



DIXIE BRANDS INC.

Management Information Circular

June 8, 2020

TABLE OF CONTENTS

| | |
|--|-----------|
| GLOSSARY OF DEFINED TERMS | 1 |
| INFORMATION CIRCULAR FOR THE SPECIAL MEETING OF SHAREHOLDER TO BE HELD ON JULY 14, 2020 | 7 |
| PURPOSE OF SOLICITATION..... | 7 |
| GENERAL MATTERS | 7 |
| DEFINED TERMS..... | 7 |
| TRADEMARK AND TRADE NAMES..... | 7 |
| INFORMATION CONTAINED IN THIS CIRCULAR | 7 |
| INFORMATION CONTAINED IN THIS CIRCULAR REGARDING BRB | 8 |
| FINANCIAL INFORMATION | 8 |
| CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION | 9 |
| VOTING AND PROXIES | 10 |
| SOLICITATION OF PROXIES..... | 10 |
| NOTICE AND ACCESS..... | 10 |
| APPOINTMENT AND REVOCATION OF PROXIES | 11 |
| ADVICE TO BENEFICIAL HOLDERS..... | 12 |
| PARTICIPATING AT THE MEETING | 13 |
| DISSENT RIGHTS | 13 |
| VOTING SHARES AND PRINCIPAL SHAREHOLDERS THEREOF | 14 |
| FORMS OF PROXY | 14 |
| BUSINESS TO BE TRANSACTED AT THE MEETING | 15 |
| THE TRANSACTION | 15 |
| Description of the Transaction | 15 |
| Background to the Transaction | 16 |
| Recommendation of the Board..... | 20 |
| Reasons for the Transaction | 20 |
| Transaction Agreements..... | 23 |
| Transaction Resolution..... | 29 |
| ELECTION OF DIRECTORS | 30 |
| Original Slate | 31 |
| Resulting Issuer Slate | 35 |
| Director Resolution | 39 |
| APPOINTMENT OF AUDITORS | 40 |
| CONTINUANCE UNDER THE <i>BUSINESS CORPORATIONS ACT</i> (BRITISH COLUMBIA) | 40 |
| Continuance..... | 40 |
| Certain Corporate Differences between the OBCA and the BCBCA | 43 |
| Articles of the Corporation..... | 46 |
| Shareholders' Right to Dissent with Respect to the Continuance Resolution | 47 |
| Continuance Resolution | 47 |
| APPROVAL OF NAME CHANGE | 49 |
| OMNIBUS EQUITY INCENTIVE PLAN | 49 |
| Purpose..... | 49 |
| Eligibility..... | 50 |
| Awards | 50 |
| General | 52 |
| Tax Withholding | 52 |

| | |
|--|------------|
| Omnibus Equity Incentive Plan Resolution | 52 |
| STATEMENT OF CORPORATE GOVERNANCE PRACTICES | 53 |
| GENERAL | 53 |
| BOARD MANDATE | 53 |
| CURRENT DIRECTORSHIPS IN OTHER ISSUERS | 54 |
| BOARD MEETINGS | 54 |
| ORIENTATION AND CONTINUING EDUCATION | 54 |
| COMPOSITION AND OPERATION OF THE BOARD | 54 |
| ETHICAL BUSINESS CONDUCT | 55 |
| BOARD COMMITTEES | 55 |
| AUDIT COMMITTEE | 55 |
| COMPENSATION COMMITTEE | 56 |
| STATEMENT OF EXECUTIVE COMPENSATION | 57 |
| COMPENSATION DISCUSSION AND ANALYSIS | 57 |
| COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS | 60 |
| TERMINATION AND CHANGE OF CONTROL BENEFITS AND MANAGEMENT CONTRACTS | 64 |
| SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS | 65 |
| INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS | 65 |
| AUDITED FINANCIAL STATEMENTS | 66 |
| TRANSFER AGENT AND REGISTRAR | 66 |
| INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON | 66 |
| OTHER MATTERS WHICH MAY COME BEFORE THE MEETING | 66 |
| ADDITIONAL INFORMATION | 66 |
| ADDITIONAL FINANCIAL INFORMATION | 66 |
| APPROVAL OF BOARD | 67 |
| SCHEDULE "A" | A-1 |
| SCHEDULE "B" | B-1 |
| SCHEDULE "C" | C-1 |
| SCHEDULE "D" | D-1 |
| SCHEDULE "E" | E-1 |

GLOSSARY OF DEFINED TERMS

In this Information Circular, unless the context otherwise requires or as otherwise provided for purposes of the Schedules to this Information Circular, the following terms have the meanings set forth below:

"**AltaCorp Engagement Agreement**" means the engagement letter between Dixie and AltaCorp.

"**Alternative Transaction**" means any of the following (and excludes the transactions contemplated by the Contribution and Exchange Agreement): (a) any merger, amalgamation, arrangement, share exchange, take-over bid, tender offer, recapitalization, consolidation or other business combination directly or indirectly involving Dixie or BRB, as applicable, or, in the case of BRB, any analogous transaction whereby BRB becomes directly or indirectly publicly listed; (b) any acquisition of all or substantially all of the assets of BRB or Dixie, as applicable (or any lease, long-term supply agreement, exchange, mortgage, pledge or other arrangement having a similar economic effect); (c) any acquisition of beneficial ownership of 20% or more of Dixie's or BRB's equity interests in a single transaction or a series of related transactions; (d) any acquisition by BRB or Dixie of any assets or capital stock of another person (other than acquisitions of capital stock or assets of any other person that are not, individually or in the aggregate, material to BRB or Dixie, as applicable); or (e) any bona fide proposal to, or public announcement of an intention to, do any of the foregoing on or before December 31, 2020, or such later date as may be agreed in writing between Dixie and BRB.

"**Application for Authorization**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance – Procedures in British Columbia for the Continuance*".

"**Audit Committee**" means the audit committee of the Corporation.

"**Auditor Appointment Resolution**" means the ordinary resolution to approve the re-appointment of MNP LLP as auditors of the Corporation and to determine the compensation of MNP LLP in such capacity to be considered at the Meeting.

"**Awards**" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"**BC Articles**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance*".

"**BC Registrar**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance – Procedures in British Columbia for the Continuance*".

"**BCBCA**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance*".

"**beneficial shareholders**" has the meaning ascribed thereto under the heading "*Voting and Proxies – Advice to Beneficial Holders*".

"**Board**" means the board of directors of the Corporation.

"**BRB**" means BR Brands, LLC.

"**Broadridge**" has the meaning ascribed thereto under the heading "*Voting and Proxies – Advice to Beneficial Holders*".

"**CannaSecurity**" means CannaSecurity America.

"**Certificate of Continuation**" has the meaning ascribed thereto under the heading "Continuance under the *Business Corporations Act (British Columbia) – Continuance – Procedures in British Columbia for the Continuance*".

"**Change of Board Time**" means 12:01 a.m. on the day following the date on which the Transaction is completed.

"**Chief Executive Officer**" means chief executive officer of the Corporation.

"**Chief Financial Officer**" means chief financial officer of the Corporation.

"**Chief Operating Officer**" means chief operating officer of the Corporation.

"**Code**" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"**Committee**" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"**Common Shares**" means the common shares in the capital of the Resulting Issuer.

"**Compensation Committee**" means the Corporation's executive compensation committee.

"**Consideration Shares**" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Description of the Transaction*".

"**Contribution and Exchange Agreement**" means the contribution and exchange agreement dated April 21, 2020 between Dixie and BRB.

"**Continuance**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance*".

"**Continuance Application**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance*".

"**Continuance Resolution**" means the special resolution to approve the Continuance to be considered at the Meeting, substantially in the form presented in this Information Circular.

"**Contributed Assets**" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Description of the Transaction*".

"**Contributed Interests**" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Description of the Transaction*".

"**Contributed Liabilities**" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Description of the Transaction*".

"**Corporation**" means Dixie Brands Inc. and "**Dixie**" shall have the same meaning.

"**CSE**" means the Canadian Securities Exchange.

"**Debt Contribution and Exchange**" means the contribution and exchange of outstanding secured indebtedness owed (i) by Dixie to BRB under the Secured BRB Bridge Note, and (ii) by Dixie Brands (USA), Inc., a subsidiary of the Corporation, to Rose Capital Fund I and RSG6, LLC pursuant to the Therabis 2019 Purchase Agreement, in each case for Dixie Shares.

"Director Resolution" means the ordinary resolution of the shareholders approving the election of the Original Slate and the Resulting Issuer Slate to be considered at the Meeting, substantially in the form presented in this Information Circular.

"dissenting shareholder" has the meaning ascribed thereto under the heading "*Voting and Proxies – Dissent Rights*".

"Dixie Shares" means the SVS and the NPVS.

"Exchange Ratio" means the number of Common Shares as would result in BRB holding 80.0% of the total issued and outstanding shares of the Resulting Issuer on a fully-diluted basis as of the closing of the Transaction, including, without limitation, after giving effect to the Debt Contribution and Exchange and the issuance, if any, of additional SVS so as to settle certain third party payables and restricted stock awards granted to employees (such additional SVS not to exceed an aggregate maximum number of 21,087,434 SVS).

"Fairness Opinion" means the opinion delivered by AltaCorp Capital Inc. ("**AltaCorp**") to the Board, which provides that, as of the date thereof, and subject to the assumptions, qualifications and limitations set out therein, and such other matters as AltaCorp considered relevant, the Transaction is fair, from a financial point of view, to the holders of Dixie Shares (other than BRB and/or its affiliates).

"Federal Cannabis Laws" means the United States Controlled Substances Act of 1970 and other federal laws and regulations that limit or prohibit the possession, use, purchase, sale, research, cultivation, manufacture, processing, distribution, dispensing or marketing of cannabis or any product or substance derived from cannabis that is otherwise legal under applicable state and local laws and regulations.

"Financing" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Description of the Transaction*".

"Guidelines" has the meaning ascribed thereto under the heading "*Statement of Corporate Governance Practices*".

"Information Circular" means this Management Information Circular dated June 8, 2020.

"ISOs" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"Listing Statement" means the listing statement of Dixie pertaining to the Transaction and in the form prescribed by the CSE.

"LOI" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Background to the Transaction*".

"Management Agreement" has the meaning ascribed thereto under the heading "*Statement of Executive Compensation – Termination and Change of Control Benefits and Management Contracts*".

"Meeting" has the meaning ascribed thereto under the heading "*Voting and Proxies – Solicitation of Proxies*".

"Meeting Materials" has the meaning ascribed thereto under the heading "*Voting and Proxies – Notice and Access*".

"Ministry" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance*".

"**Name Change**" has the meaning ascribed thereto under the heading "*Approval of Name Change*".

"**Name Change Resolution**" means the special resolution to approve the Name Change to be considered at the Meeting, substantially in the form presented in this Information Circular.

"**Named Executive Officers**" has the meaning ascribed thereto under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

"**NI 52-110**" means National Instrument 51-102 – *Audit Committees*.

"**NI 54-101**" means National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer*.

"**NOBOs**" has the meaning ascribed thereto under the heading "*Voting and Proxies – Advice to Beneficial Holders*".

"**Notice and Access**" means the notice and access procedure under National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**Notice and Access Notice**" means the notice sent by the Corporation to its shareholders containing information on how they can access the Meeting Materials electronically or how they can receive a printed copy of the Meeting Materials.

"**Notice of Articles**" has the meaning ascribed thereto under the heading "*Continuance under the Business Corporations Act (British Columbia) – Continuance*".

"**Notice of Meeting**" means the notice of annual and special meeting shareholders of the Corporation accompanying the Information Circular.

"**NPVS**" means the non-participating voting shares in the capital of the Corporation.

"**NQSOs**" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"**OBCA**" means the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended, including the regulations promulgated thereunder.

"**OBOs**" has the meaning ascribed thereto under the heading "*Voting and Proxies – Advice to Beneficial Holders*".

"**Omnibus Equity Incentive Plan Resolution**" means the ordinary resolution approving the Plan and the Resulting Issuer Plan to be considered at the Meeting, substantially in the form presented in this Information Circular.

"**Options**" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"**Original Slate**" means the persons nominated for election as directors of the Corporation to hold office until the earlier of (i) the next annual meeting of the shareholders, or until their successors are elected or appointed; or (ii) the Change of Board Time.

"**OSC**" means the Ontario Securities Commission.

"OSUs" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"Participants" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"Plan" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"Record Date" has the meaning ascribed thereto under the heading "*Voting and Proxies – Voting Shares and Principal Shareholders Thereof*".

"Resulting Issuer" means the continuing corporation upon completion of the Transaction.

"Resulting Issuer Plan" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"Resulting Issuer Slate" means, subject to and conditional upon completion of the Transaction, the persons nominated for election as directors of the Corporation to hold office from the Change of Board Time until the earlier of the next annual meeting of the shareholders or until their successors are elected or appointed.

"Rose" has the meaning ascribed thereto under the heading "*The Transaction – Background to the Transaction*".

"RTO" means the reverse takeover transaction that was completed on November 27, 2018, pursuant to which a wholly-owned subsidiary of Academy Explorations Limited merged with Dixie Brands, Inc. to form Dixie Brands (USA), Inc.

"SARs" has the meaning ascribed thereto under the heading "*Omnibus Equity Incentive Plan*".

"Secured BRB Bridge Note" means the certain senior secured convertible note, dated as of March 30, 2020 (as the same may be amended, restated or replaced from time to time), issued by Dixie to BRB in exchange for the aggregate cash proceeds loaned by BRB to Dixie thereunder.

"SEDAR" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators.

"Services" has the meaning ascribed thereto under the heading "*Statement of Executive Compensation – Termination and Change of Control Benefits and Management Contracts*".

"Support Agreements" has the meaning ascribed thereto under the heading "*The Transaction – Transaction Agreements – Support Agreements*".

"Support Securities" has the meaning ascribed thereto under the heading "*The Transaction – Transaction Agreements – Support Agreements*".

"Supporting Shareholders" has the meaning ascribed thereto under the heading "*The Transaction – Transaction Agreements – Support Agreements*".

"SVS" means the subordinate voting shares in the capital of the Corporation.

"Therabis 2019 Purchase Agreement" means that certain Unit Purchase Agreement, dated as of January 2, 2019, by and among (i) Therabis, LLC, a Delaware limited liability company, (ii) RSG6, LLC, (iii) Rose Capital Fund I, and (iv) Dixie Brands (USA), Inc.

"Therabis Debt Contribution Share Amount" equals an amount determined by dividing (x) the aggregate outstanding principal and interest owed as of the completion of the Transaction by Dixie Brands (USA), Inc. pursuant to the Therabis 2019 Purchase Agreement, by (y) \$0.1203.

"Transaction" has the meaning ascribed thereto under the heading "*Business to be Transacted at the Meeting – The Transaction – Description of Transaction*".

"Transaction Resolution" means the special resolution of the shareholders of the Corporation approving the Transaction to be considered at the Meeting, substantially in the form presented in this Information Circular.

"United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

DIXIE BRANDS INC.

CSE: DIXI.U
OTCQX: DXBRF
FRANKFURT: 0QV

**INFORMATION CIRCULAR FOR THE SPECIAL MEETING OF SHAREHOLDER TO BE HELD ON
JULY 14, 2020**

Purpose of Solicitation

This Information Circular and accompanying forms of proxy are furnished in connection with the solicitation of proxies by the management of Dixie for use at the Meeting of shareholders of the Corporation to be held on July 14, 2020 at 4990 Oakland Street, Denver, Colorado, 80239, commencing at 11:00 a.m. (Mountain Daylight Time), and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Meeting.

All summaries of, and references to, the Transaction, the Transaction Resolution and the Contribution and Exchange Agreement in this Information Circular are qualified in their entirety by reference to the complete text of these documents, each of which is either included as an appendix to this Circular or filed under the Corporation's profile on SEDAR at www.sedar.com. Shareholders are urged to carefully read the full text of these documents.

GENERAL MATTERS**Defined Terms**

In this Information Circular, unless otherwise indicated or the context otherwise requires, terms defined in the Glossary of Defined Terms shall have the meanings attributed thereto. Words importing the singular include the plural and vice versa and words importing gender include all genders.

Trademark and Trade Names

This Information Circular includes, or may include, trademarks and trade names that are protected under applicable intellectual property laws and are the property of the Corporation or BRB. Solely for convenience, trade-marks and trade names referred to in this Information Circular may appear without the ® or ™ symbols, or other applicable symbols, but such references are not intended to indicate, in any way, that respective owners will not assert, to the fullest extent under applicable law, rights to these trademarks and trade names.

Information Contained in this Circular

The information contained in this Circular, unless otherwise indicated, is given as of June 8, 2020.

No person has been authorized by the Corporation to give any information (including any representations) in connection with the matters to be considered at the Meeting other than the information contained in this Information Circular. This Information Circular does not constitute an offer to buy, or a solicitation of an offer to acquire, any securities, or a solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or is unlawful. Information contained in this Information Circular should not be construed as legal, tax or financial advice, and holders of Dixie Shares should consult their own professional advisors concerning the consequences of the Transaction in their own circumstances.

This Information Circular and the transactions contemplated by the Contribution and Exchange Agreement have not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of such transactions or upon the accuracy or adequacy of the information contained in this Information Circular. Any representation to the contrary is unlawful.

In accordance with Staff Notice 51-352 (Revised) - *Issuers with U.S. Marijuana-Related Activities* issued by the Canadian Securities Administrators on February 8, 2018, a discussion of the federal and state-level regulatory regimes in those jurisdictions in which Dixie was then involved can be found in Dixie's annual information form dated June 21, 2019, which is available under Dixie's profile on SEDAR at www.sedar.com.

Information Contained in this Circular Regarding BRB

Certain information included or incorporated by reference in this Information Circular pertaining to BRB, including, but not limited to, information pertaining to BRB in Schedule "E" – Information Concerning BR Brands, LLC, has been furnished by BRB. With respect to this information, the Board has relied exclusively upon BRB, without independent verification by the Corporation. Although the Corporation does not have any knowledge that would indicate that such information is untrue or incomplete, neither the Corporation nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for the failure by BRB to disclose events or information that may affect the completeness or accuracy of such information.

Financial Information

Unless otherwise indicated, all financial information referred to in this Information Circular was derived from financial statements prepared in accordance with IFRS.

Currency

Unless otherwise indicated in this Information Circular, all references to "\$", "US\$" or "dollars" set forth in this Circular are to United States dollars and references to "Canadian dollars" and "C\$" are to the currency of Canada.

The following table sets forth, for each period indicated, the high and low exchange rates, the average exchange rate, and the exchange rate at the end of the period, based on the rate of exchange of one U.S. dollar in exchange for Canadian dollars published by the Bank of Canada.

| | Year ended December 31 | |
|---------|------------------------|-----------|
| | 2019 | 2018 |
| High | 1.3600 | C\$1.3642 |
| Low | 1.2988 | C\$1.2288 |
| Average | 1.3269 | C\$1.2957 |
| Closing | 1.2988 | C\$1.3642 |

On March 6, 2020, the business day immediately prior to the date that the Transaction was announced publicly, the average daily exchange rate as reported by the Bank of Canada was US\$1.00 = C\$1.3421 or C\$1.00 = US\$0.7451.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information provided in this Information Circular may contain "forward-looking information" and "forward-looking statements" within the meaning of the applicable securities laws. All statements, other than statements of historical fact, made herein that address activities, events or developments that Dixie or BRB expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments, including statements regarding the Transaction, including anticipated benefits and the likelihood of completion thereof. These statements speak only as at the date they are made and are based on information currently available and on current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: (i) the ability of the parties to receive, in a timely manner and on satisfactory terms, all necessary regulatory approvals; (ii) the ability of the parties to satisfy, in a timely manner, the conditions to the completion of the Transaction; (iii) the likelihood of completion of the Transaction; (iv) the regulation of the medical and recreational marijuana industry in the United States, Canada, Mexico, Australia, New Zealand, Latin America and other countries; (v) the ability of the parties to obtain meaningful consumer acceptance and a successful market for their cannabis products on a national and international basis at competitive prices; (vi) the ability of the parties to develop and maintain an effective sales network; (vii) the success of the parties in forecasting demand for their cannabis products or services; (viii) the ability of the parties to maintain pricing and thereby maintain adequate profit margins; (ix) the ability of the parties to achieve adequate intellectual property protection; (x) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and (xi) other risks described from time to time in documents filed by Dixie with securities regulatory authorities, including Dixie's annual information form dated June 21, 2019.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (i) the Transaction with BR Brands will be completed on the terms described herein and as previously disclosed; (ii) the Transaction will be approved by the shareholders of Dixie; (iii) the subordinate voting shares of Dixie will continue to be listed and posted for trading on the Canadian Securities Exchange following the completion of the Transaction; (iv) there will be no material adverse competitive or technological change in the condition of either party's business; (v) there will be a demand for each party's products that has been accurately forecasted; and (vi) there will be no material adverse change in either party's operations, business or in any governmental regulation affecting either party or its suppliers.

With respect to the forward-looking statements contained herein, although Dixie believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements as no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including the risks described above.

Consequently, all forward-looking statements made in this Information Circular are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Dixie. The cautionary statements contained or referred to herein should be considered in connection with any subsequent written or oral forward-looking statements that Dixie and/or persons acting on Dixie's behalf may issue.

VOTING AND PROXIES

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation by the management of Dixie Brands Inc. of proxies to be used at the annual and special meeting of shareholders of the Corporation (the "Meeting"), to be held on July 14, 2020 at the time and place and for the purposes set forth in the Notice of Meeting or any adjournment thereof.

Unless otherwise noted or the context otherwise indicates, references to the "Corporation" and "Dixie" refer to Dixie Brands Inc. Unless otherwise indicated, all dollar amounts in this Information Circular are given as of June 8, 2020.

Solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of the Corporation who will not be additionally compensated therefor. Brokers, nominees or other persons holding 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 shares. The Corporation will assume the costs of solicitation, which are expected to be minimal.

To proactively deal with the unprecedented ongoing public health impact of the coronavirus illness, also known as COVID-19, and to mitigate health and safety risks, the Corporation is encouraging shareholders to exercise their voting rights by mail, fax or internet in advance of the Meeting. Due to restrictions on mass gatherings implemented by the State of Colorado in response to the COVID-19 outbreak, shareholders might not be permitted to physically attend the Meeting. Registered shareholders and duly appointed proxyholders may attend the meeting in person at 4990 Oakland Street, Denver, Colorado, 80239 where they can participate, vote or submit questions during the Meeting. Further information on how to participate at the Meeting is provided in the sections entitled "Participating at the Meeting" and "Voting Shares and Principal Shareholders Thereof".

Notice and Access

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. Public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily-accessible website, rather than mailing copies of the materials.

The Corporation has elected to use the Notice and Access procedure under National Instrument 51-102 – *Continuous Disclosure Obligations* and NI 54-101, for the delivery of materials to shareholders for the Meeting. Under the provisions of Notice and Access, shareholders will receive a Notice and Access Notice containing information on how they can access the Corporation's Notice of Meeting and Information Circular (the "**Meeting Materials**") electronically or how they can receive a printed copy of the Meeting Materials. Together with the Notice and Access Notice, registered shareholders will receive a form of proxy enabling them to vote at the Meeting. The Meeting Materials will be posted on the Corporation's website at <https://dixieelixirs.com/ir-dashboard>, and will remain on the Corporation's website for one

year. The Meeting Materials will also be available on the Corporation's SEDAR corporate profile at www.sedar.com. **All registered shareholders and beneficial shareholders will receive a Notice and Access Notice.**

All references to "shareholders" in this Information Circular, the accompanying forms of proxy, and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

Appointment and Revocation of Proxies

The persons named as proxyholders in the enclosed forms of proxy are directors and/or officers of the Corporation.

A shareholder submitting a form of proxy has the right to appoint a person other than the persons indicated in such proxy form to act as his or her proxyholder. To do so, the shareholder must write the name of such person in the appropriate space on the forms of proxy.

Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting in person must submit their proxy or voting instruction form and provide National Securities Administrators Ltd. with their proxyholder's contact information.

To be effective, all forms of proxy must be deposited with National Securities Administrators Ltd., either in person, or by mail or courier, to 760 – 777 Hornby Street, Vancouver, B.C. V6Z 1S4; via the internet at www.eproxy.ca; via email at proxy@transferagent.ca; or via facsimile at 604-559-8908. The proxy must be deposited with National Securities Administrators Ltd. by no later than 9:00 a.m. (Pacific Daylight Time) on July 10, 2020 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed meeting. A person acting as proxyholder need not be a shareholder of the Corporation.

Late proxies may be accepted or rejected by the chairman of the Meeting at his or her discretion and the chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The chairman of the Meeting may waive or extend the proxy cut-off without notice.

The persons named as proxies will vote or withhold from voting the shares in respect of which they are appointed or vote for or against any particular question, in accordance with the instructions of the shareholder appointing them. In the absence of such instructions, the shares will be voted in favor of all matters identified in the enclosed Notice of Meeting. The enclosed forms of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and to other matters which may properly come before the Meeting. At the time of printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any amendments or other matters not known to management should properly come before the Meeting, the accompanying forms of proxy confers discretionary authority upon the persons named therein to vote on such amendments or matters in accordance with their best judgment.

A shareholder giving a proxy may revoke it at all times by a document signed by him or her or by a proxyholder authorized in writing or, if the shareholder is a corporation, by a document signed by an officer or a proxyholder duly authorized, given to the Corporation's transfer agent, National Securities Administrators Ltd., no later than 9:00 a.m. (Pacific Daylight Time) on July 10, 2020, or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned meeting at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof.

Advice to Beneficial Holders

The information set forth in this section should be reviewed carefully by beneficial shareholders of the Corporation. Shareholders who do not hold their shares in their own name should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of shares, or the persons they appoint as their proxies, will be recognized and acted upon at the Meeting.

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to herein as "**beneficial shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such 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 its nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted upon the instructions of the beneficial shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, beneficial shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person.

Beneficial shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting in person must submit their proxy or voting instruction form and provide National Securities Administrators Ltd. with their proxyholder's contact information.

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 shares are voted at the Meeting. Often, the forms of proxy supplied to a beneficial shareholder by its broker is identical to the forms 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 Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scanable voting instruction form in lieu of the forms 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 to vote the shares held by the beneficial shareholder or vote via the internet at www.proxyvote.com. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A beneficial shareholder receiving a voting instruction form cannot use that voting instruction form to vote 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 shares voted.

Although a beneficial shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or agent of the broker), a beneficial shareholder may attend at the Meeting as proxyholder for a registered shareholder and vote the shares in that capacity. Beneficial shareholders who wish to attend the Meeting and indirectly vote their 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.

There are two kinds of beneficial shareholders: those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object (called "**NOBOs**" for Non-Objecting Beneficial Owners).

Issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents pursuant to NI 54-101, and issuers can use this NOBO list for distribution of Meeting Materials directly to NOBOs. The Corporation has decided to take advantage of those provisions of NI 54-101 that allow it to directly deliver Meeting Materials to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form from the Corporation's transfer agent, National Securities Administrators Ltd. These voting instruction forms are to be completed and returned to National Securities Administrators Ltd. in the envelope provided or by facsimile. National Securities Administrators Ltd. will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by voting instruction forms they receive. Alternatively, NOBOs may vote following the instructions on the voting instruction form, by calling a toll free telephone number or via the internet at www.eproxy.ca or via email at proxy@transferagent.ca.

Participating at the Meeting

The Meeting will begin at 11:00 a.m. (Mountain Daylight Time) on July 14, 2020. Shareholders and duly appointed proxyholders can attend the Meeting in person at 4990 Oakland Street, Denver, Colorado, 80239.

Dissent Rights

Registered shareholders have a right to dissent with respect to the special resolution, with or without variation, the full text of which is set forth in this Information Circular, to approve the Continuance Resolution and to be paid an amount equal to the fair value of their shares. The dissent procedures require that a registered shareholder who wishes to dissent send a written notice of objection to the Continuance Resolution to the Chief Executive Officer of the Corporation, at 4990 Oakland Street, Denver, Colorado, 80239, to be received at or before the commencement of the Meeting, and must otherwise strictly comply with the dissent procedures set out in the OBCA. In the event the Continuance (hereinafter defined under the section entitled "*Continuance under the Business Corporations Act (British Columbia)*") becomes effective, each shareholder who properly dissents and becomes a dissenting shareholder (each a "**dissenting shareholder**") will be entitled to be paid the fair value of the shares in respect of which such holder dissents in accordance with Section 185 of the OBCA. Shareholders who vote in favor of the Continuance shall not be entitled to dissent.

The statutory provisions covering the right to dissent are technical and complex. Failure to strictly comply with the dissent procedures set forth in Section 185 of the OBCA may result in the loss of any right to dissent. See the section entitled "*Continuance under the Business Corporations Act (British Columbia) – Shareholders' Right to Dissent with Respect to the Continuance Resolution*" in this Information Circular. **A beneficial shareholder who wishes to dissent should be aware that only registered shareholders are entitled to dissent.** Accordingly, a beneficial shareholder who desires to exercise the right of dissent must make arrangements for the shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Continuance Resolution is required to be received by the Corporation, or alternatively, make arrangements for the registered holder of such shares to dissent on such beneficial shareholder's behalf. Pursuant to Section 185 of the OBCA, a shareholder is only entitled to dissent in respect of all of the shares held by such dissenting shareholder or on behalf of any one beneficial shareholder and registered in the name of the dissenting shareholder.

See Schedule "B" for a copy of the provisions of Section 185 of the OBCA. See also the section entitled "*Continuance under the Business Corporations Act (British Columbia) – Shareholders' Right to Dissent with Respect to the Continuance Resolution*" in this Information Circular.

Voting Shares and Principal Shareholders Thereof

The authorized share capital of the Corporation consists of an unlimited number of SVS without par value and 500,000 NPVS without par value. Each SVS entitles the holder thereof to one (1) vote, in person or by proxy, at any shareholders meeting. Each NPVS entitles the holder thereof to one hundred (100) votes, in person or by proxy, at any shareholders meeting on the same terms as the SVS.

As of the Record Date, the Corporation had 141,498,876 SVS issued and outstanding and 500,000 NPVS issued and outstanding. The Board has fixed a record date of June 4, 2020 (the "**Record Date**") to determine shareholders entitled to receive the Notice of Meeting. The failure of any shareholder to receive a copy of the Notice of Meeting does not deprive the shareholder of the right to vote at the Meeting. Only holders of SVS and NPVS as of the Record Date are entitled to vote such shares at the Meeting.

Forms of Proxy

One or both of the following forms of proxy accompany this Information Circular for use at the Meeting by shareholders:

- holders of SVS should complete and return the form of proxy for the security class "subordinate voting shares";
- holders of NPVS should complete and return the form of proxy for the security class "non-participating voting shares"; and
- shareholders who hold both SVS and NPVS should complete and return BOTH forms of proxy,

all in accordance with the instructions set out in the Notice of Meeting, this Information Circular and the accompanying form(s) of proxy.

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, the following persons will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation:

| Name and Municipality of Residence of Shareholder | Type of Ownership | Number and Percentage of Securities Owned |
|--|---------------------------|--|
| Dixie Brands SPV, LLC ⁽¹⁾ | Directly | 500,000 NPVS (100%) |
| Charles Smith (Denver, CO) | Indirectly ⁽¹⁾ | 10,189,736 SVS (7.20%) 300,000 NPVS (60%) |
| C.J. Chapman (Denver, CO) | Indirectly ⁽¹⁾ | 200,000 NPVS (40%) |

Notes:

(1) Dixie Brands SPV, LLC holds all of the issued and outstanding NPVS. Dixie Brands SPV, LLC is owned 60% by Charles Smith and 40% by C.J. Chapman.

BUSINESS TO BE TRANSACTED AT THE MEETING

The Transaction

At the Meeting, holders of Dixie Shares will be asked to consider and, if thought advisable, to pass, with or without variation, the Transaction Resolution to approve, inter alia, the Transaction. The Transaction is summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Contribution and Exchange Agreement, which has been filed on SEDAR at www.sedar.com under the Company's profile.

To be effective, the Transaction Resolution must be approved by: (i) at least 50% of the votes cast by holders of Dixie Shares, present in person or represented by proxy and entitled to vote at the Meeting, voting together as a single class.

After careful consideration of a number of alternatives, including receipt of the Fairness Opinion, the members of the Board unanimously determined that the Transaction is in the best interests of Dixie and recommend that holders of Dixie Shares vote **FOR** the Transaction Resolution.

Unless otherwise directed in properly completed forms of proxy, it is the intention of the individuals named in the enclosed form of proxy to vote **FOR** the Transaction Resolution. If you do not specify how you want your Dixie Shares to be voted at the Meeting, the persons named as proxyholders in the enclosed forms of proxy will cast the votes represented by your proxy at the Meeting **FOR** the Transaction Resolution.

Description of the Transaction

On April 21, 2020, Dixie entered into the Contribution and Exchange Agreement with BRB providing for, among other things, the purchase by Dixie from BRB of certain equity and debt interests of BRB ("**Contributed Interests**") in each of (a) BRB Mary's Holding Corp., (b) BZL Worldwide, Inc., (c) Eaze Technologies, Inc., (d) Edgewater Foods, Inc. and (e) Lost County, Inc., as set out in the table below:

| <u>Entity</u> | <u>Number/Type of Security Contributed</u> |
|--------------------------|---|
| BRB Mary's Holding Corp. | 4,500 common shares, or 100% of the company. |
| BZL Worldwide, Inc. | Secured convertible debt in an aggregate principal amount equal to \$5,700,000 pursuant to the Senior Secured Convertible Note dated as of May 14, 2019. |
| Edgewater Foods, Inc. | 2,128.307487 common shares, or 87.23% of the company. |
| Lost County, Inc. | 15,034 shares of common stock and 64,511 shares of Series A Preferred Stock (which shares comprise 69.3% of the issued and outstanding shares of the company, exclusive of unexercised warrants and options). |
| Eaze Technologies, Inc. | 925,480 shares of Series C Preferred Stock. |

In addition, BRB will contribute certain assets ("**Contributed Assets**") and liabilities ("**Contributed Liabilities**") of BRB to Dixie or a subsidiary of Dixie. The Contributed Interests, Contributed Assets, and Contributed Liabilities will be exchanged for Common Shares of the Resulting Issuer ("**Consideration Shares**") at the Exchange Ratio as set forth herein (the "**Transaction**").

Upon completion of the Transaction, there will be approximately 1,013,988,395 Common Shares of the Resulting Issuer issued and outstanding. It is expected that BRB will hold approximately 811,190,716 Common Shares (or 80% of the total issued and outstanding Common Shares) and the former shareholders of Dixie will hold approximately 202,797,679 Common Shares (or 20% of the total issued and outstanding Common Shares).

In connection with the Transaction, the Corporation or the Resulting Issuer will complete an equity financing to raise aggregate gross proceeds of up to \$10,000,000 through the issuance of additional SVS of the Corporation or Common Shares of the Resulting Issuer, as applicable (the "**Financing**").

The Corporation will settle certain debts owed by the Corporation or its subsidiaries to BRB or BRB's affiliates immediately prior to the closing of the Transaction, as set out below:

- The Corporation will issue to BRB such number of SVS at the conversion price as set forth in the Secured BRB Bridge Note; and
- In full satisfaction of all amounts owed by Dixie Brands (USA), Inc., a subsidiary of the Corporation, pursuant to the Therabis 2019 Purchase Agreement, the Corporation will issue
 - to Rose Capital Fund I, such number of SVS as is equal to 50% multiplied by the Therabis Debt Contribution Share Amount; and
 - to RSG6, such number of SVS as is equal to 50% multiplied by the Therabis Debt Contribution Share Amount.

Background to the Transaction

The provisions of the Transaction are the result of arm's length negotiations conducted between representatives of BRB and Dixie and their respective advisors. The following is a summary of the material meetings, negotiations, discussions and actions among the parties that preceded the execution and public announcement of the Transaction.

The Contribution and Exchange Agreement is the result of arm's length negotiations conducted between Dixie and BRB and their respective advisors. The following encapsulates the series of material meetings, negotiations, discussions, and actions among the parties that preceded the execution of the Contribution and Exchange Agreement and public announcement of the Transaction.

Since the RTO transaction, one of Dixie's primary initiatives has been to strategically expand into additional legalized cannabis markets. In order to carry out that initiative, Dixie has reviewed, explored, and executed on various strategic opportunities.

Bold Rose Capital and its affiliates (collectively, "**Rose**"), including predecessor entities to BRB, had an early belief in and commitment to Dixie dating back to its original investment in 2017 in Therabis, LLC ("**Therabis**"), one of Dixie's subsidiaries that specializes in pet supplements. In addition, the parties had

contemplated a more overarching arrangement that would include all of Dixie's portfolio companies in October of 2017. At that time, Dixie, was still privately held and seeking a long-term capital partner. The parties negotiated a non-binding letter of intent whereby Rose would serve as Dixie's capital partner. Although a definitive agreement was never entered into, the parties remained partners in Therabis.

On January 3, 2019, Dixie and BRB entered into the Therabis 2019 Purchase Agreement whereby Dixie purchased all of BRB's affiliates' interests in Therabis. The purchase price was payable over a period of time pursuant to a promissory note and security agreement. By virtue of the promissory note and security agreement, BRB became Dixie's only secured creditor.

Throughout 2019 and 2020, Dixie engaged in exploratory discussions with various cannabis companies in the United States and Canada. During those discussions, and after careful consideration by Dixie's management, it became increasingly more apparent that a business combination with BRB was in the best interest of shareholders and Dixie.

In February of 2020, rather than requiring Dixie to repay the full amount of the purchase price under the Therabis 2019 Purchase Agreement at a time when cash was at a premium, the parties decided to revisit the discussions that occurred in October of 2017.

On February 19, 2020, Charles Smith, Dixie's CEO and President, and Edward "Trip" McDermott, Dixie's VP of Corporate Development, met with Andrew Schweibold, the Chairman of Rose, Jonathan Rosenthal, another one of Rose's investment professionals, and Satyavrat Joshi, BRB's interim CEO, to discuss a potential transaction. Following that meeting, BRB's outside counsel and C. J. Chapman, Dixie's General Counsel and Corporate Secretary, negotiated a confidentiality agreement that both parties executed.

Several telephonic discussions ensued between Mr. Smith and Mr. Schweibold, and Mr. Smith expressed Dixie's interest in pursuing a potential transaction. Soon thereafter, both parties granted each other access to their respective virtual data rooms.

Dixie contacted AltaCorp to provide financial advisory services pursuant to the AltaCorp Engagement Agreement in connection with Dixie's review and evaluation of a potential transaction with BRB.

On February 25, 2020, BRB provided Dixie with an initial draft of a binding letter of intent (the "**LOI**") that included the key terms of the Transaction.

Between February 25 and February 28, 2020, Dixie's executive management team, AltaCorp, and Owens Wright LLP, Dixie's Canadian counsel, reviewed and discussed the LOI. Following several days of negotiations on the LOI, Dixie called a meeting of the Board to discuss and review the LOI.

On February 28, 2020, the Board met to review the terms of the negotiated LOI. Mr. Smith and Mr. Chapman summarized and presented the key terms of the LOI to the Board. The LOI included, among other things, an implied valuation of Dixie of a minimum of \$43,225,000, a termination fee imposed on Dixie, and a requirement that BRB convert approximately \$6 million of senior secured indebtedness owing by Dixie pursuant to the Therabis 2019 Purchase Agreement into subordinate voting shares of the Resulting Issuer, such that following completion of the transaction BRB and Dixie shareholders would own approximately 80% and 20%, respectively, of the Resulting Issuer. The Board, after careful consideration, unanimously approved the LOI, subject to any non-material changes to be negotiated by Dixie's management team.

On March 3, 2020, Mr. Smith, Mr. Chapman, and Mr. McDermott traveled to Connecticut to meet with BRB's management team to discuss the details of the LOI and to conduct further due diligence throughout the week. Between March 3 and March 6, 2020, Dixie and BRB and their respective advisors negotiated and settled the final terms and conditions of the LOI.

The parties continued to negotiate the LOI through the night of March 5, and the parties agreed to execute the LOI on March 6.

On March 9, 2020, the parties jointly announced the LOI prior to the opening of trading. Following the announcement of the LOI, Dixie continued due diligence on BRB. The diligence investigations by Dixie and its advisors continued up until the execution of the Contribution and Exchange Agreement.

On April 3, 2020, BRB's legal counsel provided Dixie with an initial draft of the Contribution and Exchange Agreement. The initial draft of the Contribution and Exchange Agreement contained significant covenants and representations that concerned Dixie.

On April 7, 2020, Dixie and its legal counsel provided comments to the initial draft of the Contribution and Exchange Agreement addressing Dixie's concerns.

On April 9, 2020, Mr. Smith and Mr. Chapman led a Board meeting discussing and reviewing Dixie's comments to the initial draft of the Contribution and Exchange Agreement. The Board provided guidance on some of the material terms and authorized and approved Mr. Smith and Mr. Chapman to continue negotiating the Contribution and Exchange Agreement.

As negotiations between the parties continued between April 9 and April 20, 2020, Dixie and its advisors, including AltaCorp, MNP LLP, its auditors, and Owens Wright LLP discussed and reviewed the terms of the Contribution and Exchange Agreement. Dixie continued to keep the Board apprised of the status of the negotiations through informal meetings.

On April 17, 2020, the parties through their respective legal advisors finalized the material terms of the Contribution and Exchange Agreement.

On the night of April 19, 2020, AltaCorp prepared and delivered a verbal opinion as to the fairness of the consideration payable pursuant to the Transaction, from a financial point of view.

Following receipt of the final version of the Contribution and Exchange Agreement and the verbal Fairness Opinion and, after careful consideration, on April 20, 2020, the Dixie Board unanimously determined that the Transaction is in the best interests of Dixie and authorized the submission of the Transaction to Dixie's shareholders. The Dixie Board also determined unanimously to recommend to shareholders that they vote **FOR** the Transaction Resolution.

Throughout the day of April 20, 2020, Dixie and BRB, assisted by their respective legal counsels, finalized the schedules to the Contribution and Exchange Agreement and other transaction documents. The parties executed the Contribution and Exchange Agreement on the evening of April 20, 2020, following which Dixie and BRB jointly announced the Arrangement Agreement prior to markets opening on April 22, 2020.

Given the pre-existing relationship between Dixie and BRB, it enabled the parties to expeditiously, but thoughtfully, negotiate and execute upon a plan in an extremely challenging market that created a result that is in the best interest of shareholders.

Fairness Opinion

AltaCorp was formally engaged by the Board pursuant to the AltaCorp Engagement Agreement to act as financial advisor to Dixie and to provide an opinion as to the fairness, from a financial point of view, of the Transaction to the holder of Dixie Shares (other than BRB and/or its affiliates). On April 19, 2020, AltaCorp verbally delivered its opinion, which was subsequently confirmed in writing, that, as at that date and subject to the assumptions, qualifications and limitations set out in the Fairness Opinion and such other matters as AltaCorp considered relevant, the Transaction is fair, from a financial point of view, to the holders of Dixie Shares (other than BRB and/or its affiliates).

Under the AltaCorp Engagement Agreement, AltaCorp will receive certain fees for its services as financial advisor, including a fee due upon the delivery of the Fairness Opinion, which fee was not contingent on the substance of the Fairness Opinion or upon success of the Transaction. In addition, Dixie has agreed to reimburse AltaCorp for its reasonable out-of-pocket expenses and to indemnify AltaCorp in respect of certain liabilities that might arise in connection with its engagement.

In arriving at its conclusions in the Fairness Opinion, AltaCorp reviewed, analyzed, considered and relied upon (without attempting to independently verify the completeness or accuracy thereof), among other things: (i) financial projections provided by Dixie's management; (ii) relevant financial information in respect of both Dixie and BRB; and (iii) internal financial, operational and corporate information prepared and provided by management of Dixie and BRB.

AltaCorp has disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion after the date thereof. AltaCorp reserves the right to change, modify or withdraw the Fairness Opinion in the event that there is a material change in any fact or matter affecting the Fairness Opinion after the date thereof or if AltaCorp learns that the information relied upon was inaccurate, incomplete or misleading in any material respect.

None of AltaCorp nor its affiliates is an insider, associate, or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of Dixie or BRB. None of AltaCorp or its affiliates has been engaged to provide any financial advisory services and has not acted as lead or co-lead manager on any offering of securities of Dixie, BRB or their respective insiders, affiliates or associates during the 24 months preceding the date on which AltaCorp was first contacted by Dixie in respect of the Transaction, other than services provided under the Dixie Engagement Agreement.

In addition, AltaCorp and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have long or short positions in the securities of Dixie or the Resulting Issuer or any of its associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it receives or may receive commission. As an investment dealer, AltaCorp and its affiliates conduct research on securities and may, in the ordinary course of their business, provide research reports and investment advice to its clients on investment matters, including with respect to Dixie and the Transaction. In addition, AltaCorp and its affiliates may, in the ordinary course of its business, provide other financial services to Dixie or the

Resulting Issuer or any of its associates or affiliates, including financial advisory, investment banking and capital market activities such as raising debt or equity capital.

The Fairness Opinion does not constitute a recommendation to the Board or the holders of Dixie Shares as to whether such holder should vote for the Transaction Resolution and does not address the relative merits of the Transaction as compared to other transactions or business strategies that might be available to Dixie. Furthermore, the Fairness Opinion is not, and should not be construed as, a formal valuation or appraisal of Dixie or the Resulting Issuer or any of its assets or securities, or advice as to the price at which the Resulting Issuer's securities may trade at any future date, whether before or after completion of the Transaction. The Fairness Opinion was one of a number of factors taken into consideration by the Board in considering the Transaction.

Based upon and subject to the assumptions, qualifications and limitations contained therein, and such other matters as AltaCorp considered relevant, AltaCorp is of the opinion that, as of the date of the Fairness Opinion, the Transaction is fair, from a financial point of view, to the holders of Dixie Shares (other than BRB and/or its affiliates).

Recommendation of the Board

The Board, after consultation with management of Dixie, its financial and legal advisors and having taken into account such matters as it considered necessary and relevant, including the factors set out below under the heading "Reasons for the Transaction", unanimously determined that the Transaction and entering into the Contribution and Exchange Agreement are in the best interests of Dixie and are fair to Shareholders and authorized Dixie to enter into the Contribution and Exchange Agreement and related agreements. Accordingly, the Board unanimously recommends that Shareholders vote **FOR** the Transaction Resolution.

All of the Supporting Shareholders are required to vote all of their Support Securities (Dixie Shares) in favor of the Transaction Resolution, subject to the terms of the Contribution and Exchange Agreement and the Support Agreements. See "*Transaction Agreements – Support Agreements*".

Reasons for the Transaction

In evaluating the Transaction and the Contribution and Exchange Agreement, and in making their recommendations, the Board consulted with Dixie management and their legal and financial advisors and gave careful consideration to the current and expected future financial position of the Corporation and all terms of the Contribution and Exchange Agreement. The Board considered a number of factors including, among others, the following:

- **Creation of a leading cannabis company.** If completed, the Transaction will result in the integration of BRB's portfolio of assets, which includes Mary's Brands and three California based brands, Defonce, Beezle and Rebel Coast, with Dixie's existing brand portfolio to create a premier cannabis company. The complementary assets, distribution networks, products and capabilities of each of BRB and Dixie is anticipated to create a preeminent cannabis company across various regulated jurisdictions in the U.S. and Puerto Rico.
- **Ability to develop leading brand and intellectual property.** BRB was established to unite premium and emerging cannabis brands under one umbrella, offering top-tier offering talent and capital expertise. The Resulting Issuer from the combination of BRB and Dixie will continue in

this goal and will be better situated to build upon a strong brand portfolio, develop best-in-class IP and extend its geographic footprint.

- **Strong management.** Dixie has an experienced management team with a proven track record of generating shareholder value in the context of the evolving cannabis industry in both Canada and the United States. If the Transaction is completed, Charles (Chuck) Smith, Dixie's current Chief Executive Officer, will be the Chief Executive Officer of the Resulting Issuer, and C.J. Chapman, Dixie's current General Counsel and Executive Vice President, will be the General Counsel and Executive Vice President of the Resulting Issuer. The management team appointed by the board of directors of the Resulting Issuer will be able to leverage this knowledge and expertise as it continues to manage its expansion. Additionally, Andrew Schweibold, the current chairman of BRB will be the chairman of the Resulting Issuer.
- **Continuing corporation.** Holders of Dixie Shares will continue to hold shares in a public company in Canada after completion of the Transaction, providing continued liquidity for their shares and ensuring the Resulting Issuer has easier access to capital in the future.
- **Participation by shareholders in future growth of Resulting Issuer.** If the Transaction is completed, shareholders of Dixie will have the opportunity to participate in any future potential increase in the value of the Resulting Issuer, including through growth in the value of combining BRB and Dixie.
- **Alternative strategic opportunities.** Prior to entering into the Contribution and Exchange Agreement, Dixie regularly evaluated business and strategic opportunities with the objective of maximizing shareholder value in a manner consistent with the best interests of Dixie. As part of that process, Dixie held numerous discussions with various companies in the cannabis and beverage industries in order to assess mutual interest regarding potential strategic transactions. Dixie assessed the alternatives reasonably available to Dixie and determined that the Transaction represents the best current prospect for maximizing value to the shareholders of the Corporation.
- **Evaluation and analysis.** The Board has given lengthy consideration to the business, operations, assets, financial condition, operating results and potential prospects for the Resulting Issuer following the Transaction as well as current industry, economic and market conditions and related risks, all relative to those of the Resulting Issuer.
- **Terms of the Contribution and Exchange Agreement.** The Contribution and Exchange Agreement is the result of an arm's length negotiation process and includes terms and conditions that are reasonable in the judgment of the Board, after consultation with their legal and financial advisors.
- **Fairness Opinion:** The Board has received the Fairness Opinion, which provides that, as of the date thereof, and subject to the assumptions, limitations and qualifications set forth therein and such other matters as AltaCorp considered relevant, the Transaction is fair, from a financial point of view, to the holders of Dixie Shares.
- **Support of board of directors and management teams for the Transaction.** The boards of directors of each of BRB and Dixie have unanimously recommended support for the Transaction.
- **Shareholder support.** The Supporting Shareholders who collectively hold approximately 11% of the issued and outstanding SVS and 100% of the issued and outstanding NPVS (which collectively represent approximately 36% of the voting rights attached to outstanding Dixie Shares), as at the

Record Date, entered into the Support Agreements under which they have agreed, among other things, to vote **FOR** the Transaction Resolution.

- **Shareholder approval.** The Transaction Resolution must be approved by at least 50% of the votes cast by the holders of Dixie Shares, voting together as a single class.
- **Superior proposal.** The Contribution and Exchange Agreement does not prevent a third party from making an unsolicited offer to Dixie that constitutes an Alternative Transaction, and subject to compliance with the terms of the Contribution and Exchange Agreement, the Board is not precluded from considering and responding to an unsolicited Alternative Transaction if the Board determines in good faith in consultation with its financial and legal advisors that the terms of such Alternative Transaction are more favorable than the terms of the Transaction; provided, however, that Dixie would be required to pay a termination payment to BRB in the amount of \$6,500,000 plus other expenses and subject to other obligations outlined in the Contribution and Exchange Agreement. See "*Transaction Agreements – Contribution and Exchange Agreement – Exclusive Dealings*".
- **Other Factors.** The Board considered the Transaction with reference to current economics, industry and market trends affecting Dixie, information concerning the business, operations, assets, financial condition, operating results and prospects of each of Dixie and BRB and the historical trading prices of the SVS, and the results of Dixie's due diligence review of BRB and its business, as well as the uncertainty caused by the ongoing Covid-19 pandemic.

The Board also considered a number of potential risks and potential negative factors relating to the Transaction, including the following:

- **Completion risk.** If the Transaction is not implemented, a considerable amount of costs will have been incurred, a significant amount of time and effort of Dixie and its management team will have been diverted away from other important aspects of Dixie's business activities and there could be negative and irreparable impacts on Dixie's business relationships (including with current and prospective employees, customers, suppliers, partners and regulators, among others).
- **Termination payment.** Dixie is required to make, among other things, a termination fee payment in the amount of \$6,500,000 to BRB if the Transaction is not completed for any reason other than a breach of the Contribution and Exchange Agreement by BRB.
- **Closing conditions.** The completion of the Transaction is subject to several conditions, including Shareholder approval and certain regulatory approvals, as well as other conditions, all as further set forth in the Contribution and Exchange Agreement and described in this Information Circular.
- **Support Agreements.** The Supporting Shareholders who have entered into Support Agreements under which they have agreed to vote for the Transaction Resolution, subject to the terms of such agreements, may discourage other parties from attempting to acquire Dixie Shares, even if those parties would otherwise be willing to offer greater value than that offered under the Transaction.
- **Fixed exchange ratio.** Given the number of SVS to be issued to BRB is fixed based on the number of Dixie Shares currently outstanding, the number of Dixie Shares to be issued will not be adjusted to reflect any change in the market value of the SVS.
- **No assurances.** If the Transaction is terminated and Dixie elects to pursue an Alternative Transaction, there can be no assurance that Dixie will be able to find a party willing to pay an equivalent or more attractive amount than under the terms of the Transaction.

- **Non-solicitation.** The Contribution and Exchange Agreement contains a prohibition on Dixie's ability to solicit Alternative Transactions from third parties.

The Board evaluated all of the factors summarized above based on their knowledge of the business and operations of Dixie and BRB and, taking into account the advice of financial and legal advisors to the Board (including the Fairness Opinion), exercised their business judgment. However, the foregoing summary of the information and factors considered by the Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Transaction, the Board did not find it practicable to, and did not quantify, rank or otherwise attempt to assign relative weights to the foregoing factors considered in their deliberations. In addition, in considering the factors described above, individual members of the Board may have given different weights to various factors and may have applied different analysis to each of the material factors considered by the Board.

Transaction Agreements

Contribution and Exchange Agreement

The following is a summary of certain provisions of the Contribution and Exchange Agreement, but is not intended to be complete. Please refer to the Contribution and Exchange Agreement for a full description of the terms and conditions thereof. The rights and obligations of the parties are governed by the express terms and conditions of the Contribution and Exchange Agreement and not by this summary or any other information contained in this Information Circular. This summary is qualified in its entirety by reference to the Contribution and Exchange Agreement, which is incorporated by reference herein and has been filed by Dixie on its SEDAR profile at www.sedar.com.

In reviewing the Contribution and Exchange Agreement and this summary, please remember that they have been included to provide shareholders with information regarding the terms of the Contribution and Exchange Agreement and are not intended to provide any other factual information about BRB, Dixie or any of their subsidiaries or affiliates. The Contribution and Exchange Agreement contains representations, warranties and covenants by each of the parties to the Contribution and Exchange Agreement, which are summarized below. These representations and warranties have been made solely for the benefit of the other parties to the Contribution and Exchange Agreement and:

- were not intended as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by certain confidential disclosures that were made to the other party in connection with the negotiation of the Contribution and Exchange Agreement, which disclosures are not reflected in the Contribution and Exchange Agreement; and
- may apply standards of materiality in a way that is different from what may be viewed as material by Shareholders or other investors or are qualified by reference to a material adverse effect.

Moreover, information concerning the subject matter of the representations and warranties in the Contribution and Exchange and as described below may have changed since the date that the Transaction was announced and subsequent developments or new information qualifying a representation or warranty may have been included in this Information Circular. Accordingly, the representations and warranties and other provisions of the Contribution and Exchange Agreement should not be read alone, but instead should be read together with the information provided elsewhere in this Information Circular and in the documents incorporated by reference into this Information Circular.

Under the Contribution and Exchange Agreement, BRB has agreed to contribute the Contributed Interests, Contributed Assets and Contributed Liabilities in exchange for such number of SVS as is equal to 80% of the issued and outstanding Common Shares of the Resulting Issuer upon completion of the Transaction.

Representations and Warranties

The Contribution and Exchange Agreement contains certain customary representations and warranties provided by Dixie and BRB. The assertions embodied in those representations and warranties are solely for the purposes of the Contribution and Exchange Agreement and are subject to important qualifications and limitations agreed to by BRB and Dixie in connection with negotiating its terms.

The representations and warranties made by BRB and Dixie relate to, among other things: organization and qualification; corporate power and capacity to enter into the Contribution and Exchange Agreement; authority to enter into Contribution and Exchange Agreement; no violation; capitalization; no undisclosed third party rights; securities laws matters; filings; financial statement matters; independence of auditors; no undisclosed liabilities or undisclosed related party transactions; matters related to Federal Cannabis Laws; material contracts; Authorizations; governmental approvals; litigation; bankruptcy or insolvency, title; property; filings; permits and licensing; compliance with laws; taxes; employment and labour matters; books and records; minute books; reporting issuer status; and no broker or finders.

The Contribution and Exchange Agreement also contains certain representations and warranties made solely by Dixie with respect to, among other things: the listing of securities on the CSE; no undisclosed assets; and no material adverse change.

Covenants

Under the Contribution and Exchange Agreement, each of Dixie and BRB mutually covenanted and agreed as follows:

- to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to their obligations under the Contribution and Exchange Agreement, which are reasonably under their control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations, except the Federal Cannabis Laws, to complete the Transaction in accordance with the terms of the Contribution and Exchange Agreement;
- to use commercially reasonable efforts to obtain, before the closing of the Transaction, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, governmental authority, shareholders and third parties as are necessary for the consummation of the Transaction;
- to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging the Contribution and Exchange Agreement or the completion of the Transaction;
- to promptly notify the other party if any representation or warranty made by it in the Contribution and Exchange Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or material adverse effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or material adverse effect qualifier) and of any failure to comply in any material respect with any of its obligations under the Contribution and Exchange Agreement;

- to co-operate with the other party in good faith in order to ensure the timely completion of the Transaction; and
- to use commercially reasonable efforts to co-operate with the other party in connection with the performance by the other of its obligations under the Contribution and Exchange Agreement.

Dixie has further covenanted and agreed under the Contribution and Exchange Agreement as follows:

- in a timely and expeditious manner:
 - prepare, in consultation with BRB, the Listing Statement and this Information Circular in accordance with all applicable laws and the policies of the CSE;
 - obtain the approval of the Transaction Resolution in a timely manner;
 - cause its officers and directors to execute the Support Agreements;
 - file and/or deliver any document or documents as may be required in order for the Transaction to be effective; and
 - file and/or deliver any document or documents required pursuant to applicable laws and/or the rules and policies of the CSE in connection with the Transaction after the completion of the Transaction;
- ensure that the Listing Statement and this Information Circular do not contain a misrepresentation as it relates to Dixie, including in respect of its assets, liabilities, operations, business and properties;
- to make available and afford BRB and its authorized representatives and, if requested by BRB, provide a copy of certain documents, records and data related to Dixie;
- make an application to the CSE and diligently pursue the approval of the Transaction (including the obligation of Dixie to issue the Consideration Shares), the Financing, and the listing of the Consideration Shares on the CSE;
- preserve and protect the listing of Dixie on the CSE;
- except for certain exception, furnish promptly to BRB a copy of each notice, report, schedule or other document or communication delivered, filed or received by Dixie in connection with or related to the Transaction;
- use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to Dixie's obligations set forth in the Contribution and Exchange Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws, except the Federal Cannabis Laws, to complete the Transaction, including using commercially reasonable efforts to:
 - obtain all necessary waivers, consents and approvals required to be obtained by Dixie it from other parties to loan agreements, leases, licenses, agreements and other Contracts, as applicable;

- effect all necessary registrations and filings and submissions of information requested by any governmental authority required to be effected by it in connection with the Transaction and participate and appear in any proceedings of Dixie or BRB before any governmental authority to the extent permitted by such authorities; and
 - fulfill all conditions and satisfy all provisions of the Contribution and Exchange Agreement and the Transaction;
- subject to applicable laws, except the Federal Cannabis Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with the Contribution and Exchange Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, other than in respect of the Financing, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of BRB, and Dixie will keep BRB fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;
- except as may be necessary or desirable in order to effect the Transaction as contemplated under the Contribution and Exchange Agreement, not alter or amend its notice of articles or bylaws as the same exist at the date of the Contribution and Exchange Agreement;
- not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of the Contribution and Exchange Agreement were deemed to be such later date, except as contemplated in the Contribution and Exchange Agreement, and without limiting the generality of the foregoing, Dixie will not, without BRB's prior written consent (which consent will not be unreasonably withheld, delayed or conditioned):
 - make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
 - increase or decrease its paid-up capital or purchase or redeem any shares except pursuant to the Financing or upon the exercise of share purchase warrants or options or conversion of convertible securities of Dixie outstanding as of the date of the Contribution and Exchange Agreement; or
 - issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except pursuant to the Financing, upon the exercise of share purchase warrants or options or conversion of convertible securities of Dixie outstanding as of the date of the Contribution and Exchange Agreement or the issuance of the additional SVS to settle certain third party payables and restricted stock awards granted to employees.

- take all necessary corporate action and proceedings to approve and authorize the issuance of the Consideration Shares to BRB;
- take all necessary corporate action and proceedings to approve and authorize the Financing and the issuance of the securities under the Financing;
- not to borrow money or incur any indebtedness for money borrowed in excess of \$500,000 in the aggregate; provided that, subject to obtaining BRB's prior written consent to the terms of such borrowing, Dixie may borrow up to \$2,000,000 in the aggregate from a third party financing source which Dixie is currently engaged in discussions with;
- not to make loans or advances to any director or officer of Dixie, excluding routine advances for expenses incurred in the ordinary course, or as is agreed to by BRB in writing; and
- prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Consideration Shares to BRB on a basis exempt from the prospectus and registration requirements of the applicable securities law.

Exclusive Dealing

The Contribution and Exchange Agreement provides that from the date of the Contribution and Exchange Agreement until the earlier of the completion of the Transaction or the earlier termination of the Contribution and Exchange Agreement, Dixie and its officers and directors shall not directly or indirectly negotiate a deal with any other party other than BRB relating to the sale or disposition of any Dixie Shares or assets of Dixie. However, the directors of Dixie are not prohibited from engaging in discussions or providing information in respect of an unsolicited Alternative Transaction, or otherwise supporting or facilitating any such unsolicited Alternative Transaction, or Dixie from completing such unsolicited Alternative Transaction or executing agreements related thereto, if the directors of Dixie determine in good faith, after consultation with their financial and legal advisors, that such Alternative Transaction, if consummated, would be on terms more favorable than the terms of the Transaction. In the event that an Alternative Transaction is pursued by Dixie, Dixie would be subject to certain termination payments as set out under the heading "*Transaction Agreements - Contribution and Exchange Agreement - Termination*".

Termination

The Transaction may be terminated by mutual consent of BRB and Dixie. If the Transaction is not completed for any reason other than a breach of the Contribution and Exchange Agreement by BRB, Dixie will be required to reimburse BRB for all reasonable fees, disbursements and taxes incurred by BRB in connection with the Transaction and pay a termination fee of \$6,500,000 to BRB. Additionally, the Secured BRB Bridge Note shall either convert or otherwise be repaid at the election of BRB.

Support Agreements

C.J. Chapman, Melvin Yellin, Daniel Phaure, Charles Smith and Brian Graham (collectively, the "**Supporting Shareholders**") have entered into support agreements (the "**Support Agreements**") as of April 21, 2020 in support of the Transaction.

The following description of the Support Agreements is qualified in its entirety by reference to the full text of the Support Agreements, which are available on Dixie's SEDAR profile at www.sedar.com.

The Supporting Shareholders have covenanted to cause their Dixie Shares owned legally or beneficially, either directly or indirectly, by such Supporting Shareholder or over which such Supporting Shareholder exercises control or direction, either directly or indirectly (the "**Support Securities**"), to be voted for the Transaction Resolution. For greater certainty, the term Support Securities includes all Dixie Shares acquired or controlled, directly or indirectly, from the date of the execution of such Support Agreements to the Record Date.

Except as otherwise noted in the Support Agreements, each Supporting Shareholder has covenanted and agreed as follows:

- at the Meeting, vote or cause to be voted their Support Securities FOR the Transaction Resolution;
- vote or cause to be vote their Support Securities against:
 - any extraordinary corporate transaction, including any merger, reorganization, consolidation, amalgamation, arrangement, business combination, share exchange, liquidation, dissolution, recapitalization, or similar transaction involving Dixie or any of its subsidiaries;
 - any sale, lease or transfer of any significant part of the assets of Dixie or any of its subsidiaries;
 - any acquisition proposal involving Dixie or any of its subsidiaries;
 - any material change in the capitalization of Dixie or any of its subsidiaries or the corporate structure or constating documents of Dixie or any of its subsidiaries;
 - any action that would reasonably be expected to impede, delay, interfere with, or discourage the transactions contemplated by the Contribution and Exchange Agreement; and
 - any action or agreement that would reasonably be expected to result in a breach of any material covenant, representation or warranty or any other material obligation or agreement of Dixie under the Contribution and Exchange Agreement;
- to not, directly or indirectly:
 - solicit or otherwise facilitate any inquiry or proposal that constitutes or may reasonably be expected to constitute an Alternative Transaction;
 - enter into any discussions with any other person that constitutes or may reasonably be expected to constitute an Alternative Transaction;
 - to amend support for the Transaction that is adverse to BRB;
 - remain neutral with respect to, or otherwise approve or endorse, any publicly disclosed proposal that constitutes or may reasonably be expected to constitute an Alternative Transaction;
 - accept or enter into an agreement or understanding that constitutes or may reasonably be expected to constitute an Alternative Transaction;

- immediately cease any existing discussions regarding a proposal that may reasonably be expected to constitute an Alternative Transaction;
- to not sell, transfer or encumber any of their Support Securities or grant any proxies or power of attorney with respect to any of their Support Securities otherwise than in accordance with their Support Agreement;
- to not call any meeting or take any other action that could reduce the success of the Transaction;
- to reasonably cooperate with Dixie and BRB to successfully complete the Transaction.

As of the Record Date, the Supporting Shareholders, collectively, beneficially owned, or exercised control or direction over, an aggregate of:

- 14,522,721 SVS, representing approximately 11% of the issued and outstanding SVS on a non-diluted basis; and
- 500,000 NPVS, representing 100% of the issued and outstanding NPVS on a non-diluted basis.

Collectively, the SVS and NPVS held by the Supporting Shareholders represents 36% of the voting rights attached to the Dixie Shares.

Transaction Resolution

At the Meeting, shareholders of the Corporation will be asked to consider, and if deemed advisable, to pass, with or without variation, the following ordinary resolution:

"BE IT RESOLVED THAT:

1. The acquisition by Dixie Brands Inc. (the "**Corporation**") from BR Brands, LLC, or one or more affiliates thereof (collectively, "**BRB**"), of (i) all of the outstanding shares of common stock of BRB Mary's Holding Corp.; (ii) approximately \$6,385,000 (inclusive of interest) of secured convertible debt of BZL Worldwide, Inc.; (iii) shares of common stock of Edgewater Foods, Inc. representing 87.23% of the outstanding voting securities of Edgewater Foods, Inc.; (iv) shares of common stock and series A preferred stock of Lost County, Inc. representing 69.3% of the outstanding voting securities of Lost County, Inc.; and (v) 925,480 shares of series C preferred stock of Eaze Technologies, Inc., together with certain assets and liabilities of BR Brands, LLC, (collectively, the "**Acquisition**"), all as described in greater detail in the Information Circular of the Corporation dated June 8, 2020 (the "**Circular**"), is hereby approved;
2. The issuance of such number of subordinate voting shares of the Corporation to BRB as would result in BRB owning or controlling 80% of the total number of outstanding subordinate voting shares of the Corporation immediately following the completion of the Acquisition (assuming the conversion of all non-participating voting shares of the Corporation), as more fully described in the Circular, is hereby approved; and
3. Any one director or officer of the Corporation is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Corporation or otherwise all deeds, documents, instruments and assurances as in their opinion may be necessary or desirable to give effect to the foregoing resolutions and the matters authorized thereby, such determination to

be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

In order to be passed, the Transaction Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE TRANSACTION RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Transaction Resolution.

Election of Directors

The Board currently consists of four (4) directors. At the Meeting, shareholders are required to elect the directors of the Corporation to hold office until the next annual meeting of shareholders or until the successors of such directors are elected or appointed. If the Transaction is to be completed, it is a condition to closing that the board be changed to include certain nominees of BRB. At the time of the Meeting, the Transaction will not yet have been completed.

It is not appropriate to elect the Resulting Issuer Slate until the Transaction is completed. In order to avoid a premature election of the Resulting Issuer Slate, and in order to dispense with the need to call an additional meeting of the shareholders of the Resulting Issuer to elect the Resulting Issuer Slate following completion of the Transaction, the shareholders will be asked at the Meeting to consider, and if deemed advisable, to pass an ordinary resolution, the text of which is set forth below (the "**Director Resolution**").

At the Meeting, it is expected that the nominees of the Original Slate will be elected to hold office until the earlier of the Change of Board Time, the next annual meeting of the shareholders, or until successors of such directors are elected or appointed.

If the Transaction is completed, the size of the Board will be increased from four (4) directors to five (5) directors. The members of the Original Slate, with the exception of Charles Smith and Brian Graham, will be removed from the Board with effect as of the Change of Board Time and the nominees of the Resulting Issuer Slate will be elected to hold office until the earlier of the next annual meeting of the shareholders, or until the successors of such directors are elected or appointed. In the event the Transaction is not completed, the number of directors will remain as four (4).

PROXIES RECEIVED IN FAVOR OF MANAGEMENT APPOINTEES WILL BE VOTED FOR THE DIRECTOR RESOLUTION BELOW UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

The enclosed forms of proxy allow the holders of shares to direct proxyholders to vote individually for each of the nominees named below as a director of the Corporation for both the Original Slate and the Resulting Issuer Slate. At any meeting where shareholders vote on the election of directors, any individual nominee who receives a greater number of votes "withheld" than votes "for" will be required by the Corporation to tender his or her resignation to the Board promptly following the meeting. The resignation will be effective when accepted by the Board. The Board expects that resignations will be accepted, unless extenuating circumstances warrant a contrary decision. The Corporation will announce the Board's decision (including the reason for not accepting any resignation) by news release within 90 days following the date of the Meeting. Any director who tenders his or her resignation in this situation will not participate in any meeting

of the Board where his or her resignation is considered. Management of the Corporation has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The Corporation does not contemplate that any of such nominees in either the Original Slate or the Resulting Issuer Slate will be unable to serve as directors; however, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, proxies held by the persons designated as proxyholders in the accompanying form of proxy will be voted for another nominee in their discretion unless the shareholder has specified in his or her form of proxy that his or her shares are to be withheld from voting on the election of directors. Each director elected will hold office until the next annual meeting of shareholders, or until the Change of Board Time, as the case may be, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Corporation or the provisions of the OBCA or any similar corporate legislation to which the Corporation becomes subject.

Original Slate

The following sets forth the name of each of the persons proposed to be nominated for election as a director of the Corporation as part of the Original Slate, their principal occupation, the date they first became a director of the Corporation and the number of securities of the Corporation beneficially owned, controlled or directed, directly or indirectly, by them as at the date of this Information Circular.

| | |
|--|--|
| <p>Charles Smith⁽¹⁾⁽²⁾</p> <p>Denver, Colorado</p> <p>Director Since: November 27, 2018</p> <p>Not Independent</p> | <p>Present Occupation and Principal Occupations during the past 5 years</p> <p>Director, President and Chief Executive Officer, Dixie Brands Inc. President, Bella Terra Realty Holdings President, Sagebrush Realty Development</p> <hr/> <p>Securities Held</p> <p>10,189,736 SVS 300,000 NPVS⁽³⁾ 4,077,045 options</p> |
| <p>Brian Graham⁽¹⁾⁽²⁾</p> <p>Atlanta, Georgia</p> <p>Director Since: November 27, 2018</p> <p>Independent</p> | <p>Present Occupation and Principal Occupations during the past 5 years</p> <p>Director, Dixie Brands Inc. Founder, Rise Investments International President of Asheville Distilling Company Co-Manager, Hawaii Sea Spirits Board Member, Georgia Chamber Board Member and Treasurer, Professional Beauty Association President, Manufacturer's Leadership Council</p> <hr/> <p>Securities Held</p> <p>2,630,575 SVS⁽⁴⁾</p> |

| | |
|---|--|
| Melvin Yellin ⁽¹⁾⁽²⁾ New York, New York Director Since: November 27, 2018 Independent | Present Occupation and Principal Occupations during the past 5 years Director, Dixie Brands Inc. Founder, Acreage Holdings Partner, Tandem Global Partners Partner, Executive Vice President and General Counsel, Bankers Trust Company Director, Symbol Technologies, Inc. President, National Association of Corporate Directors (New York Chapter) Member, New York Clearing House GC Committee |
| | Securities Held 1,286,257 SVS |

| | |
|--|--|
| Dan Phaure Toronto, Ontario, Canada Director Since: January 23, 2020 Independent | Present Occupation and Principal Occupations during the past 5 years Chief Operating Officer and Chief Financial Officer of Heritage Cannabis Holdings Corp. |
| | Securities Held 152,778 |

NOTES:

- (1) Current member of the Audit Committee.
- (2) Current member of the Corporation's Compensation Committee.
- (3) Held through Dixie Brands SPV, LLC.
- (4) Brian Graham holds his SVS indirectly through Rise Investments International II Series Y and Rise Investments International II Series 7.

There are no contracts, arrangements or understandings between any nominee and any other person (other than the directors and officers of the Corporation acting solely in such capacity) pursuant to which the nominee has been or is to be elected as a director.

As at the date of this Information Circular, the proposed Original Slate directors of the Corporation as a group (four persons) owned beneficially or exercised control or direction over: (i) 14,259,346 SVS, or approximately 10.08% of the outstanding SVS; and (ii) 500,000 NPVS, or 100% of the outstanding NPVS.

The following are brief biographies of each of the proposed Original Slate director nominees:

Charles Smith (Director, President and Chief Executive Officer)

Charles "Chuck" Smith is the President and Chief Executive Officer of the Corporation, as well as Therabis, and Aceso Wellness, two of the leading hemp supplement brands. As one of two original founders of the Corporation, Chuck helped the company grow from a "garage operation" to a 27,000 square foot state-of-the-art, vertically integrated manufacturing facility that was the first-of-its-kind for the marijuana industry.

Prior to building the Corporation and the Dixie brand, Chuck was President of Bella Terra Realty Holdings where he oversaw all aspects of the Bella Terra Resort Development Company. He was also President of Sagebrush Realty Development and responsible for developing, selling and managing residential condominium projects valued at over \$85 million in revenues.

Chuck has over 25 years of experience in a variety of industries. He has a strong financial background, holding the position of Chief Financial Officer for a mid-sized retail apparel chain and has built and managed sales and marketing teams for private and publicly traded technology companies.

Chuck has a Bachelor's degree in Accounting from the University of Maryland and an MBA from the Owen Graduate School at Vanderbilt University. Mr. Smith is married and lives in Denver, Colorado. He actively participates in a wide variety of philanthropic organizations and is an avid golfer.

Brian Graham (Director)

Brian Graham served as Chief Executive Officer and member of the board of directors of NIOXIN Research Laboratories, Inc., a global leader in the manufacturing of hair care products. During his tenure from 2003 to 2010, Graham transitioned the company from a privately held regional consumer products business to a dominant global company recently acquired by Procter & Gamble. Under Brian's leadership, the company's revenues doubled and its EBITDA increased from US\$1M to US\$17M. Brian led the company through a rapid profitable growth phase expanding both the company's product portfolio as well as its geographical reach.

After NIOXIN's acquisition by Procter and Gamble, Brian became a member of the P&G Salon Professional Lead Team. He continued to lead the business and the integration efforts as NIOXIN's CEO, exceeding acquisition economics by over \$20 million and led several key initiatives for the business. As a result, Graham received the Platinum Power of You Award from the Division President.

In 2010, Graham began investing in a variety of businesses across many industries. These include big data, technology, real estate, business services, a multi-family office (Pathstone) and Fleetwood's on Front Street (Maui) with Mick Fleetwood. In addition, Graham founded Blue Ridge Spirits and served as President of Asheville Distilling Company.

In 2014, Graham founded Rise Investments International, a company focused on providing growth equity, debt financing and management resources for closely held businesses ranging from start-ups to mid-cap enterprises. Recent transactions include Hawaii Sea Spirits, PlaySight, Tennis Media Company, and Gozio Inc.

In 1992, Graham received his Bachelor of Science degree from Georgia Southern University. He has also attended Executive Programs at the University of Michigan and in 2002 completed the Program for Management Development at Harvard University.

Graham is a high-energy entrepreneur who loves adventure, both professionally and personally. He enjoys investing and advising high growth companies and is a highly-engaged leader who enjoys creating talented collaborative teams.

He is a member of Young Presidents Organization, the Harvard Business Club, the Alpha Tau Omega fraternity and serves on numerous for-profit and non-profit boards. Currently, he serves as Co-Manager of Hawaii Sea Spirits and as a Board member of the Corporation. Previous appointments include the Georgia Chamber, board member and Treasurer of the Professional Beauty Association and Past President of the

Manufacture's Leadership Council. Graham enjoys supporting various philanthropic efforts, including serving on the Board of Trustees for Maui Preparatory Academy and the Graham Family Foundation.

Brian resides in Atlanta, Georgia and Maui, Hawaii. He has three children Amanda, Amelia and Angelina. In his leisure time he enjoys travelling, snow skiing, diving and exercising.

Melvin Yellin (Director)

Mr. Yellin is a Founder of Acreage Holdings, a vertically integrated cannabis company licensed in 12 states. He is also currently a director of the Corporation, having previously been a partner at Tandem Global Partners, which was a globally focused money manager that offered investment services to sophisticated institutions and individuals, focusing primarily on alternative investment strategies.

Prior to joining Tandem, Mr. Yellin spent the bulk of his career at Bankers Trust Company and was a Partner, Executive Vice President and General Counsel when it merged with Deutsche Bank. He had global responsibility for over 350 professionals and served on the Bank's Risk Committee, New Business Committee and its Investment Banking Management Committee, which included the significant Venture Capital business.

Mr. Yellin was a member of the Symbol Technologies, Inc. (NYSE) board of directors (Audit, Compensation and Governance Committees) as well as a director of numerous privately held companies and not-for-profits. Symbol was the world's premier developer of bar code and RFID software and hardware. Symbol was later successfully sold to Motorola.

During his career, Mr. Yellin has acted as chairman, speaker and author for numerous business organization programs including those run by the Conference Board, the NACD, Columbia Business School (ODX) and the Wisconsin School of Business. Mr. Yellin served as the President of the New York Chapter of the National Association of Corporate Directors and a member of the New York Clearing House GC Committee.

He was selected for "Who's Who in American Law," The International "Who's Who of Contemporary Achievement" and the "International Directory of Distinguished Leadership".

Dan Phaure (Director)

Mr. Phaure has more than 20 years of investment banking, business development and capital markets experience, providing strategic guidance in relation to M&A activity, capital transactions and operational changes with companies in North America, Europe and Asia. Mr. Phaure spent 11 years in investment banking, most recently as a Managing Director with Stifel Nicolaus Canada. Prior to his time in investment banking, Mr. Phaure was with the equity research group with RBC Capital Markets. In addition, he served as an accountant with Arthur Andersen from 1997 to 2000. He is currently the Chief Operating Officer and Chief Financial Officer of Heritage Cannabis Holdings Corp. Mr. Phaure is a graduate of Wilfrid Laurier University and is a CPA, CA and CFA holder. He has served on various boards with exposure to both Canada and U.S.

To the knowledge of the Corporation and based upon information provided to it by the nominees, within 10 years before the date of this Information Circular, no such nominee of the Original Slate was a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the nominee ceased to be a director, chief

executive officer or chief financial officer and which resulted from an event that occurred while the nominee was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the foregoing paragraph, "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation and based upon information provided to it by the nominees, no such nominee of the Original Slate is or within 10 years prior to the date of this Information Circular was, a director or executive officer of any company (including the Corporation) that, while the nominee 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, other than Charles Smith who acted as an independent director of CannaSecurity, a United States issuer that filed for bankruptcy protection under Chapter 7 of the Title 11 of the United States Code on April 30, 2018. Mr. Smith stepped in as a director at a time when CannaSecurity was financially struggling. He worked with management in an attempt to restructure the company, but market conditions did not allow the company to recover.

To the knowledge of the Corporation and based upon information provided to it by the nominees, no proposed member of the Original Slate within 10 years prior to the date of this Information Circular has made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such nominee's assets.

No director or executive officer of the Corporation, or, to the knowledge of the Corporation, any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) 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; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Resulting Issuer Slate

The following are the names and municipalities of residence of the proposed directors of the Resulting Issuer as part of the Resulting Issuer Slate, their proposed positions and offices with the Resulting Issuer, their anticipated holdings of the Resulting Issuer and their principal occupations during the last five years.

| | |
|--|---|
| <p>Charles Smith⁽¹⁾⁽²⁾</p> <p>Denver, Colorado</p> <p>Director Since: November 27, 2018</p> <p>Not Independent</p> | <p>Present Occupation and Principal Occupations during the past 5 years</p> <p>Director, President and Chief Executive Officer, Dixie Brands Inc. President, Bella Terra Realty Holdings President, Sagebrush Realty Development</p> <hr/> <p>Number of shares beneficially owned, directly or indirectly, at completion of the Transaction</p> <p>10,189,736 SVS 300,000 NPVS⁽³⁾ 4,077,045 options</p> |
| <p>Brian Graham⁽¹⁾</p> <p>Atlanta, Georgia</p> <p>Director Since: November 27, 2018</p> <p>Independent</p> | <p>Present Occupation and Principal Occupations during the past 5 years</p> <p>Director, Dixie Brands Inc. Founder, Rise Investments International President of Asheville Distilling Company Co-Manager, Hawaii Sea Spirits Board Member, Georgia Chamber Board Member and Treasurer, Professional Beauty Association President, Manufacturer's Leadership Council</p> <hr/> <p>Number of shares beneficially owned, directly or indirectly, at completion of the Transaction</p> <p>2,630,575 SVS⁽⁴⁾</p> |
| <p>Andrew Schweibold⁽²⁾</p> <p>Greenwich, Connecticut</p> <p>Independent</p> | <p>Present Occupation and Principal Occupations during the past 5 years</p> <p>Co-Founder and Managing Partner of Rose Management Group LLC Co-Founder and Chairman of BR Brands LLC Director, Helix TCS Inc. Director, Eaze Technologies, Inc. Co-Founder and Partner of Delos Capital</p> <hr/> <p>Number of shares beneficially owned, directly or indirectly, at completion of the Transaction</p> <p>Nil</p> |

| | |
|--|---|
| Jonathan Rosenthal⁽²⁾ Bloomfield Hills, Michigan Independent | Present Occupation and Principal Occupations during the past 5 years Co-Founder and Director, BR Brands, LLC Co-Founder and Managing Partner of Rose Management Group, LLC Director, Mary's Technology Holdings, Inc. Director, Eaze Technologies, Inc. Director, Dixie Brands, Inc. Director, Therabis, LLC Commercial Leader, General Electric Healthcare, Inc. |
| | Number of shares beneficially owned, directly or indirectly, at completion of the Transaction Nil |
| Satyavrat Joshi⁽¹⁾ Westchester, New York Independent | Present Occupation and Principal Occupations during the past 5 years Interim CEO and Director, BR Brands LLC Investment professional at Rose Management Group, LLC Director, Helix Technologies, Inc. Director, Lost County, Inc. Director, BRB Mary's Holding Corp. Director, Edgewater Foods, Inc. Partner, Incline Global Management |
| | Number of shares beneficially owned, directly or indirectly, at completion of the Transaction Nil |

NOTES:

- (1) Proposed member of the Audit Committee.
- (2) Proposed member of the Compensation Committee.
- (3) Held through Dixie Brands SPV, LLC.
- (4) Brian Graham holds his SVS indirectly through Rise Investments International II Series Y and Rise Investments International II Series 7.

The following are brief biographies of each of the proposed Resulting Issuer Slate director nominees:

Charles Smith (Director, President and Chief Executive Officer)

Please see "*Election of Directors – Original Slate*" in this Information Circular.

Brian Graham (Director)

Please see "*Election of Directors – Original Slate*" in this Information Circular.

Andrew Schweibold (Proposed Director)

Mr. Schweibold is the Co-Founder and Managing Partner of Rose Management Group LLC, a venture capital firm. Mr. Schweibold is also the Co-Founder and Chairman of BR Brands, LLC. In addition, he is

currently a director of Helix TCS Inc. and Eaze Technologies, Inc. Mr. Schweibold was previously a partner with Delos Capital a private equity investment firm he co-founded (January 2013 to December 2016).

Jonathan Rosenthal (Proposed Director)

Mr. Rosenthal is the Co-Founder and Managing Partner of Rose Management Group LLC. Mr. Rosenthal is also the Co-Founder and Director of BR Brands, LLC. In addition, he is currently a director of Mary's Technology Holdings, Inc. He was previously a director of Eaze Technologies, Inc., Dixie Brands, Inc. and Therabis, LLC. He has previously served in various capacities at General Electric Healthcare, Inc., most recently as Region Manager, Imaging (August 2002 – February 2017).

Satyavrat Joshi (Proposed Director)

Mr. Joshi serves as an investment professional at Rose Management Group, LLC. He is currently the Interim CEO and Director of BR Brands, LLC. He is also a director of Helix Technologies, Inc., Lost County, Inc., BRB Mary's Holding Corp. and Edgewater Foods Inc. From November 2014 to February 2017, Mr. Joshi was a partner at Incline Global Management.

To the knowledge of the Corporation and based upon information provided to it by the nominees, within 10 years before the date of this Information Circular, no such nominee of the Resulting Issuer Slate was a director, chief executive officer or chief financial officer of any company (including the Corporation) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the nominee was acting in the capacity as director, chief executive officer or chief financial officer, or was subject to an order that was issued after the nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the nominee was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the foregoing paragraph, "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation and based upon information provided to it by the nominees, no such nominee of the Resulting Issuer Slate is or within 10 years prior to the date of this Information Circular was, a director or executive officer of any company (including the Corporation) that, while the nominee 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, other than as disclosed under "*Election of Directors – Original Slate*" in this Information Circular.

To the knowledge of the Corporation and based upon information provided to it by the nominees, no proposed member of the Resulting Issuer Slate within 10 years prior to the date of this Information Circular has made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any

proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such nominee's assets.

No director or executive officer of the Corporation, or, to the knowledge of the Corporation, any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

- (a) 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; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Director Resolution

At the Meeting, shareholders of the Corporation will be asked to consider, and if deemed advisable, to pass, with or without variation, the following ordinary resolution:

"BE IT RESOLVED THAT:

1. the setting of the number of directors of the Corporation at four (4) is hereby authorized and approved;
2. the election of Charles Smith, Brian Graham, Melvin Yellin, and Daniel Phaure as directors of the Corporation to hold office until the earlier of:
 - (a) the next annual meeting of the shareholders of the Corporation or until their successors are elected or appointed; or
 - (b) 12:01 a.m. on the day following the date on which the Transaction (as defined in the management information circular of the Corporation dated June 8, 2020 for use in connection with the annual and special meeting of shareholders scheduled to be held on July 14, 2020) is completed (the "**Change of Board Time**"), at which time the directors shall be removed as directors of the Corporation,

is hereby approved; and
3. subject to and conditional upon completion of the Transaction:
 - (a) the increase in the number of directors of the Corporation from four (4) to five (5) is hereby authorized and approved; and
 - (b) the election of Charles Smith, Brian Graham, Andrew Schweibold, Jonathan Rosenthal, and Satyavrat Joshi as directors of the Corporation to hold office from the Change of Board Time until the next annual meeting of the shareholders, or until their successors are elected or appointed, is hereby approved."

In order to be passed, the Director Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE DIRECTOR RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Director Resolution.

Appointment of Auditors

A firm of auditors is to be appointed by vote of the shareholders at the Meeting to serve as auditors of the Corporation until the close of the next annual meeting. The Board, upon the recommendation of the Audit Committee, proposes that MNP LLP be re-appointed as auditors of the Corporation and that the directors of the Corporation be authorized to determine their compensation. MNP LLP have acted as auditors of the Corporation since November 27, 2018. Upon completion of the Transaction, it is expected that MNP LLP will continue as auditors of the Corporation.

Unless instructed to abstain from voting with regard to the appointment of auditors, the persons whose names appear on the enclosed forms of proxy will vote in favor of: (i) the re-appointment of MNP LLP as auditors of the Corporation; and (ii) authorizing the directors of the Corporation to determine the compensation of MNP LLP in such capacity (the "Auditor Appointment Resolution").

In order to be passed, the Auditor Appointment Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting is required.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE AUDITOR RE-APPOINTMENT RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Auditor Appointment Resolution.

The following table indicates the aggregate fees billed to the Corporation by MNP LLP, the Corporation's auditors since November 27, 2018, during 2018 and 2019:

| Year | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|-------------|-------------------|---------------------------|-----------------|-----------------------|
| 2019 | \$568,345 | Nil | \$31,670 | Nil |
| 2018 | Nil | Nil | Nil | Nil |

The following table indicates the aggregate fees billed to the Corporation by Zeifmans LLP, the Corporation's auditors prior to November 27, 2018, during 2018:

| Year | Audit Fees | Audit-Related Fees | Tax Fees | All Other Fees |
|-------------|-------------------|---------------------------|-----------------|-----------------------|
| 2018 | \$4,000 | Nil | Nil | Nil |

Continuance under the *Business Corporations Act* (British Columbia)

Continuance

Shareholders of the Corporation will be asked at the Meeting to consider and, if thought advisable, pass, with or without variation, the Continuance Resolution, authorizing the Board, in its sole discretion, to make an application by the Corporation to the Ontario Ministry of Government and Consumer Services (the "**Ministry**") for authorization for the Corporation to continue from the Province of Ontario into the Province

of British Columbia (the "**Continuance**"), irrespective of whether the Transaction is completed, and to file with the Registrar of Companies under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") an application for the Continuance (the "**Continuance Application**").

The Continuance Resolution, if passed, will also approve: (i) the adoption by the Corporation upon Continuance of articles under the BCBCA in the form attached hereto as Schedule "A" (the "**BC Articles**"); (ii) the inclusion with the Continuance Application of a notice of articles under the BCBCA reflecting the information that will apply to the Corporation upon Continuance (the "**Notice of Articles**"); and (iii) concurrently with and conditionally upon the Continuance, the repeal and replacement, by the BC Articles and Notice of Articles, of the Corporation's present articles and by-laws under the OBCA, to (a) make all changes necessary to conform to the BCBCA, and (b) change the name of the Corporation to "BR Dixie Brands Holdings Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine, and as may be accepted by the Registrar of Companies.

The Continuance, if approved, will change the legal domicile of the Corporation and will affect certain of the rights of shareholders as they currently exist under the OBCA. This summary is not intended to be exhaustive. Accordingly, shareholders should consult their legal advisors regarding implications of the Continuance which may be of particular importance to them.

Constating Documents

A British Columbia company's charter documents consist of its "notice of articles" and "articles" and any amendments thereto. Upon the completion of the Continuance, the Corporation will cease to be governed by the OBCA and thereafter, the BCBCA will apply to the Corporation to the same extent as if it had been incorporated under the BCBCA. As part of the Continuance, shareholders of the Corporation will be asked to approve the adoption of the BC Articles which comply with the requirements of the BCBCA, a copy of which is attached hereto as Schedule "A".

Prerequisites for Continuance

Under the OBCA, the Corporation may not apply to become a company under the laws of the Province of British Columbia unless those laws provide in effect that:

- (a) the property of the Corporation continues to be the property of the Corporation after the Continuance;
- (b) the Corporation after the Continuance continues to be liable for the obligations of the Corporation before the Continuance;
- (c) an existing cause of action, claim or liability to prosecution is unaffected;
- (d) a civil, criminal or administrative act or proceeding pending by or against the Corporation may be continued to be prosecuted by or against the Corporation after the Continuance; and
- (e) a conviction against, or a ruling, order or judgment in favor of or against the Corporation may be enforced by or against the Corporation after the Continuance.

The laws of the Province of British Columbia include such provisions.

Procedures in British Columbia for the Continuance

In order for the Continuance to become effective:

- (a) the shareholders of the Corporation must authorize by special resolution: (i) the Continuance Application by the Corporation to the Registrar of Companies for the Province of British Columbia (the "**BC Registrar**"), requesting that the Corporation be continued into British Columbia as a British Columbia company; and (ii) the application by the Corporation to the Ministry for authorization of the Continuance;
- (b) the Corporation must apply to the Ministry for authorization of the proposed Continuance, including filing an Application for Authorization to Continue in Another Jurisdiction (Form 7) (the "**Application for Authorization**");
- (c) the Corporation must obtain consent letters to apply to continue outside Ontario from each of the Minister of Finance and the OSC;
- (d) the Corporation must apply to the BC Registrar to reserve the name "BR Dixie Brands Holdings Inc.", which name is proposed to be used by the Corporation after the Continuance;
- (e) the Corporation must file a Continuance Application (including a Notice of Articles reflecting the information that will apply to the Corporation upon Continuance) and all such other records and information as the BC Registrar may require;
- (f) the BC Registrar, if the Continuance Application is satisfactory, will issue a certificate of continuation under the BCBCA (the "**Certificate of Continuation**");
- (g) the Corporation must file the Certificate of Continuation (once issued by the BC Registrar) with the Ministry, which will publish a notice that the Corporation has been continued into another jurisdiction; and
- (h) the Corporation will cease to be a corporation within the meaning of the OBCA when the Corporation is continued into the Province of British Columbia.

Effect of Continuance

Assuming that the Continuance Resolution is approved by the shareholders at the Meeting, it is expected that the Application for Authorization will be filed with the Ministry and the procedures outlined above will begin as soon as practicable thereafter, as determined by the Board in its sole discretion, in order to give effect to the Continuance.

The Continuance, if approved, will effect a change in the legal domicile of the Corporation on the effective date thereof to the Province of British Columbia. Upon issuance of a Certificate of Continuation for the Corporation under the BCBCA, the Corporation will cease to be a corporation governed by the OBCA and will become a company governed by the BCBCA. The Continuance will not create a new legal entity and

will not prejudice or affect the continuity of the Corporation. The Continuance will not result in any change in the business of the Corporation.

Subject to obtaining the requisite approval of shareholders at the Meeting, the directors and officers of the Corporation immediately following the Continuance will be identical to the current directors and officers of the Corporation. As of the effective date of the Continuance, the election, duties, resignations and removal of the Corporation's directors and officers shall be governed by the BCBCA and the Corporation will no longer be subject to the corporate governance provisions of the OBCA.

By operation of law applicable under the laws of the Province of British Columbia, as of the effective date of the Continuance, all of the property, rights, interests and obligations of the Corporation immediately prior to the Continuance will continue to be the property, rights, interests and obligations of the Corporation after the Continuance. An existing cause of action, claim or liability to prosecution of the Corporation will be unaffected; a legal proceeding being prosecuted or pending by or against the Corporation may be prosecuted or continued to be prosecuted by or against the Corporation; and a conviction against, or a ruling, order or judgment in favor of or against the Corporation may be enforced by or against the continued Corporation.

Reason for Continuance

The Board believes it is desirable for the Corporation to continue its corporate existence under the laws of the Province of British Columbia for several reasons, among which is the fact that, unlike the OBCA, the BCBCA has no requirement that directors of a British Columbia company be residents of Canada. A majority of the current and proposed directors of the Corporation, including the directors proposed to be elected in connection with the completion of the Transaction, are residents of the United States. See the section entitled "*Election of Directors*". The Corporation intends to complete the Continuance even if the Transaction is not completed. Management has therefore determined that it is appropriate to place before the Meeting a special resolution to approve the discontinuance of the Corporation from the Province of Ontario and to continue the Corporation into the Province of British Columbia pursuant to the BCBCA.

Certain Corporate Differences between the OBCA and the BCBCA

The following is a summary only of certain differences between the BCBCA, the statute that will govern the corporate affairs of the Corporation upon the Continuance, and the OBCA, the statute which currently governs the corporate affairs of the Corporation. This summary is not exhaustive and shareholders are advised to review the full text of the BCBCA and consult their legal advisors regarding the implications of the Continuance.

If the Continuance is approved, shareholders will hold securities in a company governed by the BCBCA. This Information Circular summarizes some of the differences that could materially affect the rights and obligations of shareholders after giving effect to the Continuance. In exercising their vote, shareholders should consider the distinctions between the BCBCA and the OBCA, only some of which are outlined below.

As the Corporation is a reporting issuer in Ontario, as principal regulator, and British Columbia, the Corporation will continue to be bound by the rules and policies of such jurisdictions, the CSE and any other applicable securities legislation.

Nothing that follows should be construed as legal advice to any particular shareholder, all of whom are advised to consult their own legal advisors respecting all of the implications of the Continuance.

Sale of the Corporation's Undertaking

The OBCA requires approval of the holders of two-thirds of the shares of a corporation represented at a duly called meeting to approve a sale, lease or exchange of all or substantially all of the property of a corporation, other than in the ordinary course of business. If a sale, lease or exchange of all or substantially all of the property of a corporation would affect a particular class or series of shares in a manner that is different than the shares of another class or series entitled to vote, then such class or series of shares are entitled to a separate class or series vote, regardless of whether or not such shares otherwise carry the right to vote.

Under the BCBCA, the directors of a company may sell, lease or otherwise dispose of all or substantially all of the undertaking of the company only if: (i) if it does so in the ordinary course of the company's business; or (ii) it has been authorized to do so by special resolution of the shareholders. Under the BCBCA a special resolution requires the approval of a "special majority", which means the majority specified in a company's articles, which must be at least two-thirds and not more than three-quarters of the votes cast on the resolution.

Amendments to the Articles of a Corporation

Under the OBCA, amendments to the articles of a corporation require a resolution passed by not less than 2/3 of the votes cast by the shareholders voting on the resolution authorizing the amendments and, where certain specified rights of the holders of a class or series of shares are affected differently by the amendments than the rights of the holders of other classes or series of shares, such holders are entitled to vote separately as a class or series, whether or not such class or series of shares otherwise carry the right to vote. A resolution to amalgamate an OBCA corporation requires a special resolution passed by the holders of each class or series of shares, whether or not such shares otherwise carry the right to vote, if such class or series of shares are affected differently.

The requirements for alterations to the articles of a company under the BCBCA depend upon the type of resolution specified as necessary in the company's articles, which, for many alterations, including a change of name, can be by a resolution of the directors. In the absence of a lesser requirement in the articles, most corporate alterations will require a special resolution, which is a resolution passed by a majority of at least 2/3 and not more than 3/4 of the votes cast, depending on the majority specified in the articles. Alteration of the special rights and restrictions attached to issued shares requires, subject to the type of resolution specified in the company's articles, consent by a special resolution of the holders of the class or series of shares affected. A proposed amalgamation or continuation of a company out of British Columbia requires a special resolution of the shareholders.

Rights of Dissent and Appraisal

The OBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares. This dissent right is available when a corporation proposes to: (a) amend its articles to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class; (b) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on; (c) amend its articles to add or remove an express statement establishing the unlimited liability of shareholders; (d) amalgamate with another corporation pursuant to certain statutory provisions; (e) be continued under the laws of another jurisdiction; or (f) sell, lease or exchange all or substantially all its property. **The BCBCA contains a similar dissent remedy, although the procedure for exercising this remedy is different from that contained in the OBCA.**

Similarly, the BCBCA provides shareholders of a British Columbia company with a dissent remedy, regardless of whether the shareholders' shares carry the right to vote, where a company proposes to: (a) alter its articles to alter restrictions on the powers of the company or on the business it is permitted to carry on; (b) adopt an amalgamation agreement; (c) approve an amalgamation with a foreign corporation; (d) approve an arrangement, the terms of which arrangement permit dissent; (e) authorize or ratify the sale, lease or other disposition of all or substantially all of the company's property; and (f) authorize the continuation of the company into a jurisdiction other than British Columbia. Under the BCBCA, the dissent right is also applicable to any other resolution, if dissent is authorized by the resolution, or under any court order that permits dissent.

Shareholder Derivative Actions

Under the BCBCA, a shareholder, defined as including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, or a director of a company, may, with leave of the court, prosecute a civil, criminal, quasi-criminal, administrative or regulatory action or proceeding in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself, or to obtain damages for any breach of such a right, duty or obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a company, in the name of and on behalf of the company.

The OBCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the OBCA is available to former shareholders, former directors, officers, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

Oppression Remedies

Under the OBCA a registered shareholder, beneficial shareholder, former registered shareholder or beneficial shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of an offering corporation, the OSC, may apply to a court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates: (a) any act or omission of a corporation or its affiliates effects or threatens to effect a result; (b) the business or affairs of a corporation or its affiliates are or have been or are threatened to be carried on or conducted in a manner; or (c) the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director or officer. **The OBCA contains rights that are substantially broader than the BCBCA in that they are available to a larger class of complainants.**

The oppression remedy under the BCBCA is similar to the remedy found in the OBCA, with a few differences. Under the OBCA, the applicant can complain not only about acts of the corporation and its directors but also acts of an affiliate of the corporation and the affiliate's directors, whereas under the BCBCA, registered and beneficial shareholders, and any other person whom the court considers appropriate, can only complain that the affairs of the company are or have been conducted, or that the powers of the directors are being or have been exercised, in a manner that is oppressive to one or more of the shareholders. In addition, under the BCBCA the applicant must bring the application in a timely manner, which is not required under the OBCA.

Requisition of Meetings

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of the shareholders of the corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that one or more shareholders of a company holding not less than 5% of the issued shares of the company that carry the right to vote at a general meeting may give notice to the directors requiring them to call and hold a general meeting of shareholders to transact the business stated in the notice within 4 months of the date of receipt of the notice.

Place of Meetings

The OBCA provides that, subject to the articles and any unanimous shareholder agreement, meetings of shareholders may be held either inside or outside Ontario as the directors may determine.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless a location outside the Province is provided for in the articles, approved by the type of resolution specified in the articles before the meeting, or approved in writing by the BC Registrar.

Directors

The OBCA requires that at least 25% of directors of a corporation be resident Canadians and requires that for offering corporations not fewer than three individuals be elected and at least one-third of the directors not be officers or employees of the corporation or its affiliates.

The BCBCA provides that a public company must have at least three directors but does not have any residency requirements for directors.

Requisite Approvals

Under the BCBCA, a company can establish in its articles the levels for various shareholder approvals, other than those levels that are prescribed by the BCBCA. The majority of votes required for a special resolution can be specified in the articles of a company, and may be no less than 2/3 and no more than 3/4 of the votes cast.

The OBCA does not provide flexibility with respect to the level of shareholder approval required for ordinary resolutions and special resolutions. Under the OBCA, an ordinary resolution must be passed by no less than a majority of the votes cast by shareholders entitled to vote with respect to the resolution and a special resolution must be passed by not less than two-thirds of the votes cast by the shareholders entitled to vote with respect to the resolution.

Articles of the Corporation

The Continuance Resolution, if approved, will adopt a Notice of Articles and BC Articles for the Corporation which will effect the repeal and replacement of the Corporation's present articles and by-laws under the OBCA to:

- (a) make all changes necessary to conform to the BCBCA; and

- (b) change the name of the Corporation to "BR Dixie Brands Holdings Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine, and as may be accepted by the BC Registrar.

The BC Articles proposed to be adopted by the Corporation upon the Continuance are set out in Schedule "A" to this Information Circular.

Shareholders' Right to Dissent with Respect to the Continuance Resolution

Under Section 185 of the OBCA, a registered shareholder of the Corporation may dissent with respect to the Continuance Resolution. If the Continuance Resolution is adopted and the Continuance, and the adoption of the Notice of Articles and BC Articles for the Corporation which will effect the repeal and replacement of the Corporation's present articles are completed, a dissenting shareholder who strictly complies with the procedures set out in the OBCA will be entitled to be paid the fair value of his, her or its shares, determined as of the close of business on the day before the Continuance Resolution is adopted, in connection with which his, her or its right to dissent was exercised. Registered shareholders who wish to exercise dissent rights should seek legal advice, as failure to adhere strictly to the requirements set out in the OBCA may result in the loss or unavailability of any right to dissent. A summary of the dissent rights available to shareholders are set out in Schedule "B" to this Information Circular.

Registered shareholders who intend to exercise dissent rights should carefully consider and comply with the provisions of Section 185 of the OBCA, which are set out in Schedule "B" to this Circular. Failure to comply with the provisions of that section and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Continuance Resolution

It is a condition precedent to the completion of the Transaction that the shareholders approve the Continuance Resolution. If the Continuance Resolution does not receive the requisite approval, the Transaction will not proceed, unless such condition precedent is waived in accordance with the terms of the Contribution and Exchange Agreement. If the Transaction does not proceed, the Corporation nonetheless intends to proceed with the Continuance if the Continuance Resolution is approved.

The text of the Continuance Resolution to be voted on at the Meeting by the shareholders of the Corporation is set forth below:

"BE IT RESOLVED THAT:

1. the board of directors of the Corporation is hereby authorized to:
 - (a) make application to the Ministry of Government and Consumer Services for the Province of Ontario under Section 181 of the *Business Corporations Act* (Ontario) (the "**OBCA**") for authorization for the Corporation to apply to the Registrar of Companies (the "**BC Registrar**") under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") for continuance (the "**Continuance**") of the Corporation into the Province of British Columbia (the "**Continuance Application**") and to obtain such other consents as may be required in connection therewith, including, without limitation, from the Minister of Finance of Ontario and the Ontario Securities Commission;

- (b) prepare and include with the Continuance Application a notice of articles (the "**Notice of Articles**") under the BCBCA which will reflect the information which will apply to the Corporation upon Continuance; and
 - (c) subject to receipt of consent letters to apply to continue outside of Ontario from each of the Minister of Finance of Ontario and the Ontario Securities Commission, file the Continuance Application with the BC Registrar, and provide all such other records and information to the BC Registrar in connection with the Continuance as the BC Registrar may require;
2. concurrently with, and subject to the completion of, the Continuance:
- (a) the articles (the "**BC Articles**") in the form attached hereto as Schedule "A" are adopted as the new Articles of the Corporation;
 - (b) any one director of the Corporation is hereby authorized and directed to sign the BC Articles; and
 - (c) the Corporation's present articles of amendment and by-laws are repealed and replaced by the BC Articles and the Notice of Articles to:
 - (i) make all changes necessary to conform to the BCBCA; and
 - (ii) change the name of the Corporation to "BR Dixie Brands Holdings Inc." or such other name as the directors of the Corporation, in their sole discretion, may determine, and as may be accepted by the BC Registrar.
3. any director or officer of the Corporation is hereby individually authorized and directed for and on behalf of the Corporation to do all further acts and things, and to execute under the seal of the Corporation or otherwise, and deliver all such documents, instruments and writings as may be necessary or desirable in order to give effect to this special resolution;
4. notwithstanding the approval of the shareholders of the Corporation as herein provided, the board of directors of the Corporation may, in its sole discretion, revoke this special resolution before it is acted upon, without further approval of the shareholders; and
5. any one or more directors or officers are hereby authorized, upon the board of directors resolving to give effect to this resolution, to take all necessary steps and proceedings, and to execute and deliver and file any and all applications, declarations, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to the provisions of this resolution."

The Board believes that the Continuance is in the best interests of the Corporation and therefore unanimously recommends that shareholders vote in favor of the Continuance Resolution. **The Board may, in its sole discretion, decide not to act on the Continuance Resolution.**

In order to be passed, the Continuance Resolution requires the approval of two-thirds (66⅔%) of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting.

THE BOARD UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE CONTINUANCE RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Continuance Resolution.

Approval of Name Change

Upon the completion of the Transaction, the Resulting Issuer will carry on the business currently carried on by the Corporation and BRB jointly, and accordingly, the Board is recommending that the corporate name be changed to "BR Dixie Brands Holdings Inc." or such other name as determined by the directors of the Resulting Issuer following the completion of the Transaction, and as may be accepted by the Registrar of Companies (as hereinafter defined) (the "**Name Change**").

Name Change Resolution

At the Meeting, shareholders of the Corporation will be asked to consider, and if deemed advisable, to pass, with or without variation, the following special resolution (the "**Name Change Resolution**"):

"BE IT RESOLVED THAT:

1. the Corporation is hereby authorized to amend its articles to change the Corporation's name to "BR Dixie Brands Holdings Inc." or such other name as the Corporation and BR Brands, LLC agree, and as may be accepted by the Registrar of Companies for the Province of British Columbia; and
2. any one (or more) director(s) or officer(s) of the Corporation be and is hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this resolution."

In order to be passed, the Name Change Resolution requires the approval of two-thirds (66⅔%) of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting.

THE BOARD UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE NAME CHANGE RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Name Change Resolution.

Omnibus Equity Incentive Plan

The principal features of the Corporation's omnibus equity incentive plan (the "**Plan**"), which has been approved by the Board, are summarized below. The following information is intended as a brief description of the Plan and is qualified in its entirety by the full text of the Plan, a copy of which is attached as Schedule "C" hereto. Following the completion of the Transaction, the Resulting Issuer will adopt an equity incentive plan in substantially the same form as the Plan (the "**Resulting Issuer Plan**").

Purpose

The purpose of the Plan is to assist the Corporation and its affiliates in attracting and retaining individuals to serve as directors, employees, consultants or advisors of the Corporation who are expected to contribute to the Corporation's success and to achieve long-term objectives that will inure to the benefit of all stockholders of the Corporation through the additional incentives inherent in the Awards (as defined below).

The Plan permits the grant of (i) nonqualified stock options ("**NQSOs**") and incentive stock options ("**ISOs**") (collectively, "**Options**"), (ii) restricted stock awards, (iii) other stock units ("**OSUs**"), (iv) stock appreciation rights ("**SARs**"), and (v) performance compensation awards, which are referred to herein collectively as "**Awards**," as more fully described below.

Eligibility

Any of the Corporation's employees, officers, directors and consultants (who are natural persons) (the "**Participants**") are eligible to participate in the Plan if selected by the Committee (as hereinafter defined). The "**Committee**" will consist of the Board, or a committee designated by the Board, which Committee will be constituted in compliance with applicable laws. The basis of participation of an individual under the Plan, and the type and amount of any Award that an individual will be entitled to receive under the Plan, will be determined by the Committee based on its judgment as to the best interests of the Corporation and its shareholders, and therefore cannot be determined in advance.

The maximum number of SVS that may be issued under the Plan shall be determined by the Board from time to time, but in no case shall exceed, in the aggregate, 20% of the number of SVS then outstanding. Any shares subject to an Award under the Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Plan.

In the event of any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of SVS or other securities of the Corporation, issuance of warrants or other rights to acquire SVS or other securities of the Corporation, or other similar corporate transaction or event, which affects the SVS, or unusual or nonrecurring events affecting the Corporation, or the financial statements of the Corporation, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Committee may make such adjustment as is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, to (i) the number and kind of shares which may thereafter be issued in connection with Awards, (ii) the number and kind of shares issuable in respect of outstanding Awards, (iii) the purchase price or exercise price relating to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and (iv) any share limit set forth in the Plan.

Awards

(a) Options

The Committee is authorized to grant Options to purchase SVS that are either ISOs, meaning they are intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986 (the "**Code**"), or NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Options granted under the Plan will be subject to the terms and conditions established by the Committee. Under the terms of the Plan, unless the Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of the Options will not be less than the fair market value (as determined under the Plan) of the shares at the time of grant. Options granted under the Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Committee and specified in the applicable Award agreement. The maximum term of an Option granted under the Plan will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made, among other methods, in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Committee may determine to be appropriate.

(b) Restricted Stock

A restricted stock Award is a grant of SVS, which are subject to forfeiture restrictions during a restriction period. The Committee will determine the price, if any, to be paid by the Participant for each SVS subject to a restricted stock Award. The terms of any restricted stock Award granted under the Plan will be set forth in a written Award agreement which may contain such provisions as determined by the Committee, which is not inconsistent with the Plan. Except as otherwise provided in the Award agreement, beginning on the date of grant of the restricted stock Award and subject to execution of the Award agreement, the Participant will become a shareholder of the Corporation with respect to all SVS subject to the Award agreement and shall have all of the rights of a shareholder, including the right to vote such SVS and the right to receive distributions made with respect to such SVS; provided, however, that any SVS or any other property (other than cash) distributed as a dividend or otherwise with respect to any restricted stock Award, as to which the restrictions have not yet lapsed, shall be subject to the same restrictions as such restricted shares. If a Participant holds unvested restricted stock awards on the date his or her continuous status as an employee, director or consultant terminates for any reason, the unvested restricted stock Awards will expire and the SVS covered by the unvested restricted stock Awards will revert to the Plan, unless otherwise set forth in the Award agreement, in an employment agreement between the Corporation or an affiliate and the Participant (if any) or as determined by the Committee. The Committee may determine in its sole discretion that such unvested restricted stock Awards will become vested at such times and on such terms as the Committee may determine in its sole discretion.

(c) OSUs

Other Awards of shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, SVS or other property (OSUs) may be granted to Participants, either alone or in addition to other Awards granted under the Plan, and such OSU Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan. OSU Awards shall be paid in SVS or cash. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom and the time or times at which such OSU Awards shall be made, the number of SVS or the amount of cash or other property to be granted pursuant to such Awards, and all other conditions of the Awards. The provisions of OSU Awards need not be the same with respect to each recipient. Subject to requirements of applicable law, the Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Corporation or any affiliate as a condition precedent to the issuance of SVS (including securities convertible into SVS). The terms of any OSU Awards granted under the Plan will be set forth in a written Award agreement which will contain provisions determined by the Committee and not inconsistent with the Plan. If a Participant holds unvested OSU Awards on the date his or her continuous status as an employee, director or consultant terminates for any reason, the unvested OSU Awards will expire and the SVS covered by the unvested OSU Awards will revert to the Plan, unless otherwise set forth in the Award agreement, in an employment agreement between the Corporation or an affiliate and the Participant (if any), or as determined by the Committee. The Committee may determine in its sole discretion that such unvested OSU Awards will become vested at such times and on such terms as the Committee may determine in its sole discretion.

(d) Stock Appreciation Rights

An SAR entitles the recipient to receive, upon exercise of the SAR, subject to certain exceptions, the increase in the fair market value of a specified number of SVS from the date of the grant of the SAR and the date of exercise payable in SVS. Any grant may specify a vesting period or periods before the SAR may become exercisable and permissible dates or periods on or during which the SAR shall be exercisable. No SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service, death or

disability, the same general conditions applicable to Options as described above would be applicable to the SAR.

General

The Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Plan shall be non-transferable except by will or by the laws of descent and distribution. No Participant shall have any rights as a shareholder with respect to SVS covered by Options, SARs, restricted stock Awards, or OSUs, unless and until such Awards are settled in SVS.

No Option (or, if applicable, SARs) shall be exercisable, no SVS shall be issued, no certificates for SVS shall be delivered and no payment shall be made under the Plan except in compliance with all applicable laws.

The Board may amend, alter, suspend, discontinue or terminate the Plan and the Committee may amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Corporation's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property), stock split, reverse stock split, spin-off, rights offering or any other event that constitutes an "equity restructuring" within the meaning of the Financial Accounting Standards Board Accounting Standard Codification (ASC) Section 718, Compensation—Stock Compensation (FASB ASC 718), or similar transaction or other change in corporate structure affecting the SVS or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards as the Committee, in its sole discretion, deems equitable or appropriate to prevent dilution or enlargement of rights immediately resulting from such event or transaction, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan and, in the aggregate or to any one Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other Awards denominated in the shares of, another company) as the Committee may determine to be appropriate in its sole discretion, provided, however, that the number of SVS subject to any Award must always be a whole number.

Tax Withholding

The Corporation may take such action as it deems appropriate to ensure that all applicable federal, provincial, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

Omnibus Equity Incentive Plan Resolution

Shareholder approval of the Plan and the Resulting Issuer Plan is required for certain purposes, including for the Corporation to facilitate grants of ISOs pursuant to Section 422 of the Code. In order to dispense with the need to call an additional meeting of the shareholders of the Resulting Issuer to approve the Resulting Issuer Equity Incentive Plan following completion of the Transaction, the shareholders will be asked at the Meeting to consider, and if deemed advisable, approve the following resolution (the "**Omnibus Equity Incentive Plan Resolution**"):

"BE IT RESOLVED THAT:

1. the omnibus equity incentive plan, as described in greater detail in the information circular of the Corporation dated June 8, 2020 for use in connection with the annual and special meeting of shareholders scheduled to be held on July 14, 2020 (the "**Circular**"), and all unallocated awards issuable thereunder, are hereby approved;
2. subject to and conditional upon completion of the Transaction, the omnibus equity incentive plan of the Resulting Issuer (as such terms are defined in the Circular) and all unallocated awards issuable thereunder, are hereby approved; and
3. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

In order to be passed, the Omnibus Equity Incentive Plan Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting.

THE BOARD UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE "FOR" THE EQUITY INCENTIVE PLAN RESOLUTION. Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Omnibus Equity Incentive Plan Resolution.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of shareholders, but that it also promotes effective decision-making at the Board level.

Effective June 30, 2005, the Canadian Securities Administrators adopted National Policy 58-201 – *Corporate Governance Guidelines* (the "**Guidelines**") and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* which requires that each reporting issuer annually disclose its corporate governance practices.

The following disclosure is based on the disclosure requirements of the Guidelines.

Board Mandate

The Board's responsibility is to supervise and oversee management of the Corporation in accordance with the highest standards of ethical conduct and to act with a view to the best interests of the Corporation and its shareholders. In the discharge of this responsibility, the Board oversees and reviews, directly or through its various committees, the Corporation's results of operations and business initiatives, and identifies and oversees the management of principal business risks affecting the Corporation. The Board is also responsible for reviewing its size and the compensation paid to its members to ensure that the Board can fulfill its duties effectively and that its members are adequately compensated for assuming the risks and carrying out the responsibilities of their positions.

Current Directorships in Other Issuers

As of the date of this Information Circular, none of the current directors of the Corporation are directors of other issuers that are also reporting issuers (or the equivalent) in a territory of Canada or in a foreign territory.

Board Meetings

The Board conducts in-camera sessions at each Board Meeting, at which no executive directors or members of management are present. The in-camera sessions are intended not only to encourage the Board to fully and independently fulfill its mandate, but also to facilitate the performance of the fiduciary duties and responsibilities of the directors on behalf of the Corporation's shareholders.

Orientation and Continuing Education

The Board encourages directors to take relevant training programs offered by different regulatory bodies and educational service providers and industry associations, and gives them the opportunity to expand their knowledge about the nature and operations of the Corporation's business. During the year ended December 31, 2019, certain of the Corporation's directors attended continuing education programs and certain of its directors are currently enrolled in such programs.

Composition and Operation of the Board

The Guidelines recommend that a majority of directors of a listed corporation be "independent" as defined by NI 52-110. An independent director is a director who does not have any direct or indirect material relationship with the issuer. "**Material relationship**" is defined under NI 52-110 as a relationship which could, in the view of the Corporation's Board, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 further sets out certain relationships which are deemed to be material relationships.

The Board currently has four members. Each director is elected annually by the shareholders and serves for a term that will end at the Corporation's next annual meeting. For the upcoming year the Board believes that seven directors is a sufficient number to ensure that the Board will be comprised of directors with a broad range of experience and expertise and will be able to function independently of management.

Given the above determinations, the Board has determined that out of the existing four members of the Board, three of the members (representing approximately 75% of the Board) are independent, with Mr. Smith being the only non-independent members of the Board.

| Board Member | Year Appointed | Independent | Audit Committee | Compensation Committee |
|---------------|----------------|-------------|-----------------|------------------------|
| Charles Smith | 2018 | | ✓ | ✓ |
| Brian Graham | 2018 | ✓ | ✓ | ✓ |
| Melvin Yellin | 2018 | ✓ | ✓ | ✓ |
| Daniel Phaure | 2020 | ✓ | | |

Additional information for each of the directors can be found under the heading "*Election of Directors*".

Ethical Business Conduct

A director, in the exercise of his or her functions and responsibilities, must act with complete honesty and good faith in the best interests of the Corporation. He or she must also act in accordance with applicable laws, regulations and policies. In the event of a conflict of interest, a director is required to declare the nature and extent of any material interest he or she has in any important contract or proposed contract, as soon as he or she has knowledge of the agreement or of the Corporation's intention to consider or enter into the proposed contract. In such circumstances, the director in question shall abstain from voting on the subject.

Board Committees

The Corporation has two committees of the Board, namely the Audit Committee and the Compensation Committee. The Corporation may in the future create additional Board committees in order to enhance corporate governance.

Audit Committee

The current members of the Audit Committee are Charles Smith, Brian Graham and Melvin Yellin. If the Transaction is completed, it is expected that the members of the Audit Committee of the Resulting Issuer will be Charles Smith, Brian Graham and Satyavrat Joshi. All of the current and proposed members of the Audit Committee are "financially literate" for the purposes of NI 52-110.

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements. Each member of the Audit Committee also has a significant understanding of the business in which the Corporation is engaged and has an appreciation for the relevant accounting principles used in the Corporation's business.

Further, each member has the requisite education and experience that has provided the member with:

- an understanding of the accounting principles used by the Corporation to prepare the Corporation's financial statements;
- the ability to assess the general application of the above-noted principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

The Audit Committee's primary responsibility is to assist the Board in discharging its oversight responsibilities with respect to financial matters and compliance with laws and regulations. The Audit Committee's specific responsibilities with respect to its oversight of financial matters include, among other things: to select, evaluate, monitor the independence of, and recommend an auditor to the Board for appointment or reappointment, as the case may be, by the Corporation's shareholders and make recommendations with respect to the auditor's compensation; to review and determine the auditor's fee and

the terms of the auditor's engagement and inform the Board thereof; where the Audit Committee may deem it appropriate, to recommend to the Board that the auditor be terminated; to meet with senior management without the auditor present to discuss the performance of the auditor; to pre-approve any audit services, and any non-audit services permitted under applicable law, to be performed by the auditor; to review and approve the audit plan; to review with senior management and the auditor the annual audited consolidated financial statements, together with the auditor's report thereon and the interim financial statements, before recommending them to the Board, and review with senior management and the auditor the relevant management's discussion and analysis relating thereto; to review other financial reporting and disclosures, including earnings press releases and other press releases disclosing financial information and all other financial statements of the Corporation that require approval by the Board before they are released to the public; to oversee the integrity of the Corporation's financial reporting processes and disclosures, including its internal controls, disclosure controls and procedures and compliance with legal and regulatory requirements, and to report regularly to the Board on such matters; to oversee the Corporation's risk management function; to review with senior management the status of taxation matters; and to review and oversee the Corporation's investment strategies and policies.

The Audit Committee reviews and pre-approves all audit and non-audit services to be provided to the Corporation by its external auditors on an annual basis. Before the appointment of the external auditor for any non-audit service, the Audit Committee considers the compatibility of the service with the auditor's independence.

Audit Committee Charter

The responsibilities and duties of the Audit Committee are set out in the committee's charter, the text of which is attached as Schedule "D" to this Information Circular.

Audit Committee Oversight

At no time has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Compensation Committee

The current members of the Compensation Committee are Charles Smith, Brian Graham and Melvin Yellin. If the Transaction is completed, it is expected that the members of the Compensation Committee of the Resulting Issuer will be Charles Smith, Jonathan Rosenthal and Andrew Schweibold.

The Compensation Committee's principal responsibilities include:

- acting in an advisory capacity to the Board;
- reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluating the performance of the Chief Executive Officer in light of those corporate goals and objectives and determining (or making recommendations to the Board with respect to) the compensation level of the Chief Executive Officer based on this evaluation;
- making recommendations to the Board with respect to compensation, incentive-compensation plans and equity-based plans of the officers, other than the Chief Executive Officer, and directors;

- reviewing and approving, prior to public disclosure, all public disclosure on executive compensation and producing a report on executive officer compensation for inclusion in the Corporation's management information circular and proxy statement;
- overseeing the evaluation of, and reporting to the Board on, the performance of the management of the Corporation; and
- conducting an annual performance evaluation of the Compensation Committee.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The information contained under the heading "**Compensation Discussion and Analysis**" relates to the Corporation's current compensation program, which was adopted by the Board following completion of a reverse takeover ("**RTO**") transaction on November 27, 2018. Pursuant to the RTO transaction, a wholly-owned subsidiary of Academy Explorations Limited merged with Dixie Brands, Inc., forming a Delaware-incorporated operating company named Dixie Brands (USA) Inc. Through this amalgamation, Dixie Brands (USA) Inc. became a wholly-owned subsidiary of Academy Explorations Limited, which is a reporting issuer in Ontario. As part of the RTO, Academy Explorations Limited changed its name to Dixie Brands Inc. All officers and directors of Dixie Brands, Inc. resigned effective as of the RTO and new officers and directors were appointed.

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's philosophy, objectives and processes regarding compensation of the individuals who carried out the roles of the Chief Executive Officer and the Chief Financial Officer of the Corporation during the year ended December 31, 2019 and the most highly compensated executive officer of the Corporation, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000 for the 12 months ended December 31, 2019 (collectively, the "**Named Executive Officers**").

Compensation Committee

The administration of the Corporation's compensation practices is handled by the Compensation Committee.

Among other things, the Compensation Committee's role is to ensure that the total compensation paid to the Corporation's executive officers, including the Named Executive Officers, is fair, reasonable and competitive. In the course of reviewing and recommending to the Board the compensation of executive officers other than the Chief Executive Officer, the Compensation Committee annually reviews the performance of the executive officers with the Chief Executive Officer, and the Chief Executive Officer makes recommendations to the Compensation Committee regarding their compensation.

The Compensation Committee will evaluate the performance of the Chief Executive Officer and, based on its evaluation, review and make recommendations to the Board with respect to all direct and indirect compensation, benefits and perquisites (cash and non-cash) for the Chief Executive Officer based on such evaluation. The Compensation Committee will also review and make recommendations to the Board with respect to compensation, benefits and perquisites for all other senior executive officers of the Corporation, incentive-compensation plans and equity-based plans, and policies regarding management benefits and perquisites.

Neither the Board nor any committee of the Board has formally established a mechanism to consider the implications of the risks associated with the Corporation's compensation policies and practices. However, the Board and the Compensation Committee inherently consider these risks. The Compensation Committee reviews and manages the policies and practices of the Corporation and ensures that they are aligned with the interests of the shareholders. The Compensation Committee reviews, among other things, the overall compensation and the annual salary increases of the executive officers of the Corporation while keeping as a reference both the financial performance of the Corporation and the turnover risk for the Corporation. The Board also addresses risk related to compensation policies in the context of compensation mechanisms that are linked to the achievement of certain goals or targets (e.g. short term and long term objectives), both financial and otherwise. The Board is involved in the supervision of key projects and initiatives of the Corporation and the manner in which they are being carried out. Consequently, the Board is in a position where it can control significant risks that may be taken by the Corporation's management and ensures that those risks remain appropriate and that members of management do not expose the Corporation to excessive risks.

Each member of the Compensation Committee has direct experience relevant to compensation matters resulting from their respective current and past backgrounds and/or roles. The members of the Compensation Committee have experience dealing with compensation matters in large and small organizations, including public companies.

The Corporation does not have a policy in place that limits the ability for directors or Named Executive Officers to hedge the shares of the Corporation that they own. However, none of the current directors or Named Executive Officers of the Corporation are hedging any of the shares of the Corporation that they own.

Compensation Process

The Corporation has no formal or informal policy or target for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation, or among the different forms of non-cash compensation. Instead, the Board determines subjectively what it believes to be the appropriate level and mix of the various compensation components based on the recommendations of the Compensation Committee.

Compensation Objectives

The Corporation's compensation philosophy for Named Executive Officers is designed to attract and retain talented and experienced individuals by paying modest base salaries plus short and long-term incentive compensation in the form of cash bonuses, stock options or other suitable long-term incentives. In making its determinations regarding the various elements of executive compensation, the Compensation Committee will have access to and will rely on published studies of compensation paid in comparable businesses.

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

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

- to attract, retain and motivate talented executives who create and sustain the Corporation's continued success;

- to motivate and reward executives whose knowledge, skills and performance are critical to the Corporation's success;
- to encourage executives to manage the Corporation's business to meet its long-term objectives;
- to align the interests of the Corporation's executives with the interests of the Corporation's shareholders by motivating executive officers to increase shareholder value and reward executive officers when shareholder value increases; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar businesses.

The Corporation believes that its current compensation programs are structured to support the achievement of the foregoing strategic objectives.

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

Elements of Compensation

The Corporation seeks to achieve the compensation objectives described earlier through different elements of compensation, including salary and both short-term and long-term incentive plans, with the incentives having both equity and non-equity components. The Corporation believes that these various elements are important to effectively achieve the objectives of its executive compensation philosophy.

The elements of the Named Executive Officers' compensation are:

- (a) base salaries;
- (b) annual bonuses; and
- (b) stock option grants.

There is no regulatory oversight of the Corporation's compensation process for the Named Executive Officers.

Base Salary

The Corporation pays its executive officers a base salary to compensate them for services rendered during a fiscal year. Base salaries are determined for each executive officer based on an evaluation of such officer's experience, skills, knowledge, scope of responsibility and performance. Base salary levels are reviewed and considered annually, and from time to time adjustments may be made to base salary levels based upon promotions or other changes in job responsibility or merit-based increases based on assessments of individual performance.

The base salary review of any executive officer takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the executive officer. Base salary is not evaluated against a formal "peer group".

Annual Bonuses

The Corporation provides senior executives (including the Named Executive Officers) with the opportunity to receive cash bonuses based on performance and on the free cash flow of the Corporation available for distribution. The cash bonuses are primarily designed to align the financial interests of the Corporation's executives with the interests of the Corporation's shareholders. See the "*Table of Compensation Excluding Compensation Securities*" below for details of the cash bonuses paid to the Corporation's Named Executive Officers for the fiscal year ended December 31, 2019.

Equity Incentive Awards

The executive officers are eligible to receive Awards under the Plan. The Corporation intends for Awards to be an integral part of its overall compensation program as the Corporation believes that the long-term performance of the Corporation will be enhanced through the use of Awards that reward executive officers for increasing long-term shareholder value. The Corporation also believes that such Awards will promote an ownership perspective among its executive officers and encourage executive retention. In determining the number of Awards to be granted to executive officers, the Compensation Committee takes into account the individual's position, scope of responsibility, ability to affect profits and shareholder value and the value of the Awards in relation to other elements of the individual executive officer's total compensation, including base salary and cash bonuses.

Broad-Based Benefits Programs

All full-time employees, including the Corporation's Named Executive Officers, may participate in the Corporation's health and welfare benefit programs, including medical, dental and vision care coverage, disability insurance and life insurance. The Corporation does not intend to provide perquisites or personal benefits to its Named Executive Officers that are not otherwise available to other employees generally.

Pension Plan Benefits

The Corporation does not have a defined benefits pension plan, a defined contribution plan or a deferred compensation plan.

Compensation of Named Executive Officers and Directors

In connection with the completion of the RTO, the Corporation changed its financial year end from April 30 to December 31. The information provided herein is for the fiscal year ended December 31, 2019 and includes compensation paid to the Named Executive Officers during that period by Dixie Brands, Inc. prior to the RTO and the Corporation following the completion of the RTO. Information relating to the public company predecessor entity, Academy Explorations Limited, can be found in the Information Circular dated August 7, 2018 on the Corporation's profile on SEDAR at www.sedar.com, which is hereby incorporated by reference.

As of December 31, 2019, the Corporation had three Named Executive Officers: Charles Smith, Greg Robbins and C.J. Chapman. The following table sets out the compensation noted below paid or payable to the Named Executive Officers for the two most recently completed financial years:

| Table of Compensation Excluding Compensation Securities | | | | | | | |
|--|-------------|--------------------|-------------------|---------------------------------------|-------------------------------|------------------------------------|--------------------------------|
| Name and Position | Year | Salary (\$) | Bonus (\$) | Committee or Meeting Fees (\$) | Value Perquisites (\$) | All Other Compensation (\$) | Total Compensation (\$) |
| Charles Smith, Chief Executive Officer and Director | 2019 | 293,300 | Nil | Nil | Nil | Nil | 293,300 |
| | 2018 | 256,730 | 200,000 | Nil | Nil | Nil | 456,730 ⁽¹⁾ |
| C.J. Chapman, General Counsel and Secretary | 2019 | 228,725 | Nil | Nil | Nil | Nil | 228,725 |
| | 2018 | 104,635 | 60,000 | Nil | Nil | Nil | 164,635 |
| Greg Robbins, Chief Financial Officer | 2019 | 102,725 | Nil | Nil | Nil | Nil | 102,725 |
| | 2018 | N/A | N/A | N/A | N/A | N/A | N/A |
| Brian Graham, Director | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| Melvin Yellin, Director | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| Devin Binford, Director ⁽³⁾ | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| Vincent Keber, III, Director | 2019 | 134,615 | Nil | Nil | Nil | Nil | 134,615 |
| | 2018 | 250,000 | 100,000 | Nil | Nil | Nil | 350,000 ⁽²⁾ |
| Michael Lickver, Director ⁽⁴⁾ | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |
| Hugo Alves, Director ⁽⁵⁾ | 2019 | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil |

NOTES:

- (1) The compensation paid to Mr. Smith was attributable to his services as Chief Executive Officer. He did not receive compensation for his services as a director.

- (2) The compensation paid to Mr. Keber was attributable to his services as a consultant to the Corporation. He did not receive compensation for his services as a director. Mr. Kerber ceased to be a director and officer of the Corporation on January 23, 2020.
- (3) Mr. Binford ceased to be a director of the Corporation on January 23, 2020.
- (4) Mr. Lickver ceased to be a director of the Corporation on July 29, 2019.
- (5) Mr. Alves ceased to be a director of the Corporation on July 29, 2019.

Stock Options and Other Compensation Securities

The following table summarizes all compensation securities granted or issued to each Named Executive Officer and director during the financial year ended December 31, 2019 for services provided or to be provided, directly or indirectly, to the Corporation or its subsidiaries:

| <u>Compensation Securities</u> | | | | | | |
|---|---|--|--------------------------------------|---|--|---------------------------|
| <u>Name and Position</u> | <u>Type of Security Compensation</u> | <u>Number of Compensation Securities, Number of Underlying Securities and Percentage of Class</u> | <u>Date of Issue or Grant</u> | <u>Issue, conversion or exercise price</u> | <u>Closing Price of security or underlying security at year end</u> | <u>Expiry Date</u> |
| Charles Smith, Chief Executive Officer and Director | Nil | Nil | Nil | Nil | Nil | Nil |
| C.J. Chapman, General Counsel and Secretary | Nil | Nil | Nil | Nil | Nil | Nil |
| Greg Robbins, Chief Financial Officer | Options | 500,000 25,873,239 1.9% | 21-Jun-19 | \$0.73 | \$0.17 | 21-Jun-29 |
| Brian Graham, Director | SVS | Nil | Nil | Nil | Nil | Nil |
| Melvin Yellin, Director | SVS | Nil | Nil | Nil | Nil | Nil |
| Devin Binford, Director ⁽¹⁾ | Nil | Nil | Nil | Nil | Nil | Nil |
| Vincent Keber, III, Director ⁽²⁾ | Nil | Nil | Nil | Nil | Nil | Nil |
| Michael Lickver, Director ⁽³⁾ | Nil | Nil | Nil | Nil | Nil | Nil |
| Hugo Alves, Director ⁽⁴⁾ | Nil | Nil | Nil | Nil | Nil | Nil |

NOTES:

- (1) Mr. Binford ceased to be an officer of the Corporation on January 23, 2020.
- (2) Mr. Keber ceased to be an officer of the Corporation on January 23, 2020.
- (3) Mr. Lickver ceased to be a director of the Corporation on July 29, 2019.
- (4) Mr. Alves ceased to be a director of the Corporation on July 29, 2019.

Exercise of Compensation Securities by Named Executive Officers and Directors of the Corporation

No compensation securities were exercised by any of the Named Executive Officers or directors of the Corporation during the financial year ended December 31, 2019.

Termination and Change of Control Benefits and Management Contracts

There are no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer or director at, following or in connection with a change of control of the Corporation, or the severance, termination or constructive dismissal of or a change in a Named Executive Officer's or director's responsibilities, except as described below.

The Corporation entered into an employment agreement with Charles Smith pursuant to which Mr. Smith is entitled to payment upon termination without cause in an amount equal to two years' salary. Additionally, upon termination without cause, Mr. Smith's options would immediately vest, and the Corporation would be required to maintain Mr. Smith's access to the health group benefits plan for a period of two years.

The Corporation entered into an employment agreement with C.J. Chapman pursuant to which Mr. Chapman is entitled to payment upon termination without cause in an amount equal to one year's salary. Additionally, upon termination without cause, Mr. Chapman's options would immediately vest, and the Corporation would be required to maintain Mr. Chapman's access to the health group benefits plan for a period of one year.

Rose Management Group LLC ("**Rose Capital**") and BRB, are party to a management agreement, dated as of April 24, 2019 (the "**Management Agreement**"), pursuant to which Rose Capital provides strategic and operational services (collectively, the "**Services**") to BRB and its subsidiaries. Services specified in the Management Agreement to be provided include (a) advice in connection with the negotiation and consummation of commercial agreements and merger and acquisition transactions; (b) financial, business, managerial and operational guidance and support; (c) strategic guidance in connection with potential partnerships, joint ventures and other initiatives; and (d) financial and strategic planning and analysis, consulting services, human resources and executive recruitment services. As compensation for such Services, Rose Capital is entitled to receive a per annum management fee which covers a portion of the salaries and benefits of the Rose Capital personnel providing such Services and it is anticipated that the Management Agreement will be assigned to the Corporation (or one of its subsidiaries) following the closing or will be replaced by a new management services arrangement that will be entered into by Rose Capital and the Corporation (or one of its subsidiaries) following the closing.

Change of Control Provisions

C.J. Chapman and Charles Smith have change of control provisions in their employment agreements with the Corporation, such that upon a change of control each such individual would be entitled to terminate his employment with the Corporation. Upon exercising such termination right, Mr. Smith and Mr. Chapman would be entitled to receive: (i) a severance payment equal to 24 months of base salary and 12 months of

base salary, respectively; (ii) accrued and unpaid base salary, unpaid or unreimbursed expenses, any benefits provided under the Corporation's employee benefit plans due to termination, and reasonable relocation costs in accordance with the Corporation's policies; (iii) any annual bonus earned but unpaid for any completed fiscal year; (iv) the prorated annual bonus that would have been payable for the year of termination upon actual performance for such year; (v) a lump sum cash payment based on the current percentage of the current health care premium costs covered by the Corporation; and (vi) immediate vesting of all awards made under the Corporation's incentive plan.

A change of control is defined broadly in each of the employment agreements for Messrs. Smith and Chapman, and includes the occurrence of a change of control as such term (or any term of like import) is defined in any of the following documents which is in effect with respect to the Corporation at the time: any note, evidence of indebtedness or agreement to lend funds to the Corporation, any option, incentive or employee benefit plan of the Corporation or any employment, severance termination or similar agreement with any person who is then an employee of the Corporation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following chart details the number of securities to be issued upon the exercise of outstanding Awards issued under the Plan, the weighted average exercise price of such Awards and the number of shares remaining available for issuance under the Plan as at December 31, 2019.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted – average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans |
|---|--|--|---|
| Equity compensation plans approved by securityholders | Nil | Nil | Nil |
| Equity compensation plans not approved by securityholders | 17,079,733 | CA\$0.66 | 8,050,172 |
| TOTAL | 17,079,733 | CA\$0.66 | 8,050,172 |

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former directors, employees or executive officers of the Corporation or any associate of any such persons were indebted to the Corporation as at December 31, 2019.

None of the current or former directors, employees or executive officers of the Corporation and none of the associates of such persons is or has been indebted to the Corporation or any subsidiary thereof at any time since the beginning of the Corporation's most recently completed fiscal year. Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary thereof.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Corporation for the fiscal year ended December 31, 2019, together with the auditor's report thereon, will be submitted to the Meeting. Receipt at the Meeting of the financial statements and auditor's report will not constitute approval or disapproval of any matters referred to therein.

TRANSFER AGENT AND REGISTRAR

The Corporation's transfer agent and registrar is National Securities Administrators Ltd., 760 – 777 Hornby Street, Vancouver, B.C. V6Z 1S4.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Management of the Corporation 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 other than the election of directors.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The management knows of no matters to come before the Meeting other than as set forth in this Information Circular. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ENCLOSED FORMS OF PROXY WILL BE USED TO VOTE ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

ADDITIONAL INFORMATION

No management functions of the Corporation are performed by a person or company other than the directors or executive officers of the Corporation.

ADDITIONAL FINANCIAL INFORMATION

Additional financial information concerning the Corporation, including the Corporation's audited financial statements, the notes thereto, the auditor's report thereon and related management's discussion and analysis for the year ended December 31, 2019, can be found on the Corporation's profile on SEDAR at www.sedar.com.

APPROVAL OF BOARD

The undersigned hereby certifies that the contents and the sending of this Information Circular have been approved by the directors of the Corporation.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the shareholders of the Corporation. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it is made.

DATED as of the 8th day of June, 2020.

"Charles Smith"

Charles Smith
Chief Executive Officer
Dixie Brands Inc.

SCHEDULE "A"**ARTICLES****PROVINCE OF BRITISH COLUMBIA***Business Corporations Act***Articles of "[BR Dixie Brands Holdings Inc.]"**
(the "Company")**1. INTERPRETATION****1.1** Definitions

In these Articles, unless the context otherwise requires:

- (a) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (b) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) "legal personal representative" means the personal or other legal representative of the shareholder;
- (e) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (f) "seal" means the seal of the Company, if any; and
- (g) "solicitor of the Company" means any partner, associate or articled student of the law firm retained by the Company in respect of the matter in connection with which the term is used.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to and form a part of these Articles. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company shall be in such form as the directors may determine and approve and must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Shares may be issued without a share certificate or written acknowledgment. Upon request, however, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or acknowledgement to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (1) past services performed for the Company;
 - (2) property; or
 - (3) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register

The Company must maintain a central securities register in accordance with the provisions of the *Business Corporations Act*. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Private Issuer Restrictions

The provisions of Article 27 shall apply to any proposed transfer of a share of the Company.

5.2 Registering Transfers where Certificate or Acknowledgement

A transfer of a share of the Company for which a share certificate has been issued or for which the shareholder has received a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate

must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (a) an instrument of transfer, duly executed by the transferor or a duly authorized attorney of the transferor, in respect of the share;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the directors or the transfer agent may require to prove the title of the transferor or his duly authorized attorney or the right to transfer the shares, and the right of the transferee to have the transfer registered.

5.3 Registering Transfers where no Certificate or Acknowledgement

A transfer of a share of the Company for which a share certificate has not been issued or for which the shareholder has not received a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate (for example, where shares are issued in book-only form), must not be registered unless the requirements for transfer as approved by the directors have been met.

5.4 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.5 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.6 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.7 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.8 Transfer Agent

The Company may appoint one or more trust companies or agents as its transfer agent for the purpose of issuing, countersigning, registering, transferring and certifying the shares and share certificates of the Company.

5.9 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, in the case of shares registered in the shareholders' name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

Subject to Article 6.1, on death or bankruptcy, the legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

6.3 Registration of Legal Personal Representative

Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder shall, upon such documents and evidence being produced to the Company as the *Business Corporations Act* requires, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, has the right either to be registered as a shareholder in his representative capacity in respect of such share, or, if he is a personal representative, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the directors shall, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of a share by the deceased or bankrupt person before the death or bankruptcy.

7. PURCHASE AND REDEMPTION OF SHARES

7.1 Company Authorized to Purchase or Redeem Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms the directors determine. The Company may, by a resolution of directors, cancel any of its shares purchased by the Company, and upon the cancellation of such shares the number of issued shares shall be reduced accordingly.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share purchased, redeemed or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company,

appointment of directors or otherwise and may by their terms be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (a) either by directors' resolution or by ordinary resolution, at the election of the directors in their sole discretion:
 - (1) create one or more classes of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares;
 - (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (4) if the Company is authorized to issue shares of a class of shares with par value:
 - i decrease the par value of those shares; or
 - ii if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
 - (6) alter the identifying name of any of its shares;
 - (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*; or
- (b) by ordinary resolution otherwise alter its shares or authorized share structure;

and alter its Articles and Notice of Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may:

- (a) Either by directors' resolution or by ordinary resolution, at the election of the directors in their sole discretion, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, if none of those shares have

been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares have been issued; and

- (b) by ordinary resolution vary or delete any special rights or restrictions attached to the shares of any class or series, whether or not any or all of those shares have been issued

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (a) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and
- (b) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and thereafter must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Consent Resolution Instead of Meeting of Shareholders

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution and any notice of a general meeting, class meeting or series meeting or to consider approving the adoption of an amalgamation agreement, the approval of any amalgamation into a foreign jurisdiction or the approval of any arrangement), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

10.5 A Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent and a copy of the proposed resolution at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (1) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (2) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.10 Location of Meetings of Shareholders

The Company will hold meetings of shareholders in British Columbia, subject to the directors, by resolution, approving a location for such meetings outside of British Columbia.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**11.1 Special Business**

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (1) business relating to the conduct of or voting at the meeting;
 - (2) consideration of any financial statements of the Company presented to the meeting;
 - (3) consideration of any reports of the directors or auditor;
 - (4) the setting or changing of the number of directors;

- (5) the election or appointment of directors;
- (6) the appointment of an auditor;
- (7) the setting of the remuneration of an auditor;
- (8) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- (9) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Majority Required for a Special Resolution

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is a shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of shareholders pursuant to these articles, present in person or by proxy.

11.4 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any solicitor for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.8 Chair

The following individuals are entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or
- (b) if no chair of the board exists or is present and willing to act as chair of the meeting, the president of the Company; or
- (c) if the chair of the board, and the president of the Company are absent or unwilling to act as chair of the meeting, the solicitor of the Company.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, and the solicitor of the Company is absent or unwilling to act as chair of the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands, Verbal Statements, or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy. In determining the result of a vote by show of hands, shareholders present by telephone or other communications medium in which all shareholders and proxy holders entitled to attend and

participate in voting at the meeting are able to communicate with each other, may indicate their vote verbally or, otherwise in such manner as clearly evidences their vote and is accepted by the chair of the meeting.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In case of an equality of votes either on a show of hands or on a poll, the chair of a meeting of shareholders will have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
 - (1) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (2) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS**12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
 - (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (2) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
 - (1) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (2) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 Proxy Holder Need Not Be Shareholder

A person who is appointed as a proxy holder need not be a shareholder of the Company.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder):

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors if applicable;
- (b) if the Company is a public company, the greater of three and the most recently set of:
 - (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (2) the number of directors set under Article 14.4;
- (c) if the Company is not a public company, the most recently set of:

- (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
- (2) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(b)(1) or 13.1(c)(1):

- (a) the shareholders may contemporaneously elect or appoint the directors up to that number; and
- (b) subject to Article 14.8, if the shareholders do not contemporaneously elect or appoint the number of directors set resulting in vacancies, then the directors may appoint, or failing which the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors set under these Articles from time to time; and
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (a) when his or her successor is elected or appointed; and
- (b) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors

are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, then failing the filling of any vacancies as set forth in Article 14.6, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a solicitor for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

14.12 Nominations Of Directors

- (a) This Article 14.12 only applies to the Company if and for so long as it is a public company.
- (b) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - (1) by or at the direction of the board, including pursuant to a notice of meeting;
 - (2) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (3) by any person who:
 - (i) at the close of business on the date of the giving of the notice provided for in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns one or more shares that are entitled to be voted at such meeting; and
 - (ii) complies with the notice procedures set forth below in this Article 14.12,
 - (a “Nominating Shareholder”).
- (c) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company, if any, or such other officer of the Company acting in that capacity, at the principal executive offices of the Company.

- (d) To be timely, a Nominating Shareholder's notice under Article 14.12(c) must be made:
- (1) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders, provided, however, that if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (the "Notice Date"), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (2) in the case of a special meeting of shareholders which is not also an annual meeting, and is called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the Notice Date.

In no event shall any adjournment or postponement of a meeting of shareholders, or the announcement of an adjournment or postponement, commence a new time period for the giving of a Nominating Shareholder's notice as described above.

- (e) To be in proper written form, a Nominating Shareholder's notice under Article 14.12(c) must set forth:
- (1) for each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - (i) the name, age, business address and residential address of the person;
 - (ii) the principal occupation or employment of the person;
 - (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the date of the notice and as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred); and
 - (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
 - (2) for the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection

with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).

- (f) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (g) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12, provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder at a meeting of shareholders of any matter, other than the nomination of directors, in respect of which the shareholder would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Article 14.12 and, if any proposed nomination is not in compliance with this Article 14.12, to declare that such defective nomination shall be disregarded.
- (h) For purposes of this Article 14.12:
 - (1) "public announcement" shall mean disclosure in:
 - (i) a press release reported by a national news service in Canada; or
 - (ii) a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR), or such other electronic disclosure service as the Company is required to utilize for the filing of continuous disclosure documents pursuant to Applicable Securities Laws; and
 - (2) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such legislation, and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (i) Notice given under Article 14.12(c) may only be given by personal delivery, facsimile transmission or email, and shall be deemed to have been given and made at the time it is sent to the secretary of the Company, if any, or such other officer of the Company acting in that capacity, by:
 - (1) personal delivery to the address of the principal executive offices of the Company;

- (2) facsimile transmission, at such facsimile number as stipulated from time to time for the purposes of this notice by the secretary of the Company, if any, or such other officer of the Company acting in that capacity, and provided that receipt of confirmation of such transmission has been received; or
- (3) email, at such email address as stipulated from time to time for the purposes of this notice by the secretary of the Company, if any, or such other officer of the Company acting in that capacity, and provided that receipt of confirmation of such transmission has been received.

If such delivery or electronic communication is made on a day which is not a business day in Vancouver, British Columbia, or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

- (j) Notwithstanding any other provision of this Article 14.12, the board may, in its sole discretion, waive any requirement of this Article 14.12.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

- (c) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a solicitor for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16.3 Setting the Remuneration of Auditors

The directors may from time to time set the remuneration of the auditors of the Company.

17. DISCLOSURE OF INTERESTS OF DIRECTORS AND OFFICERS**17.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS**18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director;
or
- (c) any other director chosen by the directors if:
 - (1) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (2) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

- (3) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person;
- (b) by telephone; or
- (c) with the consent of all directors, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the president, secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director

and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of the directors then in office or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, e-mail or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors;
and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
 - (1) the power to fill vacancies in the board of directors;
 - (2) the power to remove a director;
 - (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (4) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) the committee may meet and adjourn as it thinks proper;

- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
- (1) is or may be joined as a party; or
 - (2) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or, these Articles or, if applicable, any former *Companies Act* or former Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the registered address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. DOCUMENTS, RECORDS AND REPORTS**23.1** Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (1) for a record mailed to a shareholder, the shareholder's registered address;
 - (2) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (3) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (1) for a record delivered to a shareholder, the shareholder's registered address;
 - (2) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (3) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient; and
- (f) delivery in such other manner as may be approved by the directors and reasonably evidenced.

24.2 Deemed Receipt of Mailing

A notice, statement, report or other record that is:

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, (Saturdays, Sundays and holidays excepted), following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and

- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (1) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (2) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(2) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If any record sent to a shareholder pursuant to Article 24.1 is returned on two consecutive occasions because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;

- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. MECHANICAL REPRODUCTIONS OF SIGNATURES

26.1 Instruments may be Mechanically Signed

The signature of any officer, director, registrar, branch registrar, transfer agent or branch transfer agent of the Company, unless otherwise required by the *Business Corporations Act* or by these Articles, may, if authorized by the directors, be printed, lithographed, engraved or otherwise mechanically reproduced upon all instruments executed or issued by the Company or any officer thereof; and any instrument on which the signature of any such person is so reproduced shall be deemed to have been manually signed by such person whose signature is so reproduced and shall be as valid to all intents and purposes as if such instrument had been signed manually, and notwithstanding that the person whose signature is so reproduced may have ceased to hold the office that he is stated on such instrument to hold at the date or issue of such instrument.

26.2 Definitions of Instruments

The term "instrument" as used in Article 26.1 shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, agreements, releases, receipts and discharges for the payment of money or other obligations, shares and share warrants of the Company, bonds, debentures and other debt obligations of the Company, and all paper writings.

27. PROHIBITIONS**27.1 Definitions**

In this Article 27:

- (a) “designated security” means:
 - (1) a voting security of the Company;
 - (2) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (3) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (b) “security” has the meaning assigned in the *Securities Act* (British Columbia);
- (c) “voting security” means a security of the Company that:
 - (1) is not a debt security, and
 - (2) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

27.2 Application

Article 27.3 does not apply to the Company if and for so long as it is a public company.

27.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

SCHEDULE "B"

SUMMARY OF DISSENT RIGHTS

Section 185 of the OBCA provides that a shareholder may only exercise the right to dissent with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that a shareholder may only exercise the right to dissent under Section 185 of the OBCA in respect of the shares which are registered in that shareholder's name. In many cases, shares beneficially owned by a person are registered either: (i) in the name of an intermediary that the beneficial shareholder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, and their nominees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the intermediary is a participant. Accordingly, a beneficial shareholder will not be entitled to exercise the right to dissent under Section 185 of the OBCA directly (unless the shares are re-registered in such beneficial holder's name). A beneficial shareholder who wishes to exercise the right to dissent should immediately contact the intermediary who the beneficial shareholder deals with in respect of the applicable shares and either: (i) instruct the intermediary to exercise the right to dissent on the beneficial shareholder's behalf (which, if the shares are registered in the name of CDS or another clearing agency, would require that the shares first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the shares in the name of the beneficial shareholder, in which case the beneficial shareholder would then have to exercise the right to dissent directly.

A registered shareholder who wishes to invoke the provisions of Section 185 of the OBCA must send the Corporation a written objection to the Continuance Resolution (a "**Notice of Dissent**") at the following address: 4990 Oakland Street, Denver, Colorado 80239 Attention: C. J. Chapman. The Notice of Dissent must be sent at or before the Meeting. The sending of a Notice of Dissent does not deprive a registered shareholder of his or her right to vote on the Continuance Resolution, but a vote either in person or by proxy against the Continuance Resolution does not constitute a Notice of Dissent.

Within 10 days after the Continuance Resolution is approved, the Corporation must send a notice confirming passage for such resolution (the "**Approval Notice**") to those dissenting shareholders who have not withdrawn their Notices of Dissent and did not vote in favor of the Continuance Resolution at the Meeting. Within 20 days after receipt of such Approval Notice (or if a dissenting shareholder entitled to receive the Approval Notice does not receive such Approval Notice, within 20 days after he, she or it learns of the approval of the applicable resolution), a dissenting shareholder who has not withdrawn her, his or its Notice of Dissent and did not vote in favor of the Continuance Resolution at the Meeting must send the Corporation a written notice containing her, his or its name and address, the number of shares of the Corporation held and a demand for payment of the fair value of such shares and, within 30 days after sending such written notice, such dissenting shareholder must also send the Corporation the appropriate share certificate(s), if any. If the continuance of the Corporation into British Columbia becomes effective, the Corporation is required to determine the fair value of the shares of the Corporation and to make a written offer to the dissenting shareholder to pay such amount. The fair value of those shares is to be determined as of the close of business on the last business day before the date on which the Continuance

Resolution was adopted. If the Corporation fails to make a written offer or such offer is not accepted within 50 days after the continuance of the Corporation into British Columbia, the Corporation may apply to the court to fix the fair value of such shares, as applicable. There is no obligation on the Corporation to apply to the court. If the Corporation fails to make such an application, a dissenting shareholder has the right to so apply within a further 20 days. If an application is made by either party, the final order of the court will fix the fair value of the shares of all dissenting shareholders. The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the shareholder ceased to have any rights by reason of their dissent until the date of payment.

A dissenting shareholder will cease to have any rights as a shareholder of the Corporation other than the right to be paid the fair value for her, his or its shares upon the earliest of: (i) the continuance of the Corporation into British Columbia becoming effective; (ii) the Corporation and the dissenting shareholder entering into an agreement as to the payment to be made by the Corporation for the dissenting shareholder's shares; or (iii) the Court making an order fixing the fair value of the shares. Until one of these three events occur, the dissenting shareholder may withdraw the Notice of Dissent or the Corporation may rescind the Continuance Resolution, and the dissent and appraisal proceedings in respect of such dissenting shareholder will be discontinued.

Dissenting shareholders will not have any right other than those granted under the OBCA to have their shares, as applicable, appraised or to receive the fair value thereof.

The above is only a summary and is expressly subject to the dissenting shareholder provisions of Section 185 of the OBCA. The Corporation is not required to notify, and the Corporation will not notify, shareholders of the time periods within which action must be taken in order for a shareholder to exercise the shareholder's dissent rights. It is recommended that any shareholder of the Corporation wishing to exercise a right to dissent should seek legal advice, as failure to comply strictly with the provisions of the OBCA may result in the loss or unavailability of the right to dissent.

SECTION 185 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

Rights of dissenting shareholders

- 185** (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,
- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
 - (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
 - (c) amalgamate with another corporation under sections 175 and 176;
 - (d) be continued under the laws of another jurisdiction under section 181; or

- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3), a holder of shares of any class or series entitled to vote on the resolution may dissent.

R.S.O. 1990, c. B.16, s. 185 (1).

Idem

- (2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,
 - (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
 - (b) subsection 170 (5) or (6).

R.S.O. 1990, c. B.16, s. 185 (2).

One class of shares

- (2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

2006, c. 34, Sched. B, s. 35.

Exception

- (3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,
 - (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
 - (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

- (4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

- (5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

R.S.O. 1990, c. B.16, s. 185 (5).

Objection

- (6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

R.S.O. 1990, c. B.16, s. 185 (6).

Idem

- (7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

- (8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

R.S.O. 1990, c. B.16, s. 185 (8).

Idem

- (9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

- (10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such

notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

- (11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

R.S.O. 1990, c. B.16, s. 185 (11); 2011, c. 1, Sched. 2, s. 1 (9).

Idem

- (12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

- (13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

- (14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,
 - (a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);
 - (b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

- (c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10).

R.S.O. 1990, c. B.16, s. 185 (14); 2011, c. 1, Sched. 2, s. 1 (10).

Same

- (14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

- (a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or
- (b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

- (i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

- (ii) to be sent the notice referred to in subsection 54 (3).

2011, c. 1, Sched. 2, s. 1 (11).

Same

- (14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

- (a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and
- (b) to be sent the notice referred to in subsection 54 (3).

2011, c. 1, Sched. 2, s. 1 (11).

Offer to pay

- (15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

- (a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

R.S.O. 1990, c. B.16, s. 185 (15).

Idem

- (16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

R.S.O. 1990, c. B.16, s. 185 (16).

Idem

- (17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

- (18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

R.S.O. 1990, c. B.16, s. 185 (18).

Idem

- (19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

R.S.O. 1990, c. B.16, s. 185 (19).

Idem

- (20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

R.S.O. 1990, c. B.16, s. 185 (20).

Costs

- (21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

R.S.O. 1990, c. B.16, s. 185 (21).

Notice to shareholders

- (22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,
- (a) has sent to the corporation the notice referred to in subsection (10); and
 - (b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made, of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

- (23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

R.S.O. 1990, c. B.16, s. 185 (23).

Idem

- (24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

- (25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

R.S.O. 1990, c. B.16, s. 185 (25).

Final order

- (26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favor of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

R.S.O. 1990, c. B.16, s. 185 (26).

Interest

- (27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

- (28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

R.S.O. 1990, c. B.16, s. 185 (28).

Idem

- (29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,
- (a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or
 - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

R.S.O. 1990, c. B.16, s. 185 (29).

Idem

- (30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,
- (a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or
 - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

R.S.O. 1990, c. B.16, s. 185 (30).

Court order

- (31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

1994, c. 27, s. 71 (24).

Commission may appear

- (32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

1994, c. 27, s. 71 (24).

SCHEDULE "C"

**DIXIE BRANDS INC.
2019 LONG-TERM INCENTIVE PLAN**

EFFECTIVE JANUARY 1, 2019

**DIXIE BRANDS INC.
2019 LONG-TERM INCENTIVE PLAN**

1. **HISTORY; EFFECTIVE DATE.**

Dixie Brands Inc., a company formed under the laws of the Province of Ontario ("**Dixie**"), has established the Dixie Brands Inc. 2019 Long-Term Incentive Plan, as set forth herein, and as the same may be amended from time to time (the "**Plan**"). The Plan was adopted by the Board of Directors of Dixie (the "**Board**") on and is effective as of January 1 2019 (the "**Effective Date**").

2. **PURPOSE.**

The purpose of the Plan is to assist the Company (as defined below) and its Affiliates (as defined below) in attracting and retaining individuals to serve as directors, employees, consultants or advisors of the Company who are expected to contribute to the Company's success and to achieve long-term objectives that will inure to the benefit of all shareholders of the Company through the additional incentives inherent in the Awards (as defined below) hereunder. Toward these objectives, the Administrator (as defined below) may grant Awards to Eligible Individuals (as defined below) on the terms and subject to the conditions set forth in the Plan.

3. **DEFINITIONS.**

Except as otherwise specifically provided in an Award Agreement, capitalized words and phrases used in the Plan or an Award Agreement shall have the following meanings:

"**Administrator**" means the Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Compensation Committee; provided, however, that at any time the Board may serve as the Administrator in lieu of or in addition to the Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated. With respect to any Award to which Section 16 of the Exchange Act applies, the Administrator shall consist of either the Board or a committee of the Board, which committee shall consist of two or more directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a "non-employee director" as defined in Rule 16b-3 of the Exchange Act and an "independent director" to the extent required by the rules of the national securities exchange that is the principal trading market for the Common Shares; provided, that with respect to Awards made to a member of the Board who is not an employee of the Company, "Administrator" means the Board. Any member of the Administrator who does not meet the foregoing requirements shall abstain from any decision regarding an Award and shall not be considered a member of the Administrator to the extent required to comply with Rule 16b-3 of the Exchange Act.

"**Affiliate**" means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, Dixie or any successor to Dixie. For this purpose, "control" (including the correlative meanings of the terms "controlled by" and "under common control with") shall mean ownership, directly or indirectly, of more than 50% of the total combined

voting power of all classes of voting securities issued by such entity, or the possession, directly or indirectly, of the power to direct the management and policies of such entity, by contract or otherwise.

"Award" means any stock option, stock appreciation right, Common Share, Stock Award, Restricted Stock Unit, Performance Share, Performance Unit, and/or Other Stock-Based Award, granted under this Plan.

"Award Agreement" means the written document(s), including an electronic writing acceptable to the Administrator, and any notice, addendum or supplement thereto, memorializing the terms and conditions of an Award granted pursuant to the Plan and which shall incorporate the terms of the Plan.

"Board" has the meaning set forth in Section 1 of the Plan.

"Business Day" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto.

"Change in Control" means the first of the following to occur: (i) a Change in Ownership of Dixie, (ii) a Change in Effective Control of Dixie, or (iii) a Change in the Ownership of Assets of Dixie, as described herein and construed in accordance with Code section 409A.

- (a) A "Change in Ownership of Dixie" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire, ownership of the capital stock of Dixie that, together with the stock held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the capital stock of Dixie. However, if any one Person is, or Persons Acting as a Group are, considered to own more than 50%, on a fully diluted basis, of the total fair market value or total voting power of the capital stock of Dixie, the acquisition of additional stock by the same Person or Persons Acting as a Group is not considered to cause a Change in Ownership of Dixie or to cause a Change in Effective Control of Dixie (as described below). An increase in the percentage of capital stock owned by any one Person, or Persons Acting as a Group, as a result of a transaction in which Dixie acquires its stock in exchange for property will be treated as an acquisition of stock.
- (b) A "Change in Effective Control of Dixie" shall occur on the date either (A) a majority of members of Dixie's Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of Dixie's Board before the date of the appointment or election, or (B) any one Person, or Persons Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Dixie possessing 50% or more of the total voting power of the stock of Dixie.
- (c) A "Change in the Ownership of Assets of Dixie" shall occur on the date that any one Person acquires, or Persons Acting as a Group acquire (or has or have acquired during the 12-month period ending on the date of the most recent acquisition by

such Person or Persons), assets from Dixie that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of Dixie immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of Dixie, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

The following rules of construction apply in interpreting the definition of Change in Control:

- (i) A "Person" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, other than employee benefit plans sponsored or maintained by Dixie and by entities controlled by Dixie or an underwriter, initial purchaser or placement agent temporarily holding the capital stock of Dixie pursuant to a registered public offering.
- (ii) Persons will be considered to be Persons Acting as a Group (or Group) if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a Person owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a Group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Persons will not be considered to be acting as a Group solely because they purchase assets of the same corporation at the same time or purchase or own stock of the same corporation at the same time, or as a result of the same public offering.
- (iii) A Change in Control shall not include a transfer to a related person as described in Code section 409A or a public offering of capital stock of Dixie.
- (iv) For purposes of the definition of Change in Control, Section 318(a) of the Code applies to determine stock ownership. Stock underlying a vested option is considered owned by the individual who holds the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). For purposes of the preceding sentence, however, if a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation §1.83-3(b) and (j)), the stock underlying the option is not treated as owned by the individual who holds the option.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific

section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

"**Common Shares**" means subordinate voting shares in the capital of Dixie, without par value, and any capital securities into which they are converted.

"**Company**" means Dixie and its Subsidiaries, except where the context otherwise requires. For the avoidance of doubt, for purposes of determining whether a Change in Control has occurred, Company shall mean only Dixie.

"**Compensation Committee**" means the Compensation Committee of the Board.

"**Dividend Equivalent**" means a right, granted to a Participant, to receive cash, Common Shares, stock Units or other property equal in value to dividends paid with respect to a specified number of Common Shares.

"**Dixie**" has the meaning set forth in Section 1 of the Plan.

"**Effective Date**" has the meaning set forth in Section 1 of the Plan.

"**Eligible Individuals**" means (i) officers and employees of Dixie or any of its Subsidiaries, (ii) members of the Board, and (iii) other individuals, including non-employee directors and consultants, who are natural persons providing bona fide services to or for, Dixie or any of its Subsidiaries, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Dixie's securities.

"**Exchange**" means the Canadian Stock Exchange or any such exchange in Canada or the United States on which Common Shares are listed and posted for trading.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto. Reference to any specific section of the Exchange Act shall be deemed to include such regulations and guidance issued thereunder, as well as any successor section, regulations and guidance.

"**Fair Market Value**" means, on a per Common Share basis as of any date, unless otherwise determined by the Administrator:

- (a) if the principal market for the Common Shares (as determined by the Administrator if the Common Shares are listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per Common Share for the regular market session on that date on the principal exchange or market on which the Common Shares are then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Administrator may select;

- (b) if the principal market for the Common Shares is not a national securities exchange or an established securities market, but the Common Shares are quoted by a national quotation system, the average of the highest bid and lowest asked prices for the Common Shares on that date as reported on a national quotation system or, if no prices are reported for that date, on the last preceding day on which prices were reported, all as reported by such source as the Administrator may select; or
- (c) if the Common Shares are neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Administrator in good faith by the reasonable application of a reasonable valuation method, which method may, but need not, include taking into account an appraisal of the fair market value of the Common Shares conducted by a nationally recognized appraisal firm selected by the Administrator.

Notwithstanding the preceding, for foreign, federal, state and local income tax reporting purposes and for such other purposes as the Administrator deems appropriate, the Fair Market Value shall be determined by the Administrator in accordance with uniform and non-discriminatory standards adopted by it from time to time.

"Full Value Award" means an Award that results in Dixie transferring the full value of a Common Share under the Award, whether or not an actual Common Share is issued. Full Value Awards shall include, but are not limited to, Stock Awards, stock units, Performance Shares, Performance Units that are payable in Common Shares, and Other Stock-Based Awards for which Dixie transfers the full value of a Common Share under the Award, but shall not include Dividend Equivalents.

"Incentive Stock Option" means any stock option that is designated, in the applicable Award Agreement or the resolutions of the Administrator under which the stock option is granted, as an "incentive stock option" within the meaning of Section 422 of the Code and otherwise meets the requirements to be an "incentive stock option" set forth in Section 422 of the Code.

"Non-qualified Option" means any stock option that is not an Incentive Stock Option.

"Other Stock-Based Award" means an Award of Common Shares or any other Award that is valued in whole or in part by reference to, or is otherwise based upon, Common Shares, including without limitation, Dividend Equivalents.

"Participant" means an Eligible Individual to whom one or more Awards are or have been granted pursuant to the Plan and have not been fully settled or cancelled and, following the death of any such person, his successors, heirs, executors and administrators, as the case may be.

"Performance Award" means an Award, the grant, vesting, lapse of restrictions or settlement of which is conditioned upon the achievement of Performance Objectives over a specified Performance Period and includes, without limitation, Performance Shares and Performance Units.

"Performance Metrics" means criteria established by the Administrator relating to any of the following, as it may apply to an individual, one or more business units, divisions, or Affiliates, or on a company-wide basis, and in absolute terms, relative to a base period, or relative to the performance of one or more comparable companies, peer groups, or an index covering multiple companies:

- (a) Earnings or Profitability Metrics: any derivative of revenue; earnings/loss (gross, operating, net, or adjusted); earnings/loss before interest and taxes ("EBIT"); earnings/loss before interest, taxes, depreciation and amortization ("EBITDA"); profit margins; operating margins; expense levels or ratios; provided that any of the foregoing metrics may be adjusted to eliminate the effect of any one or more of the following: interest expense, asset impairments or investment losses, early extinguishment of debt or stock-based compensation expense;
- (b) Return Metrics: any derivative of return on investment, assets, equity or capital (total or invested);
- (c) Investment Metrics: relative risk-adjusted investment performance; investment performance of assets under management;
- (d) Cash Flow Metrics: any derivative of operating cash flow; cash flow sufficient to achieve financial ratios or a specified cash balance; free cash flow; cash flow return on capital; net cash provided by operating activities; cash flow per Common Share; working capital;
- (e) Liquidity Metrics: any derivative of debt leverage (including debt to capital, net debt-to-capital, debt-to-EBITDA or other liquidity ratios);
- (f) Stock Price and Equity Metrics: any derivative of return on shareholders' equity; total shareholder return; stock price; stock price appreciation; market capitalization; earnings/loss per Common Share (basic or diluted) (before or after taxes);
- (g) Strategic Metrics: product research and development; completion of an identified special project; clinical trials; regulatory filings or approvals; patent application or issuance; manufacturing or process development; sales or net sales; market share; market penetration; economic value added; customer service; customer satisfaction; inventory control; balance of cash, cash equivalents and marketable securities; growth in assets; key hires; employee satisfaction; employee retention; business expansion; acquisitions, divestitures, joint ventures or financing; legal compliance or safety and risk reduction;
- (h) Any personal performance objective as determined by the Administrator; and/or
- (i) Any other business or economic criteria determined in advance and in writing by the Administrator.

"Performance Objective" means those objectives established by the Administrator based on Performance Metrics or other performance criteria selected by the Administrator.

"Performance Period" means that period established by the Administrator during which any Performance Objective specified by the Administrator with respect to such Award are to be measured.

"Performance Shares" means a grant of stock or stock Units the issuance, vesting or payment of which is contingent on performance as measured against Performance Objectives over a specified Performance Period.

"Performance Units" means a grant of Canadian dollar-denominated Units the value, vesting or payment of which is contingent on performance against Performance Objectives over a specified Performance Period.

"Plan" has the meaning set forth in Section 1 hereof.

"Restricted Stock" means an Award of Common Shares to a Participant that may be subject to certain transferability and other restrictions and to a risk of forfeiture (including by reason of not satisfying any applicable Performance Objective).

"Restricted Stock Unit" means a right granted to a Participant to receive Common Shares or cash at the end of a specified deferral period, which right may be conditioned on the satisfaction of certain requirements (including the satisfaction of applicable Performance Objectives).

"Restriction Period" means, with respect to Full Value Awards, the period commencing on the date of grant of such Award to which vesting or transferability and other restrictions and a risk of forfeiture apply and ending upon the expiration of the applicable vesting conditions, transferability and other restrictions and lapse of risk of forfeiture and/or the achievement of the applicable Performance Objective (it being understood that the Administrator may provide that vesting shall occur and/or restrictions shall lapse with respect to portions of the applicable Award during the Restriction Period in accordance with Section 7(b)).

"Subsidiary" means any corporation or other entity in an unbroken chain of corporations or other entities beginning with Dixie if each of the corporations or other entities, or group of commonly controlled corporations or other entities, other than the last corporation or other entity in the unbroken chain then owns stock or other equity interests possessing more than 50% of the total combined voting power of all classes of stock or other equity interests in one of the other corporations or other entities in such chain; provided, however, that solely for purposes of determining whether a Participant has a Termination of Service that is a "separation from service" within the meaning of Section 409A of the Code or whether an Eligible Individual is eligible to be granted an Award that in the hands of such Eligible Individual would constitute a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, a "Subsidiary" of a corporation or other entity means all other entities with which such corporation or other entity would be considered a single employer under Sections 414(b) or 414(c) of the Code.

"Tax Withholding Obligation" means any federal, state, provincial, local or foreign (non-United States) income, employment or other tax or social insurance contribution required by applicable law to be withheld in respect of Awards.

"Termination of Service" means the termination of the Participant's employment or consultancy with, or performance of services for, Dixie and its Subsidiaries. Temporary absences from employment because of illness, vacation or leave of absence and transfers among Dixie and its Subsidiaries shall not be considered Terminations of Service. With respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, **"Termination of Service"** shall mean a **"separation from service"** as defined under Section 409A of the Code to the extent required by Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code. A Participant will generally be treated as having terminated employment with Dixie and all Subsidiaries as of a certain date if the Participant and the entity that employs the Participant reasonably anticipate that the Participant will perform no further services for Dixie or any Subsidiary after such date or that the level of bona fide services that the Participant will perform after such date (whether as an employee or an independent contractor) will permanently decrease to no more than 20 percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Participant has been providing services for fewer than 36 months); provided, however, that the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six (6) months or, if longer, so long as the Participant retains the right to reemployment with Dixie or any Subsidiary.

"Total and Permanent Disability" means, with respect to a Participant, except as otherwise provided in the relevant Award Agreement, that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which the Participant participates and which conditions the right to receive benefits under such program on the Participant being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death. The Administrator shall have sole authority to determine whether a Participant has suffered a Total and Permanent Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of the Participant's condition.

"Unit" means a bookkeeping entry used by Dixie to record and account for the grant of the following types of Awards until such time as the Award is paid, cancelled, forfeited or terminated, as the case may be: deferred Common Shares, Restricted Stock Units, Performance Units, and Performance Shares that are expressed in terms of units of Common Shares.

4. ADMINISTRATION.

- (a) Administration of the Plan. The Plan shall be administered by the Administrator.

- (b) Powers of the Administrator. The Administrator shall, except as otherwise provided under the Plan, have full authority, in its sole and absolute discretion, to grant Awards pursuant to the terms of the Plan to Eligible Individuals and to take all other actions necessary or desirable to carry out the purpose and intent of the Plan. Among other things, the Administrator shall have the authority, in its sole and absolute discretion, subject to the terms and conditions of the Plan to:
- (i) determine the Eligible Individuals to whom, and the time or times at which, Awards shall be granted;
 - (ii) determine the types of Awards to be granted any Eligible Individual;
 - (iii) determine the number of Common Shares to be covered by or used for reference purposes for each Award or the value to be transferred pursuant to any Award;
 - (iv) determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any Common Shares acquired pursuant thereto, including, without limitation, (A) the purchase price of any Common Shares, (B) the method of payment for Common Shares purchased pursuant to any Award, (C) the method for satisfying any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of Common Shares, (D) subject to Section 5(e) and 7(b), the timing, terms and conditions of the exercisability, vesting or payout of any Award or any Common Shares acquired pursuant thereto, (E) the Performance Objective applicable to any Award and the extent to which such Performance Objective has been attained, (F) the time of the expiration of any Award, (G) the effect of the Participant's Termination of Service on any of the foregoing, and (H) all other terms, conditions and restrictions applicable to any Award or Common Shares acquired pursuant thereto as the Administrator shall consider to be appropriate and not inconsistent with the terms of the Plan;
 - (v) subject to Sections 7(f), 10(c) and 15, modify, amend or adjust the terms and conditions of any Award;
 - (vi) subject to Section 7(b), accelerate or otherwise change the time at or during which an Award may be exercised or become payable and waive or accelerate the lapse, in whole or in part, of any restriction, condition or risk of forfeiture with respect to such Award; provided, however, that, except in connection with death, disability or a Change in Control, no such change, waiver or acceleration shall be made to any Award that is considered "deferred compensation" within the meaning of Section 409A of the Code if the effect of such action is inconsistent with Section 409A of the Code;
 - (vii) determine whether an Award will be paid or settled in cash, Common Shares, or in any combination thereof and whether, to what extent and

under what circumstances cash or Common Shares payable with respect to an Award shall be deferred either automatically or at the election of the Participant, provided that such determination shall be reflected in the terms of the applicable Award Agreement;

- (viii) for any purpose, including but not limited to, qualifying for preferred or beneficial tax treatment, accommodating the customs or administrative challenges or otherwise complying with the tax, accounting or regulatory requirements of one or more jurisdictions, adopt, amend, modify, administer or terminate sub-plans, appendices, special provisions or supplements applicable to Awards regulated by the laws of a particular jurisdiction, which sub-plans, appendices, supplements and special provisions may take precedence over other provisions of the Plan, and prescribe, amend and/or rescind rules and regulations relating to such sub-plans, supplements and/or special provisions;
 - (ix) establish any "blackout" period, during which transactions affecting Awards may not be effected, that the Administrator in its sole discretion deems necessary or advisable;
 - (x) determine the Fair Market Value of Common Shares or other property for any purpose under the Plan or any Award;
 - (xi) administer, construe and interpret the Plan, Award Agreements and all other documents relevant to the Plan and Awards issued thereunder, and decide all other matters to be determined in connection with an Award;
 - (xii) establish, amend, rescind and interpret such administrative rules, regulations, agreements, guidelines, instruments and practices for the administration of the Plan and for the conduct of its business as the Administrator deems necessary or advisable;
 - (xiii) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent the Administrator shall consider it desirable to carry it into effect;
 - (xiv) specify that vesting conditions in respect of Awards shall not extend beyond applicable limitations such that the Award complies at all times with the exception in paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the Income Tax Act (Canada) or comparable legislation of any jurisdiction; and
 - (xv) otherwise administer the Plan and all Awards granted under the Plan.
- (c) Delegation of Administrative Authority. The Administrator may designate officers or employees of the Company to assist the Administrator in the administration of the Plan and, to the extent permitted by applicable law and stock exchange rules, the Administrator may delegate to officers or other employees of the Company any

of the Administrator's duties and powers under the Plan, subject to such conditions and limitations as the Administrator shall prescribe, including without limitation the authority to execute agreements or other documents on behalf of the Administrator; provided, however, that such delegation of authority shall not extend to the granting of, or exercise of discretion with respect to, Awards to Eligible Individuals who are officers under Section 16 of the Exchange Act.

- (d) **Non-Uniform Determinations.** The Administrator's determinations under the Plan (including without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the Award Agreements evidencing such Awards, and the ramifications of a Change in Control upon outstanding Awards) need not be uniform and may be made by the Administrator selectively among Awards or persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.
- (e) **Limited Liability; Advisors.** To the maximum extent permitted by law, no member of the Administrator shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder. The Administrator may employ counsel, consultants, accountants, appraisers, brokers or other persons. The Administrator, Dixie, and the officers and directors of Dixie shall be entitled to rely upon the advice, opinions or valuations of any such persons.
- (f) **Indemnification.** To the maximum extent permitted by law, by Dixie's Notice and Articles of Incorporation, and by any directors' and officers' liability insurance coverage which may be in effect from time to time, the members of the Administrator and any agent or delegate of the Administrator who is a director, officer or employee of the Company or an Affiliate shall be indemnified by Dixie against any and all liabilities and expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan.
- (g) **Effect of Administrator's Decision.** All actions taken and determinations made by the Administrator on all matters relating to the Plan or any Award pursuant to the powers vested in it hereunder shall be in the Administrator's sole and absolute discretion, unless in contravention of any express term of the Plan, including, without limitation, any determination involving the appropriateness or equitableness of any action. All determinations made by the Administrator shall be conclusive, final and binding on all parties concerned, including Dixie, its shareholders, any Participants and any other employee, consultant, or director of Dixie and its Subsidiaries, and their respective successors in interest. No member of the Administrator, nor any director, officer, employee or representative of Dixie shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or Awards.

5. **SHARES.**

- (a) **Number of Common Shares Available for Awards.** Subject to adjustment as provided in Section 5(b), the number of Common Shares issuable pursuant to

Awards that may be granted under the Plan shall be determined by the Administrator from time to time, but in no case shall exceed, in the aggregate, 20% of the number of Common Shares then outstanding (the "Share Pool"). Subject to applicable law, the requirements of the Exchange and any shareholder or other approval which may be required, the Administrator may in its discretion amend the Plan to increase such limit without notice to any Participants.

- (b) Adjustments. On and after the Effective Date, the Share Pool shall be adjusted, in addition to any adjustments to be made pursuant to Section 10 of the Plan, as follows:
- (i) The Share Pool shall be reduced, on the date of grant, by one Common Share for each stock option or stock appreciation right granted under the Plan and by one Common Share for each other Award (other than cash denominated Units) granted under the Plan; provided that Awards that are valued by reference to Common Shares but are required to be paid in cash pursuant to their terms shall not reduce the Share Pool, and further provided that, Awards denominated in cash that are paid in Common Shares shall cause the Share Pool to be reduced by one Common Share for each Common Share issued as of the date of such issuance;
 - (ii) If and to the extent options or stock appreciation rights originating from the Share Pool terminate, expire, or are canceled, forfeited, exchanged, or surrendered without having been exercised, or if any other Awards are forfeited, the Common Shares subject to such Awards shall again be available for Awards under the Share Pool, and shall increase the Share Pool by one Common Share for each stock option or stock appreciation right and one Common Share for each other Award issued in connection with such Award or by which the Award is valued by reference;
 - (iii) Notwithstanding the foregoing, the following Common Shares shall not become available for issuance under the Plan: (A) Common Shares tendered by Participants, or withheld by the Company, as full or partial payment to the Company upon the exercise of stock options granted under the Plan, until such Shares are cancelled; (B) Common Shares reserved for issuance upon the grant of stock appreciation rights, to the extent the number of reserved Common Shares exceeds the number of Common Shares actually issued upon the exercise of the stock appreciation rights; and (C) Common Shares withheld by, or otherwise remitted to, the Company to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on Stock Awards or the exercise of stock options or stock appreciation rights granted under the Plan, until such Shares are cancelled.
 - (iv) Awards granted pursuant to Section 12, subject to the provisions thereof, shall not reduce the Share Pool.

- (c) Incentive Stock Option Limit. Subject to adjustment pursuant to Section 10 of the Plan, the maximum number of Common Shares that may be issued pursuant to stock options granted under the Plan that are intended to qualify as Incentive Stock Options within the meaning of Section 422 of the Code shall be equal to but in no case shall exceed, in the aggregate, 20% of the number of Common Shares then outstanding.
- (d) Source of Shares. The Common Shares with respect to which Awards may be made under the Plan shall be Common Shares authorized by Dixie for issuance but unissued, or issued and reacquired, including without limitation Common Shares purchased in the open market or in private transactions.
- (e) Stock Exchange Limits.
 - (i) The number of Common Shares subject to Awards granted to any one Participant shall be determined by the Board, but no one Participant shall be granted Awards which exceed, in aggregate, the maximum number permitted by the Exchange, if applicable.
 - (ii) Subject to the aggregate limit and adjustment provisions in Section 5 of this Plan, the aggregate number of Common Shares that may be issued pursuant to the exercise of Awards under the Plan and all other security-based compensation arrangements of the Company are subject to the following additional limitations:
 - A. in the aggregate, no more than 10% of the issued and outstanding Common Shares (on a non-diluted basis) may be reserved at any time for insiders (as defined in the Securities Act (Ontario) and includes an associate and affiliate, as defined in the Securities Act (Ontario) ("**Insider(s)**")) under the Plan, together with all other security based compensation arrangements of the Company; and
 - B. the number of securities of the Company issued to Insiders, within any one (1) year period, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares.

6. **PARTICIPATION.**

Participation in the Plan shall be open to all Eligible Individuals, as may be selected by the Administrator from time to time.

7. **AWARDS.**

- (a) Awards, In General. The Administrator, in its sole discretion, shall establish the terms of all Awards granted under the Plan consistent with the terms of the Plan. Awards may be granted individually or in tandem with other types of Awards, concurrently with or with respect to outstanding Awards. All Awards are subject

to the terms and conditions of the Plan and as provided in the Award Agreement, which shall be delivered to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. Unless otherwise specified by the Administrator, in its sole discretion, or otherwise provided in the Award Agreement, an Award shall not be effective unless the Award Agreement is signed or otherwise accepted by Dixie and the Participant receiving the Award (including by electronic delivery and/or electronic signature). Unless the Administrator determines otherwise, any failure by the Participant to sign and return the Award Agreement within such period of time following the granting of the Award as the Administrator shall prescribe shall cause such Award to the Participant to be null and void. The Administrator may direct that any stock certificate evidencing Common Shares issued pursuant to the Plan shall bear a legend setting forth such restrictions on transferability as may apply to such Common Shares pursuant to the Plan.

- (b) **Minimum Restriction Period.** Except as provided below, each Award granted under the Plan shall be subject to a minimum Restriction Period of 12 months from the date of grant. Except as provided below, the Administrator shall not have discretionary authority to waive the minimum Restriction Period applicable to an Award, except in the case of death, disability, retirement, termination of employment subject to a release of claims, or a Change in Control. Notwithstanding the foregoing, the provisions of this Section 7(b) shall not apply and/or may be waived by the Administrator with respect to (A) up to the number of Full Value Awards that is equal to 10% of the aggregate Share Pool as of the Effective Date, (B) an Award that is granted in lieu of cash compensation foregone at the election of an Eligible Individual, (C) Substitute Awards, which in each case of (A) through (C) may have no Restriction Period or a Restriction Period which lapses in full prior to a Participant's completion of less than one (1) year of service following the grant date. Notwithstanding the foregoing, Awards to a member of the Board who is not a Company employee that are granted on or about the annual stockholders' meeting may vest at the next annual stockholders' meeting even if such period between the two meetings is less than one (1) year.
- (c) **Stock Options.**
 - (i) **Grants.** A stock option means a right to purchase a specified number of Common Shares from Dixie at a specified price during a specified period of time. The Administrator may from time to time grant to Eligible Individuals Awards of Incentive Stock Options or Non-qualified Options; provided, however, that Awards of Incentive Stock Options shall be limited to employees of Dixie or of any current or hereafter existing "parent corporation" or "subsidiary corporation," as defined in Sections 424(e) and 424(f) of the Code, respectively, of Dixie, and any other Eligible Individuals who are eligible to receive Incentive Stock Options under the provisions of Section 422 of the Code. No stock option shall be an Incentive Stock Option unless so designated by the Administrator at the time of grant or in the applicable Award Agreement.

- (ii) Exercise. Stock options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; provided, however, that Awards of stock options may not have a term in excess of ten (10) years' duration (or five years in the case of an Incentive Stock Option granted to a 10% shareholder) unless required otherwise by applicable law. The exercise price per Common Share subject to a stock option granted under the Plan shall not be less than the Fair Market Value of one Common Share on the date of grant of the stock option, except as provided under applicable law (or not less than 110% of the Fair Market Value of one Common Share, in the case of an Incentive Stock Option granted to a 10% shareholder) and, to the extent applicable, consistent with IRS Treas. Regulation Section 1.409A-1(b)(5)(iv)(A) or with respect to stock options that are granted in substitution of similar types of awards of a company acquired by Dixie or a Subsidiary or with which Dixie or a Subsidiary combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) to preserve the intrinsic value of such awards. Should the expiry date of a stock option fall within a period during which the relevant Participant is prohibited from exercising a Non-qualified Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time (a "blackout period") or within nine Business Days following the expiration of a blackout period, such expiry date of the Non-qualified Option shall be automatically extended without any further act or formality to that date which is the tenth (10th) Business Day after the end of the blackout period (but not beyond the first to occur of the original term of the option or the 10th anniversary of the original grant date of the option), such tenth (10th) Business Day to be considered the expiry date for such Non-qualified Option for all purposes under the Plan. The ten (10) Business Day period referred to in this paragraph may not be extended by the Board.
- (iii) Payment. Payment of the exercise price of a stock option shall be made in cash, provided that, as determined by the Administrator at or after the grant date, payment of the exercise price of a stock option may be made, in whole or in part, in the form of (i) cash or cash equivalents, (ii) delivery (by either actual delivery or attestation) of previously-acquired Common Shares based on the Fair Market Value of the Common Shares on the date the stock option is exercised, (iii) withholding of Common Shares from the stock option based on the Fair Market Value of the Common Shares on the date the stock option is exercised, (iv) broker-assisted market sales, or (v) any other "cashless exercise" arrangement. Notwithstanding the foregoing, the Administrator shall determine the methods by which the exercise price of a stock option may be paid, the form of payment, and the methods by which Common Shares shall be delivered or deemed to be delivered to Participants.

- (iv) Termination of Service. Except as provided in the applicable Award Agreement or otherwise determined by the Administrator, to the extent stock options are not vested and exercisable, a Participant's stock options shall be forfeited upon his or her Termination of Service.
 - (v) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock options, provided they are not inconsistent with the Plan.
- (d) Limitation on Reload Options. The Administrator shall not grant stock options under this Plan that contain a reload or replenishment feature pursuant to which a new stock option would be granted automatically upon receipt of delivery of Common Shares to Dixie in payment of the exercise price or any tax withholding obligation under any other stock option.
- (e) Stock Appreciation Rights.
- (i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of stock appreciation rights. A stock appreciation right entitles the Participant to receive, subject to the provisions of the Plan and the Award Agreement, a payment having an aggregate value equal to the product of (i) the excess of (A) the Fair Market Value on the exercise date of one Common Share over (B) the base price per Common Share specified in the Award Agreement, times (ii) the number of Common Shares specified by the stock appreciation right, or portion thereof, which is exercised. The base price per Common Share specified in the Award Agreement shall not be less than the Fair Market Value on the date of grant (or as otherwise determined by the Administrator and, to the extent applicable, consistent with IRS Treas. Regulation Section 1.409A-1(b)(5)(iv)(A)), or with respect to stock appreciation rights that are granted in substitution of similar types of awards of a company acquired by Dixie or a Subsidiary or with which Dixie or a Subsidiary combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) such base price as is necessary to preserve the intrinsic value of such awards.
 - (ii) Exercise. Stock appreciation rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; provided, however, that stock appreciation rights granted under the Plan may not have a term in excess of ten (10) years' duration unless required otherwise by applicable law. The applicable Award Agreement shall specify whether payment by Dixie of the amount receivable upon any exercise of a stock appreciation right is to be made in cash or Common Shares or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or upon the exercise of the stock appreciation right. If upon the exercise of a stock appreciation right a Participant is to receive a portion of such

payment in Common Shares, the number of Common Shares shall be determined by dividing such portion by the Fair Market Value of a Common Share on the exercise date. No fractional Common Shares shall be used for such payment and the Administrator shall determine whether cash shall be given in lieu of such fractional Common Shares or whether such fractional Common Shares shall be eliminated.

- (iii) Termination of Service. Except as provided in the applicable Award Agreement or otherwise determined by the Administrator, to the extent stock appreciation rights are not vested and exercisable, a Participant's stock appreciation rights shall be forfeited upon his or her Termination of Service.
 - (iv) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock appreciation rights, provided they are not inconsistent with the Plan.
- (f) Repricing. Notwithstanding anything herein to the contrary, except in connection with a corporate transaction involving Dixie (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of Common Shares), the terms of options and stock appreciation rights granted under the Plan may not be amended, after the date of grant, to reduce the exercise price of such options or stock appreciation rights, nor may outstanding options or stock appreciation rights be canceled in exchange for (i) cash, (ii) options or stock appreciation rights with an exercise price or base price that is less than the exercise price or base price of the original outstanding options or stock appreciation rights, or (iii) other Awards, unless such action is approved by Dixie's shareholders.
- (g) Stock Awards.
- (i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted Common Shares or Restricted Stock (collectively, "Stock Awards") on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Stock Awards shall be evidenced in such manner as the Administrator may deem appropriate, including via book-entry registration.
 - (ii) Vesting. Restricted Stock shall be subject to such vesting, restrictions on transferability and other restrictions, if any, and/or risk of forfeiture as the Administrator may impose at the date of grant or thereafter. The Restriction Period to which such vesting, restrictions and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of any applicable Performance Objective, in such installments, or otherwise, as the Administrator may determine.

Subject to the provisions of the Plan, the applicable Award Agreement and applicable law, during the Restriction Period, the Participant shall not be permitted to vote sell, assign, transfer, pledge or otherwise encumber Common Shares of Restricted Stock.

- (iii) **Rights of a Shareholder; Dividends.** Except to the extent restricted under the Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a shareholder of Common Shares including, without limitation, the right to vote Restricted Stock upon the expiry of the Restriction Period. Subject to shareholder approval, cash dividends declared payable on Common Shares shall be paid, with respect to outstanding Restricted Stock, as determined by the Administrator, and shall be paid in cash or as unrestricted Common Shares having a Fair Market Value equal to the amount of such dividends or may be reinvested in additional Common Shares of Restricted Stock as determined by the Administrator; provided, however, that dividends declared payable on Restricted Stock that is granted as a Performance Award shall be held by Dixie and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such Common Shares of Restricted Stock. Stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Common Shares or other property has been distributed. As soon as is practicable following the date on which restrictions on any Common Shares of Restricted Stock lapse, Dixie shall deliver to the Participant the certificates for such Common Shares or shall cause the Common Shares to be registered in the Participant's name in book-entry form, in either case with the restrictions removed, provided that the Participant shall have complied with all conditions for delivery of such Common Shares contained in the Award Agreement or otherwise reasonably required by Dixie.
- (iv) **Termination of Service.** Except as provided in the applicable Award Agreement, upon Termination of Service during the applicable Restriction Period, Restricted Stock and any accrued but unpaid dividends that are at that time subject to restrictions shall be forfeited; provided that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock.
- (v) **Additional Terms and Conditions.** The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Restricted Stock, provided they are not inconsistent with the Plan.

(h) Stock Units.

- (i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted Common Share Units or Restricted Stock Units on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Restricted Stock Units represent a contractual obligation by Dixie to deliver a number of Common Shares, an amount in cash equal to the Fair Market Value of the specified number of Common Shares subject to the Award, or a combination of Common Shares and cash, in accordance with the terms and conditions set forth in the Plan and any applicable Award Agreement.
- (ii) Vesting and Payment. Restricted Stock Units shall be subject to such vesting, risk of forfeiture and/or payment provisions as the Administrator may impose at the date of grant. The Restriction Period to which such vesting and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of any applicable Performance Objective, in such installments, or otherwise, as the Administrator may determine. Common Shares, cash or a combination of Common Shares and cash, as applicable, payable in settlement of Restricted Stock Units shall be delivered to the Participant as soon as administratively practicable, but no later than 30 days, after the date on which payment is due under the terms of the Award Agreement provided that the Participant shall have complied with all conditions for delivery of such Common Shares or payment contained in the Award Agreement or otherwise reasonably required by Dixie, or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.
- (iii) No Rights of a Shareholder; Dividend Equivalents. Until Common Shares are issued to the Participant in settlement of stock Units, the Participant shall not have any rights of a shareholder of Dixie with respect to the stock Units or the Common Shares issuable thereunder. The Administrator may grant to the Participant the right to receive Dividend Equivalents on stock Units, on a current, reinvested and/or restricted basis, subject to such terms as the Administrator may determine provided, however, that Dividend Equivalents payable on stock Units that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such stock Units.
- (iv) Termination of Service. Upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of Common Shares or cash to which such Restricted Stock Units relate, all Restricted Stock Units and any accrued but unpaid Dividend

Equivalents with respect to such Restricted Stock Units that are then subject to deferral or restriction shall be forfeited; provided that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock Units.

- (v) Additional Terms and Conditions. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock Units, provided they are not inconsistent with the Plan.
- (i) Performance Shares and Performance Units.
 - (i) Grants. The Administrator may from time to time grant to Eligible Individuals Awards in the form of Performance Shares and Performance Units. Performance Shares, as that term is used in this Plan, shall refer to Common Shares or Units that are expressed in terms of Common Shares, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against Performance Objectives over a specified Performance Period. Performance Units, as that term is used in this Plan, shall refer to Canadian dollar-denominated Units established by the Administrator, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against Performance Objectives over a specified Performance Period. The applicable Award Agreement shall specify whether Performance Shares and Performance Units will be settled or paid in cash or Common Shares or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or at the payment or settlement date.
 - (ii) Performance Objectives. The Administrator shall, prior to or at the time of grant, condition the grant, vesting or payment of, or lapse of restrictions on, an Award of Performance Shares or Performance Units upon (A) the attainment of one or more Performance Objectives during a Performance Period or (B) the attainment of Performance Objectives and the continued service of the Participant. The length of the Performance Period, the Performance Objective(s) to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Objective(s) have been attained shall be conclusively determined by the Administrator in the exercise of its absolute discretion. Performance Objectives may include minimum, maximum and target levels of performance, with the size of the Award or payout of Performance Shares or Performance Units or the vesting or lapse of restrictions with respect thereto based on the level attained. An Award of Performance Shares or

Performance Units shall be settled as and when the Award vests or at a later time specified in the Award Agreement or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

- (iii) **Additional Terms and Conditions.** The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Performance Shares or Performance Units, provided they are not inconsistent with the Plan.

- (j) **Other Stock-Based Awards.** The Administrator may from time to time grant to Eligible Individuals Awards in the form of Other Stock-Based Awards. Other Stock-Based Awards in the form of Dividend Equivalents may be (A) awarded on a free-standing basis or in connection with another Award other than a stock option or stock appreciation right, (B) paid currently or credited to an account for the Participant, including the reinvestment of such credited amounts in Common Shares equivalents, to be paid on a deferred basis, and (C) settled in cash or Common Shares as determined by the Administrator; provided, however, that Dividend Equivalents payable on Other Stock-Based Awards that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such Other Stock-Based Awards. Any such settlements, and any such crediting of Dividend Equivalents, may be subject to such conditions, restrictions and contingencies as the Administrator shall establish.

- (k) **Awards to Participants Outside the United States.** The Administrator may grant Awards to Eligible Individuals who are foreign nationals, who are located outside Canada or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause Dixie or a Subsidiary to be subject to) tax, legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable in order that any such Award shall conform to laws, regulations, and customs of the country or jurisdiction in which the Participant is then resident or primarily employed or to foster and promote achievement of the purposes of the Plan.

- (l) **Limitation on Dividend Reinvestment and Dividend Equivalents.** Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of Common Shares with respect to dividends to Participants holding Awards of stock Units, shall only be permissible if sufficient Common Shares are available under the Share Pool for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient Common Shares are not available under the Share Pool for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of stock Units equal in number to the Common Shares that would have been obtained by such payment or reinvestment, the terms of which stock Units shall provide for settlement in cash

and for Dividend Equivalent reinvestment in further stock Units on the terms contemplated by this Section 7(1).

8. **WITHHOLDING OF TAXES.**

Participants and holders of Awards shall pay to Dixie or its Subsidiary, or make arrangements satisfactory to the Administrator for payment of, any Tax Withholding Obligation in respect of Awards granted under the Plan no later than the date of the event creating the tax or social insurance contribution liability. The obligations of Dixie under the Plan shall be conditional on such payment or arrangements. Unless otherwise determined by the Administrator, and subject always to applicable law, Tax Withholding Obligations may be settled at the sole discretion of the Administrator in whole or in part through the sale by Dixie on behalf of the participant of such number of Common Shares underlying any particular Award, including unrestricted outstanding Common Shares surrendered to Dixie and unrestricted Common Shares that are part of the Award that gives rise to the Tax Withholding Obligation, having a Fair Market Value on the date of surrender or withholding equal to the statutory minimum amount (or such greater amount permitted under FASB Accounting Standards Codification Topic 718, Compensation — Stock Compensation, for equity-classified awards or any successor guidance) required to be withheld for tax or social insurance contribution purposes, all in accordance with such procedures as the Administrator establishes. Dixie or its Subsidiary may deduct, to the extent permitted by law, any such Tax Withholding Obligations from any payment of any kind otherwise due to the Participant or holder of an Award.

9. **TRANSFERABILITY OF AWARDS.**

- (a) Requirement for Administrator Permission. Except as otherwise determined by the Administrator, and in any event in the case of an Incentive Stock Option or a tandem stock appreciation right granted with respect to an Incentive Stock Option, no Award granted under the Plan shall be transferable by a Participant otherwise than by will or the laws of descent and distribution. The Administrator shall not permit any transfer of an Award for value except to the Company or in connection with a Change in Control. An Award may be exercised during the lifetime of the Participant, only by the Participant or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative, unless otherwise determined by the Administrator. Awards granted under the Plan shall not be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance, except as otherwise determined by the Administrator; provided, however, that the restrictions in this sentence shall not apply to the Common Shares received in connection with an Award after the date that the restrictions on transferability of such Common Shares set forth in the applicable Award Agreement have lapsed. Nothing in this paragraph shall be interpreted or construed as overriding the terms of any Dixie stock ownership or retention policy, now or hereafter existing, that may apply to the Participant or Common Shares received under an Award.
- (b) Administrator Discretion to Permit Transfers Other Than For Value. Except as otherwise restricted by applicable law, the Administrator may, but need not, permit an Award, other than an Incentive Stock Option or a tandem stock appreciation

right granted with respect to an Incentive Stock Option, to be transferred to a Participant's Family Member (as defined below) as a gift or pursuant to a domestic relations order in settlement of marital property rights. The Administrator shall not permit any transfer of an Award for value except to the Company or in connection with a Change in Control. For purposes of this Section 9, "Family Member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests. The following transactions are not prohibited transfers for value: (i) a transfer under a domestic relations order in settlement of marital property rights; and (ii) a transfer to an entity in which more than 50% of the voting interests are owned by Family Members (or the Participant) in exchange for an interest in that entity.

10. **ADJUSTMENTS FOR CORPORATE TRANSACTIONS AND OTHER EVENTS.**

- (a) **Mandatory Adjustments.** In the event of a merger, consolidation, stock rights offering, statutory share exchange or other similar corporate transaction or event, which affects the Common Shares, or unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or laws affecting Dixie (each, a "Corporate Event") or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of Dixie (each, a "Share Change") that occurs at any time after adoption of this Plan by the Board (including any such Corporate Event or Share Change that occurs after such adoption and coincident with or prior to the Effective Date), the Administrator shall, with the approval of the Exchange or the shareholders of the Company (in each case, only if required), make equitable and appropriate substitutions or proportionate adjustments to (i) the aggregate number and kind of Common Shares or other securities on which Awards under the Plan may be granted to Eligible Individuals, (ii) the maximum number of Common Shares or other securities with respect to which Awards may be granted during any one (1) calendar year to any individual, (iii) the maximum number of Common Shares or other securities that may be issued with respect to Incentive Stock Options granted under the Plan, (iv) the number of Common Shares or other securities covered by each outstanding Award and the exercise price, base price or other price per Common Share, if any, and other relevant terms of each outstanding Award, and (v) all other numerical limitations relating to Awards, whether contained in this Plan or in Award Agreements; provided, however, that any fractional Common Shares resulting from any such adjustment shall be eliminated; and, provided further, that in no event shall the exercise price per Common Share of a stock option or stock appreciation right, or subscription price per Common

Share or any other Award, be reduced to an amount that is lower than the par value of a Common Share.

- (b) **Discretionary Adjustments.** In the case of a Corporate Event, the Administrator may, with the approval of the Exchange or the shareholders of the Company (in each case, only if required) and without the consent of any Participant, make such other adjustments to outstanding Awards as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Awards in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Administrator in its sole discretion (it being understood that in the case of a Corporate Event with respect to which shareholders of Dixie receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Administrator that the value of a stock option or stock appreciation right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Common Share pursuant to such Corporate Event over the exercise price or base price of such stock option or stock appreciation right shall conclusively be deemed valid and that any stock option or stock appreciation right may be cancelled for no consideration upon a Corporate Event if its exercise price or base price equals or exceeds the value of the consideration being paid for each Common Share pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Dixie and securities of entities other than Dixie) for the Common Shares subject to outstanding Awards, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Administrator, of the surviving or successor entity or a parent thereof ("Substitute Awards").
- (c) **Adjustments to Performance Objectives.** The Administrator may, in its discretion, adjust the Performance Objective applicable to any Award to reflect any unusual or infrequently occurring event or transaction, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in Dixie's consolidated financial statements, notes to the consolidated financial statements, management's discussion and analysis or other Dixie filings with the Securities and Exchange Commission. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of Dixie or the applicable Subsidiary, Affiliate, business segment or other operational unit of Dixie or any such entity or segment, or the manner in which any of the foregoing conducts its business, or other events or circumstances, render a Performance Objective to be unsuitable, the Administrator may modify such Performance Objective or the related applicable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable.
- (d) **Statutory Requirements Affecting Adjustments.** Notwithstanding the foregoing: (A) any adjustments made pursuant to Section 10 to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; (B) any

adjustments made pursuant to Section 10 to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (1) continue not to be subject to Section 409A of the Code or (2) comply with the requirements of Section 409A of the Code; (C) in any event, the Administrator shall not have the authority to make any adjustments pursuant to Section 10 to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the date of grant to be subject thereto; and (D) any adjustments made pursuant to Section 10 to Awards that are Incentive Stock Options shall be made in compliance with the requirements of Section 424 (a) of the Code.

- (e) Dissolution or Liquidation. Unless the Administrator determines otherwise, all Awards outstanding under the Plan shall terminate automatically and without further action by any party upon the dissolution or liquidation of Dixie.

11. CHANGE IN CONTROL PROVISIONS.

- (a) Termination of Awards. Notwithstanding the provisions of Section 11(b), in the event that any transaction resulting in a Change in Control occurs, outstanding Awards will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Awards by, or for the issuance therefor of Substitute Awards of, the surviving or successor entity or a parent thereof. Solely with respect to Awards that will terminate as a result of the immediately preceding sentence and except as otherwise provided in the applicable Award Agreement:
 - (i) the outstanding Awards of stock options and stock appreciation rights that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully exercisable and the holders of such Awards will be permitted, immediately before the Change in Control, to exercise the Awards;
 - (ii) the outstanding Common Shares of Restricted Stock the vesting or restrictions on which are then solely time-based and not subject to achievement of any Performance Objective shall, immediately before the effective time of the Change in Control, become fully vested, free of all transfer and lapse restrictions and free of all risks of forfeiture;
 - (iii) the outstanding Common Shares of Restricted Stock the vesting or restrictions on which are then subject to and pending achievement of any Performance Objective shall, immediately before the effective time of the Change in Control and unless the Award Agreement provides for vesting or lapsing of restrictions in a greater amount upon the occurrence of a Change in Control, become vested, free of transfer and lapse restrictions and risks of forfeiture in such amounts as if the applicable Performance Objective for the unexpired Performance Period had been achieved at the target level set forth in the applicable Award Agreement;

- (iv) the outstanding Restricted Stock Units, Performance Shares and Performance Units the vesting, earning or settlement of which is then solely time-based and not subject to or pending achievement of any Performance Objective shall, immediately before the effective time of the Change in Control, become fully earned and vested and shall be settled in cash or Common Shares (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the Common Shares) as promptly as is practicable, subject to any applicable limitations imposed thereon by Section 409A of the Code; and
- (v) the outstanding Restricted Stock Units, Performance Shares and Performance Units the vesting, earning or settlement of which is then subject to and pending achievement of any Performance Objective shall, immediately before the effective time of the Change in Control and unless the Award Agreement provides for vesting, earning or settlement in a greater amount upon the occurrence of a Change in Control, become vested and earned in such amounts as if the applicable Performance Objective for the unexpired Performance Period had been achieved at the target level set forth in the applicable Award Agreement and shall be settled in cash or Common Shares (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the Common Shares) as promptly as is practicable, subject to any applicable limitations imposed thereon by Section 409A of the Code.

Implementation of the provisions of this Section 11(a) shall be conditioned upon consummation of the Change in Control.

- (b) Continuation, Assumption or Substitution of Awards. The Administrator may specify, on or after the date of grant, in an award agreement or amendment thereto, the consequences of a Participant's Termination of Service that occurs coincident with or following the occurrence of a Change in Control, if a Change in Control occurs under which provision is made in connection with the transaction for the continuation or assumption of outstanding Awards by, or for the issuance thereof of Substitute Awards of, the surviving or successor entity or a parent thereof.
- (c) Other Permitted Actions. In the event that any transaction resulting in a Change in Control occurs, the Administrator may take any of the actions set forth in Section 10 with respect to any or all Awards granted under the Plan.
- (d) Section 409A Savings Clause. Notwithstanding the foregoing, if any Award is considered to be a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, this Section 11 shall apply to such Award only to the extent that its application would not result in the imposition of any tax or interest or the inclusion of any amount in income under Section 409A of the Code.

12. **SUBSTITUTION OF AWARDS IN MERGERS AND ACQUISITIONS.**

Awards may be granted under the Plan from time to time in substitution for assumed awards held by employees, officers, consultants or directors of entities who become employees, officers, consultants or directors of Dixie or a Subsidiary as the result of a merger or consolidation of the entity for which they perform services with Dixie or a Subsidiary, or the acquisition by Dixie of the assets or stock of the such entity. The terms and conditions of any Awards so granted may vary from the terms and conditions set forth herein to the extent that the Administrator deems appropriate at the time of grant to conform the Awards to the provisions of the assumed awards for which they are substituted and to preserve their intrinsic value as of the date of the merger, consolidation or acquisition transaction. To the extent permitted by applicable law and marketplace or listing rules of the primary securities market or exchange on which the Common Shares are listed or admitted for trading, any available shares under a shareholder-approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Awards granted pursuant to this Section 12 and, upon such grant, shall not reduce the Share Pool.

13. **COMPLIANCE WITH SECURITIES LAWS; LISTING AND REGISTRATION.**

- (a) The obligation of Dixie to sell or deliver Common Shares with respect to any Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal, state or foreign (non-United States) securities laws and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. If at any time the Administrator determines that the delivery of Common Shares under the Plan is or may be unlawful under the laws of any applicable jurisdiction, or federal, state or foreign (non-United States) securities laws, the right to exercise an Award or receive Common Shares pursuant to an Award shall be suspended until the Administrator determines that such delivery is lawful. If at any time the Administrator determines that the delivery of Common Shares under the Plan would or may violate the rules of any exchange on which Dixie's securities are then listed for trading, the right to exercise an Award or receive Common Shares pursuant to an Award shall be suspended until the Administrator determines that such delivery would not violate such rules. If the Administrator determines that the exercise or nonforfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any stock exchange upon which any of Dixie's equity securities are listed, then the Administrator may postpone any such exercise, nonforfeitability or delivery, as applicable, but Dixie shall use all reasonable efforts to cause such exercise, nonforfeitability or delivery to comply with all such provisions at the earliest practicable date. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Common Shares under the Plan shall relieve the Company of any liability in respect of the failure to issue or sell such Common Shares as to which such requisite authority shall not have been obtained.
- (b) Each Award is subject to the requirement that, if at any time the Administrator determines, in its absolute discretion, that the listing, registration or qualification

of Common Shares issuable pursuant to the Plan is required by any securities exchange or under any state, federal or foreign (non-United States) law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Common Shares, no such Award shall be granted or payment made or Common Shares issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

- (c) In the event that the disposition of Common Shares acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and is not otherwise exempt from such registration, such Common Shares shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder, and the Administrator may require a person receiving Common Shares pursuant to the Plan, as a condition precedent to receipt of such Common Shares, to represent to Dixie in writing that the Common Shares acquired by such person is acquired for investment only and not with a view to distribution and that such person will not dispose of the Common Shares so acquired in violation of federal, state or foreign securities laws and furnish such information as may, in the opinion of counsel for the Company, be appropriate to permit the Company to issue the Common Shares in compliance with applicable federal, state or foreign securities laws. If applicable, all certificates representing such Common Shares shall bear applicable legends as required by federal, state or foreign securities laws or stock exchange regulation.

14. **SECTION 409A COMPLIANCE.**

It is the intention of Dixie that Awards either comply in all respects with the applicable requirements of Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code or satisfy the requirements of an applicable exception thereto, and the terms of the Plan and each Award shall be construed, administered and deemed amended, if applicable, in a manner consistent with this intention. In no event does Dixie or any of its Subsidiaries or any of its or their directors, officers, employees, agents or other service providers guarantee any particular tax consequences, outcome or tax liability to any Participant or other person. Notwithstanding the foregoing, neither Dixie nor any of its Subsidiaries nor any of its or their directors, officers, employees, agents or other service providers will be liable for any taxes, penalties or interest imposed on any Participant or other person with respect to any amounts paid or payable (whether in cash, Common Shares or other property) under any Award, including any taxes, penalties or interest imposed under or as a result of Section 409A of the Code. Any payments described in an Award that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. For purposes of any Award, each amount to be paid or benefit to be provided to a Participant that constitutes deferred compensation subject to Section 409A of the Code shall be construed as a separate identified payment for purposes of Section 409A of the Code. Whenever a payment under the Plan or an Award Agreement specifies a payment period, the actual date of payment within such specified period shall be within the sole discretion of Dixie, and no Participant shall have any right (directly or indirectly) to determine the year in which such

payment is made. For purposes of Section 409A of the Code, the payment of Dividend Equivalents under any Award shall be construed as earnings and the time and form of payment of such Dividend Equivalents shall be treated separately from the time and form of payment of the underlying Award. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, any payments (whether in cash, Common Shares or other property) to be made with respect to the Award that become payable on account of the Participant's separation from service, within the meaning of Section 409A of the Code, (i) in the event a payment period straddles two (2) consecutive calendar years, the payment shall be made in the later of such calendar years and (ii) while the Participant is a "specified employee" (as determined in accordance with the uniform policy adopted by the Administrator with respect to all of the arrangements subject to Section 409A of the Code maintained by Dixie and its Subsidiaries) and which would otherwise be paid within six (6) months after the Participant's separation from service shall be accumulated (without interest) and paid on the first day of the seventh (7th) month following the Participant's separation from service or, if earlier, within 15 days after the appointment of the personal representative or executor of the Participant's estate following the Participant's death. Notwithstanding anything in the Plan or an Award Agreement to the contrary, in no event shall the Administrator exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the meaning of Code section 409A unless, and solely to the extent that, such accelerated payment or settlement is permissible under Treasury Regulation section 1.409A-3(j)(4). In the event Dixie determines that any compensation payable hereunder may violate applicable requirements of Section 409A of the Code, Dixie (without any obligation to do so or obligation to indemnify any Participant for any failure to do so) may adopt, without the consent of any Participant, such amendments or take any other actions that Dixie, in its sole discretion, determines are necessary or appropriate for such compensation to either (a) be exempt from the applicable requirements of Section 409A of the Code or (b) comply with the applicable requirements of Section 409A of the Code.

15. **PLAN DURATION; AMENDMENT AND DISCONTINUANCE.**

- (a) **Plan Duration.** The Plan shall remain in effect, subject to the right of the Board or the Compensation Committee to amend or terminate the Plan at any time, until the (a) earliest date as of which all Awards granted under the Plan have been satisfied in full or terminated and no Common Shares approved for issuance under the Plan remain available to be granted under new Awards or (b) the tenth anniversary of the Effective Date. No Awards shall be granted under the Plan after such termination date. Subject to other applicable provisions of the Plan, all Awards made under the Plan on or before the tenth anniversary of the Effective Date, or such earlier termination of the Plan, shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of such Awards.
- (b) **Amendment and Discontinuance of the Plan.** The Board or the Compensation Committee may, without shareholder approval, amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of a Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law or rule of any securities exchange or market on which

the Common Shares are listed or admitted for trading or to prevent adverse tax or accounting consequences to Dixie or the Participant. Notwithstanding the foregoing, no such amendment shall be made without the approval of Dixie's shareholders to the extent such amendment would (A) materially increase the benefits accruing to Participants under the Plan, (B) materially increase the number of Common Shares which may be issued under the Plan or to a Participant, (C) materially expand the eligibility for participation in the Plan, (D) eliminate or modify the prohibition set forth in Section 7(f) on repricing of stock options and stock appreciation rights, (E) lengthen the maximum term or lower the minimum exercise price or base price permitted for stock options and stock appreciation rights, or (F) modify the prohibition on the issuance of reload or replenishment options. Except as otherwise determined by the Board or Compensation Committee, termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

- (c) Amendment of Awards. Subject to Section 7(f) and Section 14, the Administrator may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall materially impair the rights of any Participant with respect to an Award without the Participant's consent, except such an amendment made to cause the Plan or Award to comply with applicable law, applicable rule of any securities exchange on which the Common Shares are listed or admitted for trading, or to prevent adverse tax or accounting consequences for the Participant or the Company or any of its Subsidiaries. For purposes of the foregoing sentence, an amendment to an Award that results in a change in the tax consequences of the Award to the Participant shall not be considered to be a material impairment of the rights of the Participant and shall not require the Participant's consent. Notwithstanding anything in this Plan to the contrary, the Administrator may not without the consent of the Participant amend the terms of any Award theretofore granted that, in accordance with such terms, may be settled solely in stock, to permit such Award to be settled for any other consideration.

16. **GENERAL PROVISIONS.**

- (a) Non-Guarantee of Employment or Service. Nothing in the Plan or in any Award Agreement thereunder shall confer any right on an individual to continue in the service of Dixie or any Subsidiary or shall interfere in any way with any right of Dixie or any Subsidiary may have to terminate such service at any time with or without cause or notice and whether or not such termination results in (i) the failure of any Award to vest or become payable; (ii) the forfeiture of any unvested or vested portion of any Award; and/or (iii) any other adverse effect on the individual's interests under any Award or the Plan. No person, even though deemed an Eligible Individual, shall have a right to be selected as a Participant, or, having been so selected, to be selected again as a Participant. To the extent that an Eligible Individual who is an employee of a Subsidiary receives an Award under the Plan, that Award shall in no event be understood or interpreted to mean that Dixie is the Participant's employer or that the Participant has an employment relationship with Dixie.

- (b) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between Dixie and a Participant or any other person. To the extent that any Participant or other person acquires a right to receive payments from Dixie pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of Dixie.
- (c) Status of Awards. Awards shall be special incentive payments to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for purposes of determining any pension, retirement, death, severance or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance, severance or other employee benefit plan of Dixie or any Subsidiary now or hereafter in effect under which the availability or amount of benefits is related to the level of compensation or (b) any agreement between (i) Dixie or any Subsidiary and (ii) the Participant, except as such plan or agreement shall otherwise expressly provide.
- (d) Subsidiary Employees. In the case of a grant of an Award to an Eligible Individual who provides services to any Subsidiary, Dixie may, if the Administrator so directs, issue or transfer the Common Shares, if any, covered by the Award to the Subsidiary, for such lawful consideration as the Administrator may specify, upon the condition or understanding that the Subsidiary will transfer the Common Shares to the Eligible Individual in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. All Common Shares underlying Awards that are forfeited or canceled after such issue or transfer of Common Shares to the Subsidiary shall revert to Dixie.
- (e) Governing Law and Interpretation. The validity, construction and effect of the Plan, of Award Agreements entered into pursuant to the Plan, and of any rules, regulations, determinations or decisions made by the Administrator relating to the Plan or such Award Agreements, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with the laws of Ontario and the laws of Canada applicable therein without regard to its conflict of laws principles. The captions of the Plan are not part of the provisions hereof and shall have no force or effect. Except where the context otherwise requires: (i) the singular includes the plural and vice versa; (ii) a reference to one gender includes other genders; (iii) a reference to a person includes a natural person, partnership, corporation, association, governmental or local authority or agency or other entity; and (iv) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (f) Use of English Language. The Plan, each Award Agreement, and all other documents, notices and legal proceedings entered into, given or instituted pursuant to an Award shall be written in English, unless otherwise determined by the Administrator. If a Participant receives an Award Agreement, a copy of the Plan or any other documents related to an Award translated into a language other than

English, and if the meaning of the translated version is different from the English version, the English version shall control.

- (g) Recovery of Amounts Paid. Except as otherwise provided by the Administrator, Awards granted under the Plan shall be subject to any and all policies, guidelines, codes of conduct, or other agreement or arrangement adopted by the Board or Compensation Committee with respect to the recoupment, recovery or clawback of compensation (collectively, the "Recoupment Policy") and/or to any provisions set forth in the applicable Award Agreement under which Dixie may recover from current and former Participants any amounts paid or Common Shares issued under an Award and any proceeds therefrom under such circumstances as the Administrator determines appropriate. The Administrator may apply the Recoupment Policy to Awards granted before the policy is adopted to the extent required by applicable law or rule of any securities exchange or market on which Common Shares are listed or admitted for trading, as determined by the Administrator in its sole discretion.

SCHEDULE "D"

AUDIT COMMITTEE CHARTER

GENERAL

ARTICLE 1

PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE

1.1 Purpose

The primary purpose of the Committee is to assist Board oversight of:

- (a) the integrity of the Corporation's financial statements;
- (b) the Corporation's compliance with legal and regulatory requirements;
- (c) the External Auditor's qualifications and independence; and
- (d) the performance of the Corporation's internal audit function and the External Auditor.

ARTICLE 2

DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Charter:

- (a) "**Board**" means the board of directors of the Corporation;
- (b) "**Chair**" means the chair of the Committee;
- (c) "**Committee**" means the audit committee of the Board;
- (d) "**Corporation**" means Dixie Brands Inc.;
- (e) "**Director**" means a member of the Board; and
- (f) "**External Auditor**" means the Corporation's independent auditor.

2.2 Interpretation

The provisions of this Charter are subject to the provisions of the articles and bylaws of the Corporation and to the applicable provisions of the *Business Corporations Act* (Ontario), and any other applicable legislation.

ARTICLE 3
CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3.1 Establishment and Composition of the Committee

(a) Establishment of the Audit Committee

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

3.2 Appointment and Removal of Members of the Committee

(a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board, having considered the recommendation of the Nominating and Corporate Governance Committee of the Board.

(b) *Annual Appointments.* The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

(c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.

(d) *Removal of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Directors.

3.4 Independence of Members

A majority of the members of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

3.5 Financial Literacy

(a) *Financial Literacy Requirement.* At least one member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

(b) *Definition of Financial Literacy.* "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of

complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

3.6 Qualifications

The Board will appoint to the Committee at least one Director who has accounting or financial management expertise.

ARTICLE 4 COMMITTEE CHAIR

4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair of the Committee from among its members).

4.2 Chair to be Appointed Annually

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

ARTICLE 5 COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be two members.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least quarterly.

5.4 In Camera Meetings

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements or at which the Committee approves the quarterly financial statements, the Committee shall meet separately with each of:

- (a) management; and
- (b) the External Auditor.

5.5 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.6 Voting

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

5.7 Invitees

The Committee may invite Directors, officers, consultants and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meeting at the Corporation's expense.

ARTICLE 6 AUTHORITY OF COMMITTEE

6.1 Retaining and Compensating Advisors

The Committee shall have the sole authority to engage independent counsel and any other advisors as the Committee may deem appropriate in its sole discretion and to set the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

6.2 Funding

The Committee shall have the authority to authorize the payment of:

- (a) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation (National Instrument 52-110 – *Audit Committees* requires disclosure of fees by category paid to the External Auditor);
- (b) compensation for any advisors employed by the Committee under Section 6.1 hereof; and

- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.3 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

6.4 Compensation

The Committee has the authority to communicate directly with External Auditors and the Internal Auditors.

**ARTICLE 7
REMUNERATION OF COMMITTEE MEMBERS**

7.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

7.2 Directors' Fees

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or Options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

**ARTICLE 8
SPECIFIC DUTIES AND RESPONSIBILITIES**

INTEGRITY OF FINANCIAL STATEMENTS

8.1 Review and Approval of Financial Information

- (a) *Annual Financial Statements.* The Committee shall review and discuss with management and the External Auditor the Corporation's audited annual financial statements and related management's discussion and analysis ("**MD&A**") together with the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.
- (b) *Interim Financial Statements.* The Committee shall review and discuss with management and, if appropriate, approve the Corporation's interim unaudited financial statements and related MD&A.
- (c) *Procedures for Review.* The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information

extracted or derived from the Corporation's financial statements (other than financial statements, MD&A and profit or loss or earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.

- (d) *General.* The Committee shall review and discuss with management and the External Auditor:
- (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;
 - (ii) major issues as to the adequacy of the Corporation's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;
 - (iii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements;
 - (iv) the effect on the financial statements of the Corporation of regulatory and accounting initiatives, structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Corporation;
 - (v) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
 - (vi) any financial information or financial statements in prospectuses and other offering documents;
 - (vii) any other relevant reports or financial information submitted by the Corporation to any governmental body or the public; and
 - (viii) pension plan financial statements, if any.

ARTICLE 9 EXTERNAL AUDITOR

9.1 External Auditor

- (a) *Authority with Respect to External Auditor.* As a representative of the Corporation's shareholders, the Committee shall be directly responsible for the

appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In the discharge of this responsibility, the Committee shall:

- (i) have sole responsibility for recommending to the Board the person to be proposed to the Corporation's shareholders for appointment as External Auditor for the above-described purposes and recommending such External Auditor's compensation;
 - (ii) determine at any time whether the Board should recommend to the Corporation's shareholders that the incumbent External Auditor be removed from office;
 - (iii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be responsible for approving such audit fees; and
 - (iv) if desired, require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.
- (b) *Independence.* The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:
- (i) unless the Committee adopts pre-approval policies and procedures, it must approve any non-audit services provided by the External Auditor, provided that the Committee may delegate such approval authority to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and
 - (ii) review and approve the policy setting out the restrictions on the Corporation hiring partners, employees and former partners and employees of the Corporation's current or former External Auditor.
- (c) *Non-Audit Services.*
- (i) The Committee shall either:
 - (A) approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of the Corporation to the Corporation (including its subsidiaries); or
 - (B) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the Committee is informed of each non-audit service and the procedures do not

include delegation of the Committee's responsibilities to management.

- (ii) The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.
 - (iii) The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Corporation at the time of the engagement as being non-audit services.
- (d) *Evaluation of External Auditor.* The Committee shall evaluate the External Auditor each year and present its conclusions to the Board. In connection with this evaluation, the Committee shall:
- (i) obtain and review a report by the External Auditor describing:
 - (A) the External Auditor's internal quality-control procedures;
 - (B) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor's firm, and any steps taken to deal with any such issues; and
 - (C) all relationships between the External Auditor and the Corporation (for the purposes of assessing the External Auditor's independence);
 - (ii) review and evaluate the performance of the lead partner of the External Auditor; and
 - (iii) obtain the opinions of management and of the persons responsible for the Corporation's internal audit function with respect to the performance of the External Auditor.
- (e) *Review of Management's Evaluation and Response.* The Committee shall:
- (i) review management's evaluation of the External Auditor's audit performance;
 - (ii) review the External Auditor's recommendations, and review management's response to and subsequent follow-up on any identified weaknesses; and

- (iii) recommend to the Board whether any new material strategies presented by management should be considered appropriate and approved.

ARTICLE 10
INTERNAL CONTROL AND AUDIT FUNCTION

10.1 Internal Control and Audit

In connection with the Corporation's internal audit function, the Committee shall:

- (a) review the terms of reference of the internal auditor and meet with the internal auditor as the Committee may consider appropriate to discuss any concerns or issues; and
- (b) periodically review with the internal auditor any significant difficulties, disagreements with management or scope restrictions encountered in the course of the work of the internal auditor.

ARTICLE 11
OTHER

11.1 Expense Accounts

The Committee shall review and make recommendations with respect to:

- (a) the expense account summaries submitted by the Chief Executive Officer on an annual basis;
- (b) the Corporation's expense account policy, and rules relating to the standardization of the reporting on expense accounts; and
- (c) the Director Expense Policy of the Corporation, as applicable.

11.2 Whistle Blowing

The Committee shall put in place procedures for:

- (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

**ARTICLE 12
ANNUAL PERFORMANCE EVALUATION**

On an annual basis, the Committee shall follow the process established by the Board and overseen by the Nominating and Corporate Governance Committee for assessing the performance and effectiveness of the Committee.

**ARTICLE 13
CHARTER REVIEW**

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

SCHEDULE "E"

INFORMATION CONCERNING BR BRANDS, LLC

INFORMATION CONCERNING THE CONTRIBUTED INTERESTS

The following information is presented on a pre-Transaction basis and reflects the business of BRB and the Contributed Interests.

All capitalized terms used in this Schedule "E" and not defined herein have the meaning ascribed to such terms in the *Glossary of Defined Terms* or elsewhere in this Information Circular. Unless otherwise indicated herein, references to "\$", "US\$" or "U.S. dollars" are to United States dollars. The information contained in this Schedule unless otherwise indicated herein, is given as of June 4, 2020.

PRELIMINARY NOTE

This Schedule "E" has been prepared by the management of BR Brands, LLC ("**BRB**") and contains information related to the business and affairs of the Contributed Interests. Information provided by BRB is the sole responsibility of BRB, and Dixie does not assume any responsibility for the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS

This Schedule "E" contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Contributed Interests to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Schedule. Such forward-looking statements speak only as of the date of this Information Circular and include, but are not limited to, statements with respect to:

- the performance of the Contributed Interests' business and operations;
- the Contributed Interests' expected market and the profitability thereof;
- the regulatory framework for medical and adult-use cannabis in the United States;
- the ability of the Contributed Interests to obtain meaningful consumer acceptance and a successful market for their products on a national and international basis at competitive prices;
- the Contributed Interests' ability to obtain the necessary licensing and approvals for their proposed products;

- the ability of the Contributed Interests to research and develop marketable products for the medicinal and adult-use cannabis markets;
- the ability of the Contributed Interests to achieve adequate intellectual property protection;
- the Contributed Interests future liquidity and financial capacity;
- the grant and impact of any additional licenses to conduct activities with cannabis;
- anticipated and unanticipated costs;
- costs, timing and future plans concerning the business and operations of the Contributed Interests;
- results and expectations concerning various partnerships, strategic alliances, projects and marketing strategies of the Contributed Interests; and
- the economy generally.

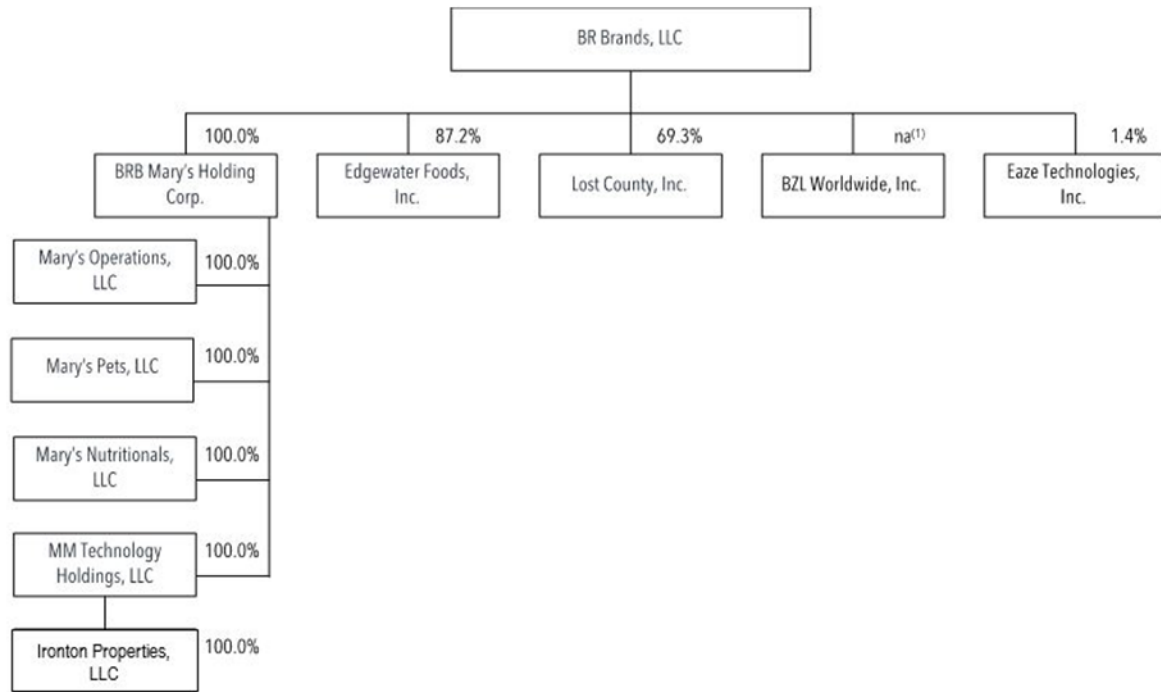
The forward-looking statements contained in this Schedule are based on a number of assumptions, which may prove to be incorrect, including, but not limited to:

- the Contributed Interests' ability to secure the requisite licenses and governmental approvals to research;
- the success of the Contributed Interests' research and development efforts;
- the market for and potential revenues to be derived from the Contributed Interests' proposed products;
- the expected growth in the number of users of medical and adult-use cannabis in the United States and other countries in which the Contributed Interests may carry on its business;
- the market for and potential revenues to be derived from the Contributed Interests' products and other projects being consistent with current expectations;
- the ability of the Contributed Interests to successfully compete in the medical and adult-use cannabis markets in the United States and other countries in which the Contributed Interests may carry on their business; and
- costs, timing and future plans concerning operations of the Contributed Interests being consistent with current expectations.

These forward-looking statements should not be relied upon as representing BRB's or the Contributed Interests' views as of any date subsequent to the date of this Information Circular. Although BRB has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Contributed Interests. The forward-looking statements contained in this Schedule are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Schedule are made as of the date of this Information Circular and BRB and the Contributed Interests do not undertake an obligation to publicly update such

forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable law.

ORGANIZATIONAL STRUCTURE



(1) BRB Investment is currently structured as convertible debt, which is convertible into equity at a valuation to be determined on BZL Worldwide, Inc.'s trailing twelve-months revenue at the time of conversion.

BRB Mary's Holding Corp. was incorporated on April 23, 2019 under the laws of the State of Delaware and this entity holds the following wholly-owned subsidiaries: (i) Mary's Operations, LLC ("**Mary's Operations**"), formed on March 23, 2015 under the laws of the State of Colorado; (ii) Mary's Pets, LLC, formed on April 27, 2015 under the laws of the State of Colorado; (iii) Mary's Nutritionals, LLC, formed on January 22, 2015 under the laws of the State of Colorado; (iv) MM Technology Holdings, LLC ("**MM Tech**"), formed on August 28, 2015 under the laws of the State of Delaware (collectively, "**Mary's**"). MM Technology Holdings, LLC owns one hundred percent of the equity interests of Ironton Properties LLC, which was formed on November 6, 2015 under the laws of the State of Colorado. Ironton Properties LLC owns the production facility in Denver, Colorado, which represents Mary's primary Colorado manufacturing operations.

Edgewater Foods, Inc. ("**Edgewater**") was incorporated on March 3, 2020 under the laws of the State of Delaware. As more particularly described below, Edgewater was formed to foreclose on assets formerly held by Thirty-Three Group, Inc. ("**33G**") and its affiliates, the original operator of

the "Défoncé" brand.

Lost County, Inc. ("**Lost County**") was incorporated on October 24, 2017 under the laws of the State of Delaware.

BZL Worldwide, Inc. ("**Beezle**") was incorporated on March 27, 2018 under the laws of the State of Delaware. BRB is invested in Beezle through a secured convertible debt instrument with an aggregate principal and accrued interest balance equal to approximately \$6,385,000 pursuant to the Beezle Convertible Note (as hereinafter defined).

Eaze Technologies, Inc. ("**Eaze**") was incorporated on September 8, 2014 under the laws of the State of Delaware.

GENERAL DEVELOPMENT OF THE BUSINESSES OF THE CONTRIBUTED INTERESTS

In May 2017, Rose Management Group LLC ("**Rose Capital**") closed on the initial fundraising round in Rose Capital Fund I, LP (the "**RCFI**"), an investment vehicle formed to pursue opportunities in the legalized cannabis market. Following the vehicle's initial closing of capital, RCFI made numerous investments in a platform of several assets spanning the sectors of (1) consumer packaged goods ("**CPG**"), (2) data and analytics and (3) distribution and logistics. RCFI later formed BRB and began deploying capital through BRB as a holding company formed to utilize a "buy and build" strategy to amalgamate the best-in-class legal and state-legalized cannabis CPG brands and assets.

Mary's

Mary's was formed in 2013 in Denver, Colorado, and is a premier consumer branded products business that manufactures best-in-class medicinal and nutritional tetrahydrocannabinol ("**THC**") and cannabidiol ("**CBD**") products under four brands: (1) "Mary's Medicinals", (2) "Mary's Nutritionals", (3) "Mary's Methods", and (4) "Mary's Tails".

Mary's Medicinals, best known as the developer of the first transdermal cannabis patch and gel pen, researches, develops, and manufactures cannabinoid infused products and sells them to thousands of licensed medical and adult-use retail dispensaries across ten states and one territory in the United States.

Mary's Nutritionals, launched in April 2015, researches, develops, and manufactures products infused with organically cultivated activated hemp extract and other plant-based extracts.

Mary's Methods, launched in the fall of 2018, is a line of full-spectrum hemp-infused skincare products designed to bring Mary's into the cannabis-infused beauty market.

Mary's Tails, developed in the second quarter of 2019, is a new brand and product offering for the pet market (canines and felines) and currently sells innovative hemp-derived cannabinoid-infused products nationwide in PetSmart Inc. retail stores, and online direct to consumer. The Mary's Nutritionals, Mary's Methods, and Mary's Tails hemp-infused product lines are distributed direct-to-consumer online as well as through retail partners across the United States and internationally.

In July 2017, RCFI acquired a controlling interest in Mary's in connection with the purchase of equity from certain early investors of Mary's. In May 2019, BRB acquired 100% of the equity in Mary's in a series of transactions pursuant to which a portion of the equity in Mary's was acquired by BRB from certain of the founders and early investors in Mary's. The remainder of Mary's equity, held by RCFI and other investors, was exchanged for ownership interests in BRB as a rollover of value into BRB.

Edgewater (d/b/a Défoncé)

In September 2018, BRB entered into a transaction with 33G to provide it with growth capital in the form of a senior secured convertible promissory note. 33G, along with several related entities, was founded in 2016 by an entrepreneur to create high-end cannabis-infused confectionary goods under the brand "Défoncé".

In March 2019, 33G's other senior secured creditor filed a lawsuit against the company alleging that 33G had failed to repay its debt and had breached many of the creditor's investor rights. BRB attempted to assist 33G in resolving this lawsuit and its chronic liquidity issue on multiple occasions, exploring potential strategic alternatives, however BRB was unable to come to terms with 33G's founder and sole shareholder. By early 2020, 33G's financial state had materially deteriorated, and its financial position worsened, having significant additional accrued material vendor liabilities. As a result, in March 2020, BRB, along with 33G's other secured creditors, completed a restructuring, which involved a foreclosure on 33G's and its affiliates' assets. The foreclosure resulted in the transfer of their assets and intellectual property to Edgewater, a newly formed Delaware corporation. BRB owns approximately 87% of the equity interests in Edgewater and Edgewater continues to produce and market Défoncé products.

Lost County (d/b/a Rebel Coast)

Lost County, which primarily operates under the "Rebel Coast" brand, was founded in 2017 with the initial objective of offering high-quality, alcohol-free THC-infused wine. In 2019, Lost County's affiliate, RCW, Inc. ("**RCW**") obtained a cannabis manufacturing license in Desert Hot Springs, California, and Lost County is currently constructing a 12,000 sq. ft. production facility expected to be completed and operational by the end of the third quarter of 2020. Lost County recently developed several new beverage stock keeping units ("**SKUs**") that will be launching in third or fourth quarter of 2020. In addition to producing its own products, Lost County's affiliate RCW also plans to enter into contract manufacturing arrangements to produce Dixie and Défoncé branded products out of the new facility in Desert Hot Springs.

Between September 2018 and January 2019, RCFI and BRB made a series of investments in Lost County in the form of preferred equity investments and convertible promissory notes with warrants. BRB owns approximately 69.3% of the currently issued and outstanding equity interests in Lost County (which ownership percentage would be reduced to 58.1% if all outstanding warrants and all unissued equity pool awards are granted).

Beezle

Between July 2018 and February 2019, RCFI, and BRB invested into Beezle via a senior secured convertible promissory note (the "**Beezle Convertible Note**"), across several tranches totaling

approximately \$6,385,000 of principal and accrued interest. The Beezle Convertible Note is secured by all the assets of Beezle and guaranteed by several entities under common ownership. It has provisions for optional conversion at the lender's discretion, and for mandatory conversion upon funding of additional capital if certain funding conditions are satisfied. The Beezle Convertible Note is due July 9, 2021.

Eaze

In October 2019, BRB made a strategic investment in Eaze, a leading provider of on-demand delivery services for legal cannabis products in California, in order to deepen the relationships between BRB and Eaze.

Trends, Commitments, Events or Uncertainties

The most significant trends and uncertainties which BRB's management reasonably expects could have a material effect on its business, financial condition or results of operations of the Contributed Interests are (i) the changing legal and regulatory regime of the United States which regulates the production and sale of cannabis and cannabis-related products; (ii) the ability of companies who may receive funds from the sale of cannabis and cannabis-related products to adequately track and legally transfer such funds; and (iii) the ability of companies to raise adequate capital to carry out their business objectives.

NARRATIVE DESCRIPTION OF THE BUSINESS

Mary's is a leading United States multi-state cannabis CPG company that reaches over 113 million Americans across ten states and one territory with a portfolio of cannabis brands. Mary's delivers comprehensive solutions to licensed cannabis processors including, (1) processing and transportation equipment or equipment leasing, (2) operating and marketing support, (3) licensing of intellectual property, and (4) supplying non-cannabis raw materials (e.g., packaging, labels, product components, etc.).

Mary's generates returns from any or all of the following revenue sources: (i) operating support and consulting and licensing fees from contracts with licensed cannabis processors; (ii) leasing equipment to licensed cannabis processors; (iii) sale of Mary's brand non-cannabis raw materials; and (iv) sale of Mary's branded medicinal and nutritional CBD products.

In addition, Edgewater, Lost County and Beezle develop and market branded cannabis products, targeted towards different customer segments, through different form factors, including adult-use confections, beverages and concentrates, respectively. Mary's, Edgewater, Lost County, and Beezle do not directly manufacture any products containing THC, but partner with state licensed entities that perform such work pursuant to licensing arrangements.

Principal Products

Mary's

Mary's Medicinals, best known as the developer of the first transdermal cannabis patch and gel pen, researches, develops, and enters into strategic agreements with manufacturers of cannabinoid infused products which are sold to thousands of licensed medical and adult-use retail dispensaries across ten states and one territory. Mary's branded products include transdermal patches, tinctures, capsules,

lotions, creams, other topicals, and vapes.

Edgewater (d/b/a Défoncé)

Défoncé creates high-end artisanal cannabis-infused chocolates and other confections. Its flagship product is a chocolate bar containing 100 mg of THC available in a variety of flavors including milk, dark, mint, and matcha. Défoncé also creates a micro-dosed chocolate bites product in 2.5 mg per serving doses (40-piece 100 mg THC in total), available in almond, hazelnut, blueberry, and espresso bean varieties. In the future, Défoncé plans to introduce new THC-infused confectionery products such as individual serving size chocolate squares, chocolate peanut butter cups, chocolate truffles, and gummies.

Lost County (d/b/a Rebel Coast)

Lost County, d/b/a Rebel Coast, creates high quality cannabinoid-infused beverages. Rebel Coast's initial product was an alcohol-free THC-infused wine, made by removing the alcohol content from Sauvignon Blanc. In 2019, Rebel Coast launched a new product called "Pink Passion," a cannabis-infused alcohol-free rosé beverage. Rebel Coast recently developed several new beverage SKUs to expand its beverage offerings beyond wine inspired products, including THC-infused seltzers and a single serve form factor for its alcohol-free wine beverages. Rebel Coast intends to launch these products in the third and fourth quarter of 2020.

Beezle

Beezle is a producer of high-quality cannabis extracts with specific terpene infusion formulations. Beezle's concentrates have consistently placed in the top five in prestigious competitions, including the "Cannabis Cup", and have developed a reputation for quality and consistency among cannabis connoisseurs. These products broadly fall into two categories: (1) vaporizer cartridges under the "Sauce" moniker; and (2) resins that are produced from both frozen and cured plant material.

Partners

Mary's, Edgewater, and Lost County have all partnered with various licensed contract manufacturers to produce some or all of their branded products in California, Colorado and Michigan and the other states in which they operate. Typically, these partnerships involve the licensing of intellectual property, sales of non-cannabis raw materials (e.g., packaging), leasing of equipment, and / or leasing of real estate. Certain of these material partnerships are summarized below:

Colorado

In March 2017, MM Tech entered into an intellectual property license agreement (the "**MM Tech IP Agreement**") with Mary's Medicinals, LLC ("**Medicinals**"). Under the MM Tech IP Agreement, MM Tech is entitled to a flat rate per month in exchange for a grant of a non-exclusive, non-assignable, non-sublicensable license to use MM Tech's technology, formulations, and proprietary processes (collectively, the "**Mary's IPs**") specific to the Mary's Medicinals branded products produced and sold in Colorado. The grant of the license to Medicinals for use of its Mary's IPs is a perpetual license.

The MM Tech IP Agreement also entitles MM Tech to collect an additional flat rate per month for a non-exclusive, non-assignable, non-sublicensable license to use MM Tech's "Mary's Medicinals" and related marks (collectively, the "**Mary's Trademarks**") on all products manufactured and sold by Medicinals in the state of Colorado. The grant of the license to Medicinals for use of the Mary's Trademarks is a perpetual license.

California

In January 2020, MM Tech and Mary's Tech CA, Inc. ("**Tech CA**"), a California licensed manufacturer and distributor of medicinal and adult-use cannabis infused products, entered into a licensing arrangement which allows Tech CA to use Mary's IPs and Mary's Trademarks for the production, manufacture, distribution, and sale of Mary's Medicinals branded products in the state of California. As part of the licensing agreement, MM Tech is required to provide periodic consulting to Tech CA on the production, manufacture, and sale of products, as well as education related to Mary's IPs associated with the products. In exchange for the use of Mary's IPs and Mary's Trademarks, Tech CA is obligated to pay to MM Tech a monthly fee.

Michigan

In July 2018, MM Tech entered into a technology and trademark licensing agreement ("**TTLA**") and a packaging and purchase raw materials agreement ("**RMA**", and together with the TTLA, the "**Choice Labs Agreements**") with Choice Labs, LLC ("**Choice Labs**"), a licensed manufacturer and distributor of marijuana products. The Choice Labs Agreements provide Choice Labs a non-assignable right to use Mary's IPs and Mary's Trademarks for the production of Mary's Medicinals branded products in the state of Michigan. As part of the Choice Labs Agreements, Choice Labs dedicates certain employees and space in order to meet the quality standards required to produce Mary's Medicinals branded products and require Choice Labs to exclusively purchase all non-cannabis raw materials from MM Tech's commonly owned affiliate entity, Mary's Operations, necessary for the production and sale of all Mary's Medicinals branded products in Michigan.

Other

In addition to such partnerships described above, Mary's, Edgewater and Lost County have explored options for directly acquiring cannabis manufacturing and/or distribution licenses (or companies that hold such licenses) in various states. In particular, Mary's is contemplating the potential direct acquisition of Medicinals and Tech CA, and Lost County is contemplating the potential direct acquisition of RCW.

BRB also maintains a strategic partnership and investment in Eaze, which is an on-demand consumer delivery platform currently operating in California. Eaze offers its consumers proprietary branded products and traditional cannabis brands through an online application with direct-to-consumer delivery.

Intellectual Property

The Contributed Interests have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. For example, MM Tech

holds several patents for transdermal cannabinoid formulations (one in the United States and one in Canada) and has patent applications on file in numerous international jurisdictions including the European patent office, Australia and Israel. MM Tech, Edgewater and Lost County also have obtained trademarks in several jurisdictions, including Canada, and at the state level in the United States. The Contributed Interests also own significant amounts of unregistered intellectual property, including trade secrets related to product formulations, recipes and proprietary production processes. As long as cannabis remains illegal under United States federal law as a Schedule I controlled substance pursuant to the United States Controlled Substances Act, the benefit of certain federal laws and protections, such as federal trademark and patent protection of the intellectual property of the Contributed Interests may not be available. While many states do offer the ability to protect trademarks independent of the federal government, patent protection is wholly unavailable on a state level, and state-registered trademarks provide a lower degree of protection than federally-registered marks.

Business Cycle / Seasonality

The business activities of the Contributed Interests are not driven by any particular calendar seasonality.

Environmental Protections

The operation of the businesses of the Contributed Interests has no extraordinary environmental protection requirements and BRB does not anticipate that any environmental regulations or controls will materially affect their business.

TRADING PRICE AND VOLUME OF THE SECURITIES OF THE CONTRIBUTED INTERESTS

The securities of the Contributed Interests are not traded on any stock exchange.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

There are no securities of Mary's, Edgewater and Lost County that are subject to escrow or restrictions on transfer other than standard limitations on transfer pursuant to their respective articles.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the best of BRB's knowledge, there were no legal proceedings as of the date of this Information Circular to which BRB's or any of the Contributed Interests was a party or of which any of the Contributed Interests' property was subject that would have had a material adverse effect on the Contributed Interests, nor are there any such legal proceedings existing or contemplated to which BRB or any of the Contributed Interests is a party or of which the Contributed Interests' property is subject that would have a material adverse effect on the Contributed Interests.

There have been no penalties or sanctions imposed against BRB or, to the best of BRB's knowledge, the Contributed Interests by a court relating to securities legislation or by a securities regulatory

authority as of the date of this Information Circular, or any other time that would likely be considered important to a reasonable investor making an investment decision in the Contributed Interests. BRB has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority as of the date of this Information Circular.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management of BRB is not aware of any material interest of any director or executive officer or any associate or affiliate of any of the matter to be acted on at the Meeting other than the Transaction.