



**Annual General and Special Meeting  
to be held on December 6, 2018**

**Notice of Annual General and Special Meeting  
and  
Information Circular**

**November 6, 2018**

**TIDAL ROYALTY CORP.  
789 WEST PENDER STREET  
SUITE 810  
VANCOUVER, BRITISH COLUMBIA  
V6C 1H2**

**INFORMATION CIRCULAR**

(as at November 1, 2018 except as otherwise indicated)

**SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the Management of Tidal Royalty Corp. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general and special meeting of the shareholders of the Company to be held on Thursday, December 6, 2018 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

**APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to National Issuer Services Ltd. (“**National**”) by 10:00 a.m. (local time in Toronto, Ontario) on Tuesday, December 4, 2018 or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to National, or by transmitting a revocation by telephonic or electronic means, to National, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

**Provisions Relating to Voting of Proxies**

**The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to**

vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company (the "Management") knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

### Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Company's registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder's name. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form ("**VIF**"), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). 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 who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities which they own

(“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

The Company has distributed copies of the Notice of Meeting, Circular and VIF to intermediaries for distribution to NOBOs. Unless you have waived your right to receive the Notice of Meeting, Circular and VIF, intermediaries are required to deliver them to you as a NOBO of the Company and to seek your instructions on how to vote your common shares.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 10:00 a.m. (Toronto time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, National, unless specifically stated otherwise.

## **Financial Statements**

The audited financial statements of the Company for the years ended July 31, 2018 and July 31, 2017, together with the auditor’s report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

As at November 1, 2018, the Company’s authorized capital consists of an unlimited number of common shares and an unlimited number of Preferred shares without par value, of which an unlimited are

designated as Series 1 Convertible Preferred Shares. As at November 1, 2018, there were 258,397,661 common shares issued and outstanding and 40,000,000 Series 1 Convertible Preferred Shares issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at November 1, 2018 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company.

### SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors be fixed at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

### ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>Paul Rosen</b> Ontario, Canada <i>CEO and Director</i>	Chief Executive Officer of the Company; Founder and Managing Director of BreakWater Venture Capital; Co-Founder and former CEO of PharmaCan Capital Corp. (now operating as The Cronos Group Inc.) from November 2013 until May 2016; Director of iAnthus Capital Holdings Inc.	July 2017	14,123,000

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>Theo van der Linde</b> <sup>(2)</sup> British Columbia, Canada <i>CFO and Director</i>	Chief Financial Officer of the Company, Chartered Professional Accountant. Director and executive officer of several publicly listed companies.	July 2017	Nil
<b>Stuart Wooldridge</b> British Columbia, Canada <i>Director</i>	Director of 555155 B.C. Ltd. dba Orca Strategy, a private management consulting company, since 1990; CEO of Yuntone Capital Corp. from 2015 to 2018.	July 2002	315,000
<b>Brian Penny</b> <sup>(3)</sup> Ontario, Canada <i>Director</i>	Chartered Professional Accountant. Executive Vice President and CFO of New Gold Inc. (TSX:NGD) from 2009 until 2017; Vice President of Finance and CFO of Kinross Gold Corporation (TSX:K) from 1993 until 2004; former CFO of Western Goldfields Inc. and Silver Bear Resources; former member of the board of directors of Equinox Minerals Limited, Alamos Gold Inc. and Baffinland Iron Mines Limited.	June 2018	Nil
<b>Brendan Purdy</b> <sup>(2)</sup> Ontario, Canada <i>Director</i>	Corporate Secretary and director of Global Blockchain Technologies Corp.; CEO and President of Element 79 Capital Inc.; former CEO and director of Enforcer Gold Corp.; director of each of Supreme Metals Corp. and ZTest Electronics Inc.; former director, CEO and chairman of High Hampton Holdings Corp. (CSE:HC) from November 2016 to December 2017; CEO and Director of Seaway Energy Services from April, 2016 to October 2016; a Director of Greenock Resources Inc. from October 2015 to February, 2016.	July 2017	200,000

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the audit committee.
- (3) Chair of the audit committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

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

Other than as set out below, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

Stuart Wooldridge was a director of the Company in 2001 - 2002 when the BCSC and the OSC issued CTOs against the Company in January 2002 for failure to file its annual financial statements for the fiscal year ended July 31, 2001. The CTOs were revoked in 2012. Also, Mr. Wooldridge was an independent director of Vendtek Systems Inc. (“**Vendtek**”) when in 2009, the BCSC and the Alberta Securities Commission (“**ASC**”) issued cease trade orders against Vendtek for failure to file financial statements in a timely manner. In 2010, the orders were revoked.

Brendan Purdy was an independent director of Boomerang Oil, Inc. (“**Boomerang**”) when cease trade orders were issued by the BCSC and ASC in 2015 due to Boomerang failing to file its annual audited financial statements for the fiscal year ended September 30, 2014, and its management's discussion and analysis relating thereto, as required under Part 5 of National Instrument 51-102 – *Continuous Disclosure Obligations*. Boomerang continues to be subject to renewed cease trade orders.

### **Individual Bankruptcies**

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

### Named Executive Officers

The Company is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

During the financial years ended July 31, 2018 and July 31, 2017, the Company had four Named Executive Officers (“NEOs”) being, Paul Rosen, the Chief Executive Officer (“CEO”), Terry Taouss, the President, Theo van der Linde, the Chief Financial Officer (“CFO”), Rob Trenaman, former CFO and President.

“Named Executive Officer” means: (a) each CEO, (b) each CFO, (c) the most highly compensated executive officer of the company, including any of its subsidiaries, or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

### DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company’s two most recently completed financial years to the Company’s NEOs and directors for services provided and for services to be provided, directly or indirectly, to the Company or any subsidiary thereof.

#### Director and Named Executive Officer Compensation Table

Table of compensation excluding compensation securities							
Name and principal position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Paul Rosen</b> <sup>(1)</sup> <i>CEO and Director</i>	2018	275,000	Nil	Nil	Nil	Nil	275,000
	2017	8,870	Nil	Nil	Nil	Nil	8,870
<b>Theo van der Linde</b> <sup>(2)</sup> <i>CFO and Director</i>	2018	61,934	Nil	Nil	Nil	Nil	61,9354
	2017	2,129	Nil	Nil	Nil	Nil	2,129
<b>Terry Taouss</b> <sup>(3)</sup> <i>President</i>	2018	72,917	Nil	Nil	Nil	Nil	72,917
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Rob Trenaman</b> <sup>(4)</sup> <i>Former CFO, President and Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Brendan Purdy</b> <sup>(5)</sup> <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Brian Penny</b> <sup>(6)</sup> <i>Director</i>	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Stuart Wooldridge</b> <sup>(7)</sup> <i>Director</i>	2018	7,500	Nil	Nil	Nil	Nil	7,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Saeed Otufat-Shamsi</b> <sup>(8)</sup> <i>Former Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Rosen was appointed as CEO of the Company on January 1, 2018 and as a director on July 20, 2017. All of the compensation received by Mr. Rosen was in respect of his position as CEO of the Company.



- (2) Mr. van der Linde was appointed as CFO and a director of the Company on July 20, 2017. All of the compensation received by Mr. van der Linde was in respect of his position as CFO of the Company.
- (3) Mr. Taouss was appointed as President of the Company July 5, 2018. Prior to that time, beginning on February 19, 2018, Mr. Taouss was in the role of Vice President, Operations. His compensation is reflected from the period beginning on February 19, 2018 and ending July 31, 2018.
- (4) Mr. Trenaman resigned as CFO, President and director of the Company on July 5, 2017.
- (5) Mr. Purdy was appointed as a director of the Company July 20, 2017.
- (6) Mr. Penny was appointed as a director of the Company on June 22, 2018 and his compensation is reflected from the period beginning on June 22, 2018 and ending on July 31, 2018.
- (7) Mr. Wooldridge was appointed as a director of the Company on July 22, 2002.
- (8) Mr. Otufat-Shamsi resigned as a director of the Company on July 5, 2017.

### Stock Options and Other Compensation Securities

During the year ended July 31, 2017, no compensation securities were granted or issued to any NEO or director by the Company or its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

The following table sets forth all compensation securities granted or issued to each NEO and director of the Company during the year ended July 31, 2018 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
<b>Paul Rosen</b> <sup>(2)</sup> <i>CEO and Director</i>	Options	4,620,000 options exercisable into 4,620,000 common shares representing 2.88% of the common shares outstanding	06/22/2018	\$0.33	N/A	\$0.43 (USD)	06/22/23
<b>Theo van der Linde</b> <sup>(3)</sup> <i>CFO and Director</i>	Options	200,000 options exercisable into 200,000 common shares representing 0.12% of the common shares outstanding	06/22/2018	\$0.33	N/A	\$0.43 (USD)	06/22/23

<b>Terry Taouss</b> <sup>(4)</sup> <i>President</i>	Options	2,050,000 options exercisable into 2,050,000 common shares representing 1.28% of the common shares outstanding	06/22/2018	\$0.33	N/A	\$0.43 (USD)	06/22/23
<b>Rob Trenaman</b> <i>Former CFO, President and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Brendan Purdy</b> <sup>(5)</sup> <i>Director</i>	Options	150,000 options exercisable into 150,000 common shares representing 0.09% of the common shares outstanding	06/22/2018	\$0.33	N/A	\$0.43 (USD)	06/22/23
<b>Brian Penny</b> <sup>(6)</sup> <i>Director</i>	Options	300,000 options exercisable into 300,000 common shares representing 0.19% of the common shares outstanding	06/22/2018	\$0.33	N/A	\$0.43 (USD)	06/22/23
<b>Stuart Wooldridge</b> <sup>(7)</sup> <i>Director</i>	Options	75,000 options exercisable into 75,000 common shares representing 0.05% of the common shares outstanding	06/22/2018	\$0.33	N/A	\$0.43 (USD)	06/22/23
<b>Saeed Otufat-Shamsi</b> , <i>Former Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Shares began trading on the Canadian Securities Exchange on June 25, 2018.
- (2) Mr. Rosen had 4,620,000 options outstanding at the end of the most recently completed financial year.
- (3) Mr. van der Linde had 200,000 options outstanding at the end of the most recently completed financial year.
- (4) Mr. Taouss had 2,050,000 options outstanding at the end of the most recently completed financial year.
- (5) Mr. Purdy had 150,000 options outstanding at the end of the most recently completed financial year.
- (6) Mr. Penny had 300,000 options outstanding at the end of the most recently completed financial year.
- (7) Mr. Wooldridge had 75,000 options outstanding at the end of the most recently completed financial year.

## **Exercise of Compensation Securities by Directors and Named Executive Officers**

No compensation securities were exercised by any director or NEO during the years ended July 31, 2017 and July 31, 2018.

### **External Management Companies**

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

### **Stock Option Plans and Other Incentive Plans**

The only equity compensation plan which the Company has in place is the 20% fixed plan (the “**Option Plan**”) dated July 15, 2017 and approved by shareholders of the Company at its annual general and special meeting held on September 5, 2017. The purpose of the Option Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward such of those directors, officers, employees and consultants as may be awarded options under the Option Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such directors, officers, employees and consultants to acquire Shares as long term investments.

In connection with the Company’s development and growth since the establishment of the Option Plan, the Board determined that it was appropriate to amend the fixed Option Plan to a “rolling” stock option plan consistent with CSE policies and current market practices. Pursuant to the proposed amendments to the Option Plan, the number of Shares that may be reserved for issuance upon the exercise of options will not exceed 10% of the number of issued and outstanding Shares on a non-diluted basis at any time. The amended Option Plan will amend, restate, replace, and supersede the existing Option Plan.

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to approve the amendment of the Option Plan from a fixed to a rolling plan. No other substantive amendments are proposed to be made to the Option Plan.

The following information is intended to be a brief summary of the Option Plan (as amended) and is qualified in its entirety by the text of the Option Plan (as amended) attached hereto as Schedule “A”.

- The maximum number of Shares with respect to which options may be granted pursuant to the Option Plan shall not exceed 10% of the issued and outstanding Shares on a non-diluted basis at any time;
- Options may be granted only to directors, officers, employees and consultants of the Company or any related entity of the Company;
- The total number of the Shares that may be reserved for issuance to any one individual under the Option Plan shall not exceed 5% of the outstanding the Shares. The maximum number of options that may be granted to any one consultant under the Option Plan, or employees performing investor relations activities for the Company, within any 12-month period shall not exceed 2% of the issued and outstanding the Shares at the time of the grant;
- The term of an option shall not exceed ten years from the date of the grant of the option;

- Subject to allowable adjustments, the option price of any option shall not be lower than the market price on the date on which the grant of the option is approved by the Board;
- An option shall be personal to the optionee and shall be non-assignable and non-transferable (whether by operation of law or otherwise);
- In the event that any optionee ceases to be an eligible person under the Option Plan (i.e. ceases to be an officer, director, employee or consultant for any reason other than death or termination with cause), the optionee will be entitled to exercise his or her options which have vested as of such date of cessation only within a period of 30 days following the date of such cessation or such other date as may be determined by the Board, but in no event may any options be exercised following the expiry date thereof. In the event an optionee is terminated with cause, the options held by such optionee will expire on the date of such termination. In the event of the death of an optionee, any options held by such optionee which have vested as of the date of death may be exercised within a period of one year following the optionee's death;
- The Board may at any time amend the Option Plan or any options granted thereunder, subject to the receipt of all applicable regulatory approvals, other than substantive amendments to the Option Plan, which also require shareholder approval; and
- In the event that an offer to purchase or repurchase the Shares or any part thereof shall be made to all or substantially all holders of the Shares, the options shall be automatically and immediately accelerated such that all remaining options will then be available for exercise.

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

Other than as set out below, the Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO or a director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in an NEOs or directors' responsibilities.

The Company entered into a management consulting agreement with Theo van der Linde effective July 20, 2017 with regard to his services as Chief Financial Officer of the Company. Pursuant to the agreement, the Company has agreed to pay Mr. van der Linde a base salary of \$72,000 per annum and shall continue indefinitely until terminated by either party in accordance with the terms of the agreement. The agreement provides for a severance clause of three months' notice for termination. In the event that Mr. van der Linde resigns for "Good Cause" following a "Change of Control" (as those terms are defined in the applicable agreement), Mr. van der Linde will be entitled to two times the annual pro-rated fee paid.

The Company entered into an informal verbal agreement with Paul Rosen effective July 20, 2017 with regard to his services as CEO of the Company. Pursuant to the informal verbal agreement, the Company has agreed to pay Mr. Rosen a base salary of \$300,000 per annum and shall continue indefinitely until terminated by either party. The agreement does not contain severance or change of control provisions.

The Company entered into an informal verbal agreement with Terry Taouss effective July 5, 2018 with regard to his services as President of the Company. Pursuant to the informal verbal agreement, the Company has agreed to pay Mr. Taouss a base salary of \$175,000 per annum, with possible bonuses to be awarded at the discretion of the Board and shall continue indefinitely until terminated by either party. The agreement provides for a severance clause of twelve months' notice for termination. The agreement does not contain change of control provisions.

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

The Board is responsible for determining, by way of discussions at board meetings, the compensation to be paid to the NEOs and directors of the Company. The Board conducts reviews with regard to the compensation of the directors and the executive officers once a year.

### *Director Compensation*

For the financial years ended July 31, 2018 and July 31, 2017, the Company did not employ a nominating committee. All tasks related to developing and monitoring the approach to the nomination of directors to the Board were performed by the members of the Board.

Other than as set forth in the foregoing, no director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or expert.

Brian Penny receives an annual stipend of \$10,000 for his services as a Board member.

### *Named Executive Officer Compensation*

For the financial years ended July 31, 2018 and July 31, 2017, the Company did not have a formal compensation program with specific performance goals nor did it employ a compensation committee. All tasks related to developing and monitoring the Company's approach to the compensation of officers were performed by the members of the Board. The compensation of each of the NEOs was reviewed, recommended and approved by the Company's independent directors.

The Board considers the performance of each NEO along with the Company's ability to pay compensation and the Company's results of operation for the period. As the objectives of the Company's compensation procedures are to align the interests of employees with the interests of shareholders, a significant portion of total compensation is based upon overall corporate performance.

Compensation is designed to achieve the following key objectives:

- to support our overall business strategy and objectives;
- to provide market competitive compensation that is substantially performance-based;
- to provide incentives that encourage superior corporate performance and retention of highly skilled and talented NEOs; and
- to align executive compensation with corporate performance and therefore shareholders' interests.

Our compensation package is comprised of short-term compensation in the form of base salary or service fees, medium-term compensation in the form of discretionary cash bonuses and long-term compensation

in the form of option-based awards. The Company does not have a formal compensation program which sets benchmarks for performance by NEOs. Base salary is determined by the Board largely based on market standards. In addition, the Board may consider, on an annual basis, an award of bonuses to key executives and senior management. The amount and award of such bonuses is discretionary, depending on, among other factors, the financial performance of the Company and the position of a participant. The Board considers that the payment of such discretionary annual cash bonuses satisfies the medium-term compensation component. No bonuses were awarded for the financial years ended July 31, 2018 and July 31, 2017. Lastly, the Company chooses to grant stock options to executive officers to satisfy the long-term compensation component.

The Board has not directly considered the implications of the risks associated with our compensation policies and practices. The Company does not have a set policy preventing an NEO or director from purchasing financing instruments such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such person. The Company does not use a peer group to determine compensation.

Since the end of the July 31, 2018 financial year, the Board has established a Compensation Committee. The charter of the Compensation Committee is summarized below under “Corporate Governance Disclosure – Compensation Committee”.

#### **Pension Disclosure**

The Company does not have a pension plan that provides for payments or benefits to the NEOs or directors at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

#### **EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at July 31, 2018:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by the securityholders	16,468,727	0.08	1,100,000
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
<b>Total</b>	<b>16,468,727</b>		<b>1,100,000</b>

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at July 31, 2017:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by the securityholders	Nil	N/A	17,568,727
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
<b>Total</b>	<b>Nil</b>		<b>17,568,727</b>

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

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

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

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

#### **APPOINTMENT OF AUDITOR**

##### **Auditor**

Management intends to nominate Manning Elliott LLP, Chartered Accountants, of Vancouver, British Columbia, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of

Manning Elliott LLP, Chartered Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors.

### **MANAGEMENT CONTRACTS**

Other than as disclosed below, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

The Company entered into a management agreement (the “**Management Contract**”) with Pender Street Corporate Consulting Ltd. (“**PSCC**”) of Suite 810 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 dated for reference January 1, 2018, to provide certain corporate, accounting and administrative services to the Company in accordance with the terms of the Management Contract.

### **AUDIT COMMITTEE**

The Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

#### **Audit Committee Charter**

The text of the Audit Committee’s charter is attached as Schedule “B” to this Circular.

#### **Composition of Audit Committee and Independence**

The Company’s current Audit Committee consists of Brian Penny, Brendan Purdy and Theo van der Linde.

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company’s Board, reasonably interfere with the exercise of the member’s independent judgment. Of the Company’s current Audit Committee members, Brian Penny and Brendan Purdy are “independent” within the meaning of NI 52-110. Theo van der Linde is not “independent” as he is also the CFO and Corporate Secretary of the Company.

NI 52-110 provides that an individual is “financially literate” if he or she has 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 Company’s financial statements. All of the members of the Audit Committee are “financially literate” as that term is defined. The following sets out the Audit Committee members’ education and experience that is relevant to the performance of his responsibilities as an audit committee member.

#### **Relevant Education and Experience**

*Brian Penny* – Mr. Penny is a Chartered Professional Accountant with over 30 years of experience in financial management, strategic planning, and financial reporting. He was Executive Vice President and CFO of New Gold Inc. (TSX:NGD), a multi-national mining company, from 2009 until 2017. Mr. Penny served as the Vice President of Finance and CFO of Kinross Gold Corporation (TSX:K), one of the world’s largest gold producers, from 1993 until 2004. He has also served as CFO of Western Goldfields Inc. and Silver Bear Resources, and as a member of the Board of Equinox Minerals Limited, Alamos Gold Inc. and Baffinland Iron Mines Limited.



*Brendan Purdy* – Mr. Purdy is a practicing securities lawyer, with experience in public companies, and the capital markets. Mr. Purdy received his J.D. from the University of Ottawa, received a Bachelor of Management and Organizational Studies degree from the University of Western Ontario. Mr. Purdy has significant cannabis industry experience, in both his private practice and in his capacity as management and director of public cannabis issuers. Mr. Purdy most recently acted as Director, CEO, and Chairman of High Hampton Holdings Corp. (CSE: HC), a CSE-listed cannabis investment company focused on acquisitions of cannabis distribution companies, branding opportunities, and state licensed producers in California, USA. Mr. Purdy was involved in identifying and facilitating the acquisition of CoachellaGro Corp., a California-based corporation holding 10.8 acres of land within the designated cannabis cultivation zone in Coachella, California.

*Theo van der Linde* – Mr. van der Linde is a Chartered Accountant with 20 years extensive experience in finance, reporting, regulatory requirements, public company administration, equity markets and financing of publicly traded companies. He has served as a CFO & Director for a number of TSX Venture Exchange and Canadian Securities Exchange (CSE) listed companies over the past several years. Mr. van der Linde has extensive experience in financial services, manufacturing, oil & gas, mining and retail industries. Most recently, he has been involved with future use trends of natural resources as well as other disruptive technologies. Mr. van der Linde received a B.Comm. (Hons) in Finance, is a Chartered Accountant and is a member of good standing of the Institute of the Chartered Public Accountants of British Columbia.

#### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

#### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (d) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

#### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

#### **Audit Fees**

The following table sets forth the fees paid by the Company and its subsidiaries to Manning Elliott LLP, Chartered Accountants, for services rendered in the last two fiscal years:

	<b><u>2018</u></b>	<b><u>2017</u></b>
	(\$)	(\$)
Audit fees <sup>(1)</sup>	22,000	10,000
Audit related fees <sup>(2)</sup> .....	Nil	Nil

Tax fees <sup>(3)</sup> .....	2,250	1,500
All other fees <sup>(4)</sup> .....	12,500	Nil
Total	<u>36,750</u>	<u>11,500</u>

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

### **Exemption in Section 6.1**

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating five individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Paul Rosen, who is the CEO of the Company and Theo van der Linde who is the CFO and Corporate Secretary of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO

and the President. The Board will give direction and guidance through the President and CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and, going forward, will appoint a Compensation Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the “Act”), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

### **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated:

- Brian Penny is a director of Equinox Minerals Limited;
- Paul Rosen is a director of Hill Street Beverage Company Inc. and iAnthus Capital Holdings, Inc.;
- Brendan Purdy is a director of ZTEST Electronics Inc., Global Blockchain Technologies Corp., Supreme Metals Corp., Boomerang Oil, Inc. and Global Blockchain Mining Corp.; and
- Theo van der Linde is a director of MegumaGold Corp., Global Blockchain Mining Corp., Slam Exploration Ltd., Global Blockchain Technologies Corp., Admiral Bay Resources Inc., Elcora Advanced Materials Corp. and Q Investments Ltd.

### **Orientation and Continuing Education**

The Board’s practice is to recruit for the Board persons with extensive experience in the cannabis sector and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company’s affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

## **Ethical Business Conduct**

The Board encourages and promotes a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Board has adopted a Corporate Conduct and Code of Ethics Policy (the “Code”) to be followed by the Company’s directors, officers, employees and principal consultants and those of its subsidiaries. The Code is also to be followed, where appropriate, by the Company’s agents and representatives, including consultants where specifically required. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoid conflict of interest, protect confidential information and comply with the applicable government laws and securities rules and regulations.

## **Nomination of Directors**

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

## **Compensation Committee**

The text of the Compensation Committee’s charter is attached as Schedule “C” to this Circular.

The Compensation Committee will operate under supervision of the Board of Directors and will have overall responsibility for reviewing and recommending the compensation of the Company's CEO, other executive officers and key employees, overseeing the Company's compensation and benefits policies, plans and programs and general oversight of the Company's compensation structure. The Compensation Committee will be appointed annually by the Board of Directors and will consist of a minimum of three directors, a majority of whom will be independent.

Meetings of the Compensation Committee shall occur as often as considered necessary or appropriate and shall generally occur without the presence of management. The CEO may not be present for any portion of any meeting at which the compensation of the CEO is being deliberated or voted upon.

## **Assessments**

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company’s corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Approval of Amended and Restated Option Plan**

On October 30, 2018, the Board adopted an amended and restated stock option plan so as to convert the previously adopted 20% fixed stock option plan (the “Prior Plan”) into a 10% rolling stock option plan (the “Amended and Restated Stock Option Plan”). Pursuant to the Amended and Restated Stock Option Plan, as at the Record Date, options entitling the purchase of an aggregate of 25,839,766 Common Shares, less the number of options currently outstanding, may be granted to directors, officers, employees, and consultants or management company employees of the Company from time to time.

A summary of the terms of the Amended and Restated Stock Option Plan is set out above under “Stock Option Plans and Other Incentive Plans” and a copy of the proposed Amended and Restated Option Plan is attached as Schedule “A”. At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution to approve the Amended and Restated Stock Option Plan in the following form:

“BE IT RESOLVED as an ordinary resolution that:

1. the adoption of the Amended and Restated Stock Option Plan, as described in the Information Circular dated November 6, 2018, including reserving for issuance under the Amended and Restated Stock Option Plan at any time a maximum of 10% of the then issued and outstanding common shares of the Company, be and is hereby authorized and approved;
2. the Company be and is hereby authorized to grant stock options under the Amended and Restated Stock Option Plan; and
3. the Company be and is hereby authorized to prepare such documents and make such submissions as the Company may be required to make to give effect to this resolution.”

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE AMENDED AND RESTATED STOCK OPTION PLAN. IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE AMENDED AND RESTATED OPTION PLAN, IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR APPROVAL OF THE AMENDED AND RESTATED STOCK OPTION PLAN.

Pursuant to the policies of the CSE, Shareholder approval is not required for the amendment of the Amended and Restated Option Plan, however the terms of the Prior Plan require Shareholder approval for any substantive changes to the Prior Plan. In the event the Amended and Restated Stock Option Plan is not approved, the amendments to the Prior Plan will not be effected and the fixed terms of the Prior Plan will continue to govern.

### **General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements to July 31, 2017 and July 31, 2018, copies of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at Suite 810 - 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 or by telephone at 604-687-2038.

### **BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 6<sup>th</sup> day of November, 2018.

### **ON BEHALF OF THE BOARD**

*"Paul Rosen"*

Paul Rosen  
Chairman and CEO

**TIDAL ROYALTY CORP.**

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**Schedule "A"**  
**Amended Stock Option Plan**

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**(SEE ATTACHED)**

**TIDAL ROYALTY CORP.**

**AMENDED AND RESTATED STOCK OPTION  
PLAN**

**July 15, 2017, amended and restated as of December 6, 2018**



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## ARTICLE I DEFINITIONS AND INTERPRETATION

### 1.1 DEFINITIONS

As used herein, unless anything in the subject matter or context is inconsistent therewith, the following terms shall have the meanings set forth below:

“**Administrator**” means the person as may be designated as Administrator by the Board from time to time;

“**Affiliate**” means a corporation that is affiliated with the Company because (i) one of them is the subsidiary of the other; or (ii) each of them is controlled by the same individual or corporation;

“**Applicable Laws**” means all legal requirements relating to the administration of stock option plans, if any, under applicable corporate laws, any applicable state or provincial securities laws, the rules and regulations promulgated thereunder, and the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to Options granted to residents therein;

“**Award Date**” means the date on which the Board grants a particular Option;

“**Board**” means the board of directors of the Company;

“**Company**” means Tidal Royalty Corp. or any “affiliate” thereof (as defined in the Securities Act);

“**Consultant**” means an individual or Consultant Company other than an Employee or a Director of the Company, that (i) provides ongoing consulting, technical, management or other services to the Company or to an Affiliate of the Company; (ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company; (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

“**Consultant Company**” means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;

“**Director**” means directors, senior officers and Management Company Employees of the Company;

“**Earlier Termination Date**” means the date determined in accordance with section 3.4 after which a particular Option cannot be exercised;

“**Employee**” means (i) an individual considered an employee of the Company or a subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax and other deductions are made by the Company); (ii) an individual who works full-time for the Company or a subsidiary providing services normally provided by an employee but for whom income tax and other deductions are not made; (iii) an individual who works for the Company or a subsidiary on a continuing and regular basis for a minimum amount of time per week, but for whom income tax and other deductions are not made; and (iv) other persons who are providing, have provided, or have agreed to provide a service of value to the Company or a subsidiary;

“**Exchange**” means the CSE Exchange or successor stock exchange;

“**Exercise Notice**” means the notice respecting the exercise of an Option, in the form set out as Schedule “B” hereto, duly executed by the Option Holder;

“**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date;

“**Exercise Price**” means the price at which an Option may be exercised as determined in accordance with section 3.5;

“**Expiry Date**” means the date determined in accordance with section 3.3 after which a particular Option cannot be exercised;

“**Investor Relations Activities**” has the same meaning given to it under Policy 1.1 of the CSE Exchange Corporate Finance Manual and Policies;

“**Management Company Employee**” means an individual employed by a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in Investor Relations Activities;

“**Option**” means an option to acquire Shares awarded pursuant to the Plan;

“**Option Certificate**” means the certificate, substantially in the form set out as Schedule “A” hereto, evidencing an Option;

“**Option Holder**” means a person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;

“**Personal Representative**” means (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;

“**Plan**” means this amended and restated stock option plan;

“**Securities Act**” means the *Securities Act* (British Columbia); and

“**Share**” or “**Shares**” means, as the case may be, one or more common shares without par value in the capital of the Company.

## 1.2 CHOICE OF LAW

The Plan is established under, and the provisions of the Plan shall be interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

## 1.3 HEADINGS

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## **ARTICLE II PURPOSE AND PARTICIPATION**

### **2.1 PURPOSE**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate Directors, Employees and Consultants, to reward such of those persons by the grant of Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such persons to acquire Shares as long term investments.

### **2.2 PARTICIPATION**

The Board shall, from time to time, in its sole discretion determine those Directors, Employees and/or Consultants, if any, to whom Options are to be awarded. If the Board elects to award an Option to a Director or Consultant, the Board shall, in its sole discretion but subject to section 3.2, determine the number of Shares to be acquired on the exercise of such Option. If the Board elects to award an Option to an Employee, the number of Shares to be acquired on the exercise of such Option shall be determined by the Board in its sole discretion but subject to section 3.2, and in so doing the Board may take into account the following criteria:

- (a) the Employee's remuneration as at the Award Date in relation to the total remuneration payable by the Company to all of its Employees as at the Award Date;
- (b) the length of time that the Employee has provided services to the Company; and
- (c) the nature and quality of work performed by the Employee.

In the case of Options awarded to Employees, Consultants or Management Company Employees, the Company will be deemed to have represented that the recipient is a bona fide Employee, Consultant or Management Company Employee.

### **2.3 NOTIFICATION OF AWARD**

Following the approval by the Board of the awarding of an Option, the Option Holder shall be notified of the award and given an Option Certificate representing the Option so awarded.

### **2.4 COPY OF PLAN**

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided to each Option Holder.

### **2.5 LIMITATION**

The Plan does not give any Option Holder the right to continue to be employed or engaged by the Company.

## **ARTICLE III TERMS AND CONDITIONS OF OPTIONS**

### **3.1 BOARD TO ALLOT SHARES**

The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof.

### **3.2 NUMBER OF SHARES**

The maximum number of Shares reserved for issuance under the Plan at any one time shall not exceed at any time 10% of the then-issued and outstanding Shares.

The total number of Options awarded to any one individual in any 12 month period shall not exceed 5% of the issued and outstanding Shares as at the Award Date (unless the Company becomes a Tier 1 issuer of the Toronto Stock Exchange or Toronto Stock Exchange – Venture (a “**Tier 1 Issuer**”) and has obtained disinterested shareholder approval).

The total number of Options awarded to any one Consultant in a 12 month period shall not exceed 2% of the issued and outstanding Shares as at the Award Date. The total number of Options awarded in any 12 month period to Employees performing investor relations activities for the Company shall not exceed 2% of the issued and outstanding Shares as at the Award Date.

### **3.3 TERM OF OPTION**

Subject to section 3.4, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than:

- (a) in the case of an Option granted prior to the Shares being listed on the Exchange, the fifth anniversary of the date on which the Shares are listed on the Exchange; or
- (b) in the case of an Option granted after the Shares have been listed on the Exchange, the tenth anniversary of the Award Date of the Option.

### **3.4 TERMINATION OF OPTION**

An Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time fix a minimum or maximum number of Shares in respect of which an Option Holder may exercise part of any Option held by such Option Holder. Any Option or part thereof not exercised within the Exercise Period shall terminate and become void as of 5:00 p.m. (Vancouver time) on the first to occur of the Expiry Date or the Earlier Termination Date. The Earlier Termination Date shall be the date established, if applicable, in subsections (a) or (b) below.

#### **(a) Death**

In the event that the Option Holder should die while he or she is still (i) a Director, Consultant or Employee (other than a Consultant or an Employee performing Investor Relations Activities), the Expiry Date shall be 12 months from the date of death of the Option Holder; or (ii) a person performing Investor Relations Activities, the Expiry Date shall be 90 days from the date of death of the Option Holder.

(b) *Ceasing to be a Director, Employee or Consultant*

In the event that the Option Holder ceases to be a Director, Employee or Consultant other than by reason of death and ceases to be eligible through another capacity to hold an Option, the Expiry Date of the Option shall be the 30th day following the date the Option Holder ceases to be a Director, Employee or Consultant unless any of the following apply:

- (i) the Option Holder ceases to meet the qualifications for directors prescribed by the corporate legislation to which the Company is then subject and the Option Holder is not eligible through another capacity to hold an Option;
- (ii) the Option Holder ceases to be a director of the Company by reason of a special resolution to that effect having been passed by the members of the Company pursuant to the corporate legislation to which the Company is then subject and the Option Holder is not eligible through another capacity to hold an Option;
- (iii) the Option Holder's relationship with the Company or the Management Company is terminated for cause; or
- (iv) an order of the British Columbia Securities Commission or other regulatory authority having jurisdiction is made prohibiting the Option Holder from holding an Option,

in which case the Earlier Termination Date shall be the date on which any of the above occurs.

### 3.5 EXERCISE PRICE

The Exercise Price shall be that price per Share, as determined by the Board in its sole discretion, and announced as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option, and if the Shares are then listed on the Exchange, shall not be less than the closing price of the Shares on the Exchange on the day preceding the Award Date, less any discount permitted by the Exchange.

### 3.6 REDUCTION IN EXERCISE PRICE

Disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Option Holder is an insider of the Company at the time of the proposed amendment.

### 3.7 ASSIGNMENT OF OPTIONS

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

### 3.8 ADJUSTMENTS

If prior to the complete exercise of any Option the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively the "Event"), an Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional Shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Event an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

### 3.9 VESTING

The following provisions regarding vesting shall apply to the Options:

- (a) For so long as the Company is not classified as a Tier 1 Issuer or equivalent designation on the Exchange, all Options awarded pursuant to the Plan, except in exceptional circumstances as determined by the Board, must contain conditions relating to the vesting of the right to exercise an Option awarded to any Option Holder, which will provide that the right to purchase the Shares under the Option may not be exercised any earlier than six equal quarterly releases over a period of 18 months from the Award Date.

In the event that the classification of the Company on the Exchange is upgraded to that of a Tier 1 Issuer or equivalent designation, or the Shares are no longer listed on the Exchange, the Board may, in its sole discretion at the time the Option is awarded, but will not be required to, impose conditions relating to the vesting of the right to exercise an Option awarded to any Option Holder. The Board may (but will not be required to) accelerate or remove the vesting provisions applying to previously granted Options.

- (b) The Board may grant Options bearing vesting provisions less favourable than those specified in subsections 3.9(a). Notwithstanding the provisions of subsections 3.9(a) and subject to Exchange acceptance, the Board may grant Options bearing vesting provisions more favourable than those specified in subsections 3.9(a).
- (c) Option Certificates will disclose vesting conditions which are as specified by the Board.
- (d) The vesting schedule in subsection 3.9(a) shall be automatically and immediately accelerated such that all remaining Options will then be available for exercise upon the occurrence of a *take over bid* which is a *formal bid*, as those terms are defined under the Securities Act.

### 3.10 HOLD PERIODS

- (a) If required by Applicable Laws, any Options will be subject to a hold period expiring on the date that is four months and a day after the Date of Grant, and the Option Agreements and the certificates representing any Shares issued prior to the expiry of such hold period will bear a legend in substantially the following form:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES REPRESENTED HEREBY MUST NOT TRADE THE SECURITIES BEFORE [INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DATE OF GRANT].”

- (b) In addition to any resale restrictions under any Applicable Laws, if the Option Price is set at a Discounted Market Price rather than the Market Price (as defined in Exchange Policies), the Option Agreements and the certificates representing any Shares realized on the exercise thereof will bear the following legend:

“WITHOUT COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL [INSERT THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE DATE OF GRANT].”

## **ARTICLE IV EXERCISE OF OPTION**

### **4.1 EXERCISE OF OPTION**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part, subject to any applicable exercise restrictions, at any time or from time to time during the Exercise Period up to 5:00 p.m. (Vancouver time) on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft (or other payment method acceptable to the Company) payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

### **4.2 EXERCISE RESTRICTIONS**

The Board may, at the time an Option is awarded or upon renegotiation of the same, attach restrictions relating to the exercise of the Option in addition to the vesting provisions specified in section 3.9. Any such restrictions shall be recorded on the applicable Option Certificate.

### **4.3 ISSUE OF SHARE CERTIFICATES**

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased bearing such legends denoting trading restrictions as may be required by applicable securities laws and/or the Exchange. It is the Option Holder's responsibility to comply with any such trading restrictions. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the aforesaid share certificate for the balance of the Shares available under the Option.

### **4.4 CONDITION OF ISSUE**

The issue of Shares by the Company pursuant to the exercise of an Option is subject to this Plan and compliance with the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Shares and to the listing requirements of any stock exchange or exchanges on which the Shares may be listed. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Company any information, report and/or undertakings required to comply with and to fully cooperate with the Company in complying with such laws, rules and regulations.

## **ARTICLE V ADMINISTRATION**

### **5.1 ADMINISTRATION**

The Plan shall be administered by the Administrator on the instructions of the Board or such committee of the Board authorized to act in respect of matters relating to the Plan. The Board or such committee may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any other person such administrative duties and powers as it may see fit.



## 5.2 INTERPRETATION

The interpretation by the Board or its authorized committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **ARTICLE VI AMENDMENT AND TERMINATION**

### 6.1 PROSPECTIVE AMENDMENT

Subject to applicable regulatory approval, the Board may from time to time amend the Plan and the terms and conditions of any Option thereafter to be awarded and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Option or the Shares, or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment.

### 6.2 RETROSPECTIVE AMENDMENT

Subject to applicable regulatory approval, the Board may from time to time retrospectively amend the Plan and may also, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options which have been previously awarded.

### 6.3 TERMINATION

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination the Company, such Options and such Option Holders shall continue to be governed by the provisions of the Plan.

### 6.4 AGREEMENT

The Company and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of the Plan.

## **ARTICLE VII APPROVALS REQUIRED FOR PLAN**

### 7.1 APPROVALS REQUIRED FOR PLAN

The Plan is subject to shareholder and regulatory approvals if required.

## 7.2 SUBSTANTIVE AMENDMENTS TO PLAN

For as long as the Company is listed on the Exchange, any substantive amendments to the Plan shall be subject to the Company first obtaining the necessary approvals of:

- (a) the shareholders of the Company; and
- (b) the Exchange.

Schedule A

TIDAL ROYALTY CORP.

STOCK OPTION PLAN  
OPTION CERTIFICATE

*[If the Option is granted at a discount to the Market Price, insert the following hold period legend: Without compliance with all applicable securities legislation, the securities issued upon the exercise of the Option granted herein may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of a Canadian Stock Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until (four months and one day after the date of grant).]*

*[If the Option is granted to an Insider, insert the following hold period legend: Unless permitted under securities legislation, the holder of the securities represented hereby must not trade the securities before (four months and one day after the date of grant)].*

This certificate is issued pursuant to the provisions of the TIDAL ROYALTY CORP. (the "Company") Stock Option Plan (the "Plan") and evidences that \_\_\_\_\_ is the holder of an option (the "Option") to purchase up to \_\_\_\_\_ common shares (the "Shares") in the capital stock of the Company at a purchase price of \$\_\_\_\_ per Share. Subject to the provisions of the Plan:

- (a) the Award Date of this Option is \_\_\_\_\_, and
- (b) the Expiry Date of this Option is \_\_\_\_\_.

Applicable Vesting or Other Restrictions

*The Options will vest to the Optionee, and be eligible to be exercised on the basis of not more than one-sixth of the number of Options granted every three months following the Award Date (expiring 18 months from the Award Date).*

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Vancouver time) on the Expiry Date, by delivering to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

**TIDAL** **ROYALTY** **CORP.**  
by its authorized signatory:

\_\_\_\_\_  
NAME, TITLE

**Schedule B**

**EXERCISE NOTICE**

To: The Administrator, Stock Option Plan  
**TIDAL ROYALTY CORP.**

The undersigned hereby irrevocably gives notice, pursuant to the TIDAL ROYALTY CORP. (the "Company") Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares, which are the subject of the Option Certificate attached hereto.

Calculation of total Exercise Price:

- (i) number of Shares to be acquired on exercise: \_\_\_\_\_ Shares
  - (ii) times the Exercise Price per Share: \$ \_\_\_\_\_
- TOTAL EXERCISE PRICE, enclosed herewith: \$ \_\_\_\_\_

The undersigned tenders herewith a certified cheque or bank draft (**circle one**) in the amount of \$ \_\_\_\_\_ payable to the Company in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Witness (please print)

\_\_\_\_\_  
Name of Option Holder (please print)



**TIDAL ROYALTY CORP.**

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**Schedule "B"**  
**Audit Committee Charter**

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**(SEE ATTACHED)**

## **Audit Committee Charter**

The following Audit Committee Charter was adopted by the Audit Committee of the Board of Directors and the Board of Directors of TIDAL ROYALTY CORP. (the "Company"):

### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

### *Composition*

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 51-102), then all of the members of the Committee shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Company ceases to be a "venture issuer" (as that term is defined in National Instrument 51-102), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

### *Meetings*

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

## *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review
  - (a) review and update this Audit Committee Charter annually; and
  - (b) review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
2. External Auditors
  - (a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;
  - (b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
  - (c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
  - (d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
  - (f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;
  - (g) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
  - (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;



- (i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided,
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
  - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

### 3. Financial Reporting Processes

- (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

- (f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### 4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.

**TIDAL ROYALTY CORP.**

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**Schedule "C"**  
**Compensation Committee Charter**

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**(SEE ATTACHED)**

**TIDAL ROYALTY CORP.**  
**(THE "COMPANY")**

**COMPENSATION COMMITTEE CHARTER**

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**1. PURPOSE**

**1.1** The Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Tidal Royalty Corp. (the "**Company**"), under the supervision of the Board, shall have the overall responsibility for:

- A.** reviewing and recommending the compensation of the Company's Chief Executive Officer ("**CEO**"), other executive officers and key employees (collectively, the "**Management**");
- B.** overseeing the Company's compensation and benefits policies, plans and programs;
- C.** general oversight of the Company's compensation structure; and such other additional specific duties and responsibilities as are set out herein.

The term "compensation" shall include salary, incentive and equity compensation, bonuses, severance arrangements and other compensatory benefits or rights received under the Company's benefit plans.

**2. COMMITTEE COMPOSITION**

The membership of the Compensation Committee shall be as follows:

- The Compensation Committee, appointed annually by members of the Board, shall consist of a minimum of three members of the Board, the majority of whom will be independent.
- The Board will elect, by a majority vote, one Committee member to serve as Chairman of the Committee (the "Chairman") for a one-year term.
- Committee members may serve on the Committee for consecutive terms.
- A member may resign from the Committee. Vacancies shall be filled by appointment from among the independent members of the Board.

**3. MEETINGS**

- The Committee shall meet as often as may be considered necessary or appropriate, in its judgment, and will report regularly to the full Board with respect to its activities.
- The Committee may meet either in person, by teleconferencing, or by videoconferencing, at such times and place as determined by the Chairman.
- A majority of the members of the Committee, present in person, by teleconferencing, or by videoconferencing will constitute a quorum.

- Meetings will be generally conducted without the presence of members of management.
- The CEO may not be present for any portion of any meeting at which the compensation of the CEO is being deliberated or voted upon.
- Minutes of the Committee meetings will be kept, filed in the Company's minute book and distributed to each member of the Committee and the Board.

#### **4. RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

##### **A. Compensation of CEO, Other Executive Officers and Key Employees**

- On an annual basis, or more frequently, if deemed necessary by the Committee or requested by the Board, review and recommend corporate goals and objectives concerning the CEO and other executive officers' compensation;
- Evaluate the CEO's, other executive officers' and key employees' performance against these corporate goals and objectives;
- Determine and recommend the CEO's, other executive officers' and key employees' compensation and benefits plans based on this evaluation;
- Review and recommend to the Board the overall compensation of each newly elected executive officer and key employee, including all employment related and severance agreements; and
- Evaluate on a periodic basis the competitiveness of the remuneration packages for Management.

##### **B. Board of Directors Compensation**

- Review annually, or more frequently if deemed necessary by the Committee or requested by the Board, and recommend to the Board for its approval, the compensation paid to directors who serve on the Board or its committees, including any retainer, chair fees, and equity compensation, in accordance with regulatory limitations. These recommendations should take into account national and industry-wide compensation practices and trends for comparable companies.

##### **C. Company Compensation**

- Oversee and evaluate the Company's general compensation structure and policies to attract, award, develop and retain Management and other employees;
- Review and approve annually the compensation adjustments for non-Management employees; and

- Evaluate on a periodic basis the competitiveness of the compensation plan to non-Management employees.

**D. Administration of Plans**

- Review and administer the Company's stock option plan and other equity-based and incentive compensation plans (the "Plans") and make recommendations to the Board as appropriate;
- Evaluate on a periodic basis the competitiveness of the Plans established and make recommendations for improvement as appropriate;
- Evaluate the use of the Plans, from time to time, as a form of incentive compensation for external consultants, subject to applicable laws and regulations; and
- Monitor the compliance of these plans with applicable laws and regulations.

**E. Public Disclosure of Executive Compensation**

- Review all disclosure of executive compensation, including compensation philosophy, prior to public release; and
- Prepare any executive compensation report required by regulatory requirements for inclusion in the Company's annual report, proxy statement, information circular or other regulatory filings.

**F. Committee Assessment**

- Evaluate as required the performance of the Committee in light of the roles and responsibilities outlined in this Charter.

**G. Charter Evaluation**

- Review, discuss and assess annually this Charter and recommend changes to the Board for approval.

**H. Experts and Advisors**

- The Committee may retain or appoint, at the Company's expense, internal or external legal, accounting or other advisors and consultants to assist it in carrying out its duties. The Committee shall have the authority to terminate such arrangements as appropriate.

**I. General Authority**

- The Committee may form and delegate authority to subcommittees as appropriate; and

- The Committee shall also have such other powers and duties as are delegated to it by the Board.