- (g) **“Change in Control”** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:
  - (i) any individual, entity or group of individuals or entities acting jointly or in concert (other than the Company, its Affiliates or an employee benefit plan or trust maintained by the Company or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of Shares of the Company) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Company's then outstanding securities (excluding any “person” who becomes such a beneficial owner in connection with a transaction described in clause (A) of paragraph (ii) below;
  - (ii) (an amalgamation, arrangement, consolidation, share exchange, take-over bid or other form of business combination of the Company with another person that results in the holders of voting securities of that other person holding, in the aggregate, more than 50% of all outstanding voting securities of the person resulting from the business combination;;
  - (iii) a sale, lease, exchange or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries, other than (A) in the ordinary course of business of the Company or of an Affiliate of the Company or (B) to the Company or any one or more of its Affiliates;
  - (iv) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (v) as a result of, or in connection, with: (A) a contested election of directors of the Company, or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another person, the nominees named in the most recent management proxy circular of the Company for election to the Board will not constitute a majority of the Board; or

- (vi) any other transaction that is deemed to be a “Change in Control” for the purposes of this Plan by the Board in its sole and absolute discretion

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Stock Awards subject to such agreement; provided that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply.

- (h) “**Committee**” means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with this Plan.
- (i) “**Common Share**” means a common share of the Company.
- (j) “**Company**” means Auxly Cannabis Group Inc., a corporation continued under the laws of the Province of Ontario and any successor corporation.
- (k) “**Consultant**” means a Person (including an individual whose services are contracted for through another Person) with whom the Company or a Subsidiary has a written contract for services for an initial, renewable or extended period of twelve months or more.
- (l) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; provided that if the entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant’s Continuous Service will be considered to have terminated on the date such entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by applicable laws, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by applicable laws.
- (m) “**Director**” means an Employee director or Non-Employee Director of the Company.
- (n) “**Disability**” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be

expected to last for a continuous period of not less than 12 months, which will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

- (o) “**Effective Date**” means the date the Plan has been approved by (i) the Exchange and (ii) the shareholders of the Company.
- (p) “**Employee**” means:
  - (i) an individual who is considered an employee of the Company or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source.
- (q) “**Exchange**” means Toronto Stock Exchange or, if the Common Shares are not then listed on the Toronto Stock Exchange, such other principal market on which the Common Shares are then traded as designated by the Board from time to time.
- (r) “**Income Tax Act**” means the *Income Tax Act* (Canada).
- (s) “**Insider**” means a “reporting insider” of the Company as defined in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and the TSX Company Manual in respect of the rules governing security-based compensation arrangements, each as amended from time to time.
- (t) “**Market Price**” means, at any date when the market value of Common Shares of the Company is to be determined, being either: (i) the closing price of the Common Shares on the trading day prior to such date on the Exchange; or (ii) the five-day volume weighted average trading price of the Common Shares as calculated by dividing the total value by the total volume of Common Shares traded for the relevant period; as determined by the Board.
- (u) “**Non-Employee Director**” means a member of the Board who is not a current Employee or Officer of the Company or an Affiliate.
- (v) “**Officer**” means any person designated by the Company as an officer.
- (w) “**Option**” means a stock option to purchase Common Shares granted pursuant to the Plan.
- (x) “**Option Period**” means the period of time during which the particular Option may be exercised.

- (y) “**Participant**” means any Employee, Officer, Director, Consultant or a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.
- (z) “**Performance Criteria**” means specified criteria established by the Board and set forth in the applicable Stock Award Agreement, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of a Stock Award. Any criterion and/or any targets with respect thereto need not be based upon an increase, a positive or improved result or avoidance of loss.
- (aa) “**Person**” means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning.
- (bb) “**Plan**” means this Auxly Cannabis Group Inc. Amended and Restated 2021 Omnibus Incentive Plan.
- (cc) “**Restricted Stock Award**” means an award of Common Shares issued from treasury or purchased on the open market which is granted pursuant to the Plan.
- (dd) “**RSU Award**” means a restricted share unit that is granted by the Company from time to time to a Participant which upon vesting shall entitle the holder thereof to receive a payment in the form of Common Shares, the Cash Equivalent or a combination thereof, subject to the terms and conditions of this Plan.
- (ee) “**security-based compensation arrangement**” means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to Employees, Directors, Officers, Insiders, Consultants of the Company or an Affiliate.
- (ff) “**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to the Company.
- (gg) “**Stock Award**” means any right to receive Common Shares granted under the Plan, including an Option, a Restricted Stock Award or a RSU Award.
- (hh) “**Stock Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant (including, if applicable, an employment agreement, consulting agreement or an electronic award agreement posted on the Company’s intranet or shared electronic medium to which the Participant has access). Each Stock Award Agreement will be subject to the terms and conditions of the Plan.
- (ii) “**Subsidiary**” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the

Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

- (jj) “*TSX Company Manual*” means the company manual for the Toronto Stock Exchange.

## SCHEDULE "B"

### AUXLY CANNABIS GROUP INC.

#### MANDATE OF THE BOARD OF DIRECTORS

##### 1. Introduction

The board of directors (the "**Board**") of Auxly Cannabis Group Inc. ("**Auxly**" or the "**Company**") is elected by the shareholders of Auxly and is responsible for the stewardship of the Company. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

##### 2. Chair of the Board

The Chair of the Board ("**Chair**") shall be appointed by the Board.

##### 3. Independence

The Board will be comprised of at least a majority of independent directors. A director of the Board shall be considered independent if he or she would be considered independent for the purposes of National Instrument 52-110 – *Audit Committees*. If the Chair is not an independent director, the Board shall also appoint a lead director who must be an independent director.

##### 4. Role and Responsibilities of the Board

The role of the Board is to represent the shareholders of Auxly, enhance and maximize shareholder value and conduct the business and affairs of the Company ethically and in accordance with the highest standards of corporate governance. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of Auxly. Each director, in discharging his or her duties, must act honestly and in good faith, with a view to the best interests of the Company. Each director must also exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Meetings of the Board will be held at least quarterly, with additional meetings to be held depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces.

Minutes of meetings of the Board must accurately reflect the significant discussions and the decisions of the Board. Minutes of Committee meetings shall be recorded and maintained by the secretary of the meeting, and subsequently presented to the Board for approval.

The Board will delegate responsibility for the day-to-day management of the Company's business and affairs to Auxly's senior officers and will supervise such senior officers appropriately.

The Board may delegate certain matters it is responsible for to Board committees, presently consisting of the Audit Committee and the Compensation Committee. The Board will, however, retain its oversight function and ultimate responsibility for these matters and all delegated responsibilities.

## **5. Strategic Planning Process and Risk Management**

The Board will adopt a strategic planning process to establish objectives and goals for Auxly's business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of Auxly's business and affairs.

The Board, in conjunction with management, will identify the principal risks of Auxly's business and oversee management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks.

## **6. ESG (Environmental, Social and Governance), Ethics and Integrity**

The Board will provide leadership to Auxly in support of its commitment to developing an ESG strategy, set the ethical tone for Auxly and its management and foster ethical and responsible decision making by management. The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management and satisfy itself that the Chief Executive Officer and management create a culture of integrity throughout the organization.

## **7. Succession Planning, Appointment and Supervision of Management**

The Board will approve the succession plan for Auxly, including the selection, appointment, supervision and evaluation of the Chief Executive Officer and the other senior officers of Auxly, and will also approve the compensation of the Chief Executive Officer and the other senior officers of Auxly.

## **8. Delegations and Approval Authorities**

The Board will delegate to the Chief Executive Officer and senior management authority over the day-to-day management of the business and affairs of Auxly. This delegation of authority will be subject to specified financial limits and any transactions or arrangements in excess of general authority guidelines will be reviewed by and subject to the prior approval of the Board.

## **9. Monitoring of Financial Reporting and Management**

The Board will approve all regulatory filings, including the annual audited financial statements, interim financial statements, the financial notes and management discussion and analysis accompanying such financial statements, quarterly and annual reports (as applicable), management proxy circulars, annual information forms, prospectuses, and all capital investments as deemed necessary, equity financings, borrowings and all annual operating plans and budgets.

The Board will adopt procedures that seek to: ensure the integrity of internal controls and management information systems; ensure compliance with all applicable laws, rules and regulations; and prevent violations of applicable laws, rules and regulations relating to financial reporting and disclosure, violation of Auxly's Code of Business Conduct and Ethics and fraud against shareholders.

## **10. Corporate Disclosure and Communications**

The Board will seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which the Company's securities

are listed. In addition, the Board will adopt procedures that seek to ensure the Board receives feedback from security holders on material issues.

### **11. Corporate Policies**

The Board will adopt and periodically review policies and procedures designed to ensure that Auxly, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Company's business ethically and with honesty and integrity.

### **12. Review of Mandate**

The Board may review and recommend changes to the Board Mandate from time to time and the Compensation Committee may periodically review and assess the adequacy of this mandate and recommend any proposed changes to the Board for consideration.

The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability on the part of Auxly or its directors or officers to shareholders, security holders, customers, suppliers, partners, competitors, employees or other persons, or to any other liability whatsoever on their part.

Dated: May 19, 2021

Approved by: Board of Directors of the Company