

**ADASTRA LABS HOLDINGS LTD.**

#5451 – 275 Street., Langley, BC V4W 3X8

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Adastra Labs Holdings Ltd. (the “Company”) will be held at the Suite 704, 595 Howe Street, Vancouver, BC V6C 2T5 on Friday, December 18, 2020 at 10:00 a.m. (PST) for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended December 31, 2019 together with the auditor’s report thereon;
2. to fix the number of directors at four (4);
3. to elect directors for the ensuing year;
4. to appoint Davidson & Company LLP, Chartered Accountants (“Davidson & Company”) as the auditors of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
5. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to National Securities Administrators Ltd. (“NSA”). If a shareholder does not deliver a proxy to NSA, 702 – 777 Hornby Street, Vancouver, BC V6Z 1S4 by 10:00 a.m. (Vancouver, British Columbia time) on **December 16, 2020** (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on **Friday, November 6, 2020** will be entitled to vote at the Meeting.

In light of the ongoing public health concerns related to COVID-19 and in order to comply with the measures imposed by federal and provincial governments, the Company is encouraging shareholders and others not to attend the meeting in person. Shareholders are urged to vote on the matters before the meeting by proxy and to listen to the meeting via telephone conference at (778) 200-4975 (please contact [bon@stockslaw.com](mailto:bon@stockslaw.com) for an access code).

**If you are a non-registered holder of Common Shares and received these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form, as the case may be, provided to you in accordance with the instructions provided by your broker or intermediary.**

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 17th day of November 2020.

**ON BEHALF OF THE BOARD**

*/s/ Andrew Hale*

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Andrew Hale  
Chief Executive Officer and President

**ADASTRA LABS HOLDINGS LTD.**  
#5451 – 275 Street Langley, BC V4W 3X8

**INFORMATION CIRCULAR**  
(as at November 17, 2020 except as otherwise indicated)

Adastra Labs Holdings Ltd. (the “Company”) is providing this Information Circular and a form of proxy in connection with management’s solicitation of proxies for use at the annual general meeting (the “Meeting”) of the Company to be held on Friday, December 18, 2020 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation. All amounts referred to as \$ or dollars means Canadian currency, unless otherwise indicated.

**APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "Management Proxyholders").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

**VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting 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 a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

**COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company’s registrar and transfer agent, National Securities Administrators Ltd., 702 – 777 Hornby Street, Vancouver, BC V6Z 1S4, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

**NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the

name of a nominee (a "Nominee") such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited and in the United States, under the name Cede & Co., as nominee for the Depository Trust Company (which acts as a brokerage depository for many U.S. firms and custodial banks). If you purchased your shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") of the Canadian Securities Administrators, the Company has elected to send the Meeting materials directly to NOBOs.

If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

The Company is not sending the Meeting materials to shareholders using "notice-and-access", as defined under NI 54-101.

### **REVOCABILITY OF PROXY**

In addition to revocation in any other manner permitted by law, a shareholder, his attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

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

The Company is authorized to issue an unlimited number of Common Shares without par value (the "shares"), of which 130,001,985 shares are issued and outstanding, and an unlimited number of Preferred Shares, of which no

shares are issued and outstanding. Persons who are registered shareholders at the close of business on November 6, 2020 (the “Record Date”) will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.

To the knowledge of the directors and executive officers of the Company, except as disclosed below, as of the Record Date, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company.

<i>Name</i>	<i>Number of Common Shares Owned or Controlled at the Record Date</i>	<i>Percentage of Outstanding Common Shares at the Record Date</i>
<b>Robert Foster</b>	17,468,136	13.44%
<b>Brian Brennan</b>	13,970,000	10.75%

## EXECUTIVE COMPENSATION

### Named Executive Officers

“Named Executive Officer” or “NEO” means: (a) the Company’s CEO, (b) the Company’s CFO, (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals 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, individually, 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.

During the financial year ended December 31, 2019, the Company had the following NEOs: Mr. Andrew Hale, CEO, Mr. Stephen Brohman, CFO, Mr. Blaine Bailey (“Director”), and Mr. Phillip Thomas (“Former CEO and Director”)

## COMPENSATION DISCUSSION AND ANALYSIS

The Company’s executive compensation program during the most recently completed financial year was administered by the Company’s Board of Directors. The Board of Directors was solely responsible for determining the compensation to be paid to the Company’s executive officers and evaluating their performance. The Board of Directors has not adopted any specific policies or objective for determining the amount or extent of compensation for directors or officers. The Board of Directors has not established a compensation committee.

The significant elements of compensation for the Company’s “Named Executive Officers”, being the Chief Executive Officer, the Chief Financial Officer, will be cash consulting fees, salary and stock options. The Company does not presently have a long-term incentive plan for its Named Executive Officers. There is no policy or target regarding allocation between cash and non-cash elements of the Company’s compensation program. The Board of Directors reviews annually the total compensation package of each of the Company’s executives on an individual basis.

### *Cash Consulting Fees*

The Company’s compensation payable to the Named Executive Officers is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of the Company. In particular the Chief Executive Officer’s compensation will be determined by time spent on: (i) the Company’s day to day operations; (ii) reviewing potential transactions and negotiating them on behalf of the Company; and (iii) new business ventures. The

Chief Financial Officer’s compensation is primarily determined by time spent in reviewing the Company’s financial statements.

*Stock Options*

The Company’s Stock Option Plan is intended to emphasize management’s commitment to the growth of the Company. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. Stock option grants are based on the total of stock options available under the Stock Option Plan. In granting stock options, the Board of Directors reviews the total of stock options available under the Stock Option Plan and recommends grants to newly retained executive officers at the time of their appointment, and considers recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding options held by an executive are taken into account when determining whether and how new option grants should be made to the executive. The exercise periods are to be set at the date of grant. The stock option grants may contain vesting provisions in accordance to the Company’s Stock Option Plan.

Due to the Company being an early stage issuer and having limited financial resources, compensation is not tied to any performance criteria or goals. The Company is unaware of any significant events that have significantly affected compensation of its management team and directors. The Company did not make any changes to its compensation policies during or after the fiscal year ended December 31, 2019.

**Pension**

The Company does not provide any pension benefits for directors or executive officers.

**SUMMARY COMPENSATION TABLE**

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

The following table (presented in accordance with National Instrument Form 51-102F6 Statement of Executive Compensation) excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the completed financial years ended December 31, 2019 and 2018. Options and compensation securities are disclosed under the heading “*Stock Options and Other Compensation Securities and Instruments*” below.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year<sup>(1)</sup></b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Andrew Hale</b> <i>CEO and Director</i>	2019	120,115	-	-	-	-	120,115
	2018	-	-	-	-	-	-
<b>Stephen Brohman</b> <i>CFO and Director</i>	2019	107,298 <sup>(2)</sup>	-	-	-	-	107,298
	2018	27,000 <sup>(2)</sup>	-	-	-	-	27,000

<b>Blaine Bailey</b> <i>Director</i>	2019 2018	- 64,000 <sup>(3)</sup>	- -	- -	- -	- -	- 64,000
<b>George Routhier</b> <i>Director</i>	2019 2018	17,500 <sup>(4)</sup> -	- -	- -	- -	- -	17,500 -
<b>Phillip Thomas</b> <sup>(6)</sup> <i>Former CEO and Director</i>	2019 2018	- 138,215 <sup>(5)</sup>	- -	- -	- -	- -	- 138,215
<b>Andrew Jarvis</b> <sup>(7)</sup> <i>Former Director</i>	2019 2018	- -	- -	- -	- -	- -	- -

Notes:

- (1) Year ended December 31.
- (2) During 2019, the Company was charged by Donaldson Brohman Martin CPA Inc. (“DBM CPA”) a firm in which Mr. Brohman is a principal, for accounting and tax services in the amount of \$107,298. In 2018 the Company was charged \$27,000 by Oakside Advisory Ltd., a company controlled by Mr. Brohman.
- (3) Paid to Promaid Services Ltd., a company controlled by Mr. Bailey.
- (4) Paid to Pipedreemz Inc., a company controlled by Mr. Routhier.
- (5) Paid to Panopus Plc, a company controlled by Mr. Thomas.
- (6) Mr. Thomas resigned as CEO and director on December 19, 2019.
- (7) Mr. Jarvis resigned as director on December 19, 2019.

**INCENTIVE PLAN AWARDS**

**Outstanding Share-Based Awards and Option-Based Awards**

The following table (excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the completed financial years ended December 31, 2019 and 2018. Options and compensation securities are disclosed under the heading “Stock Options and Other Compensation Securities and Instruments” below.

Table of compensation excluding compensation securities							
Name and position	Year <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Andrew Hale</b> <i>CEO and Director</i>	2019 2018	120,115 -	- -	- -	- -	- -	120,115 -
<b>Stephen Brohman</b> <i>CFO and Director</i>	2019 2018	107,298 <sup>(2)</sup> 27,000 <sup>(2)</sup>	- -	- -	- -	- -	107,298 27,000
<b>Blaine Bailey</b> <i>Director</i>	2019 2018	- 64,000 <sup>(3)</sup>	- -	- -	- -	- -	- 64,000
<b>George Routhier</b> <i>Director</i>	2019 2018	17,500 <sup>(4)</sup> -	- -	- -	- -	- -	17,500 -
<b>Phillip Thomas</b> <sup>(6)</sup> <i>Former CEO and Director</i>	2019 2018	- 138,215 <sup>(5)</sup>	- -	- -	- -	- -	- 138,215

<b>Andrew Jarvis</b> <sup>(7)</sup> <i>Former Director</i>	2019	-	-	-	-	-	-
	2018	-	-	-	-	-	-

Notes:

- (1) Year ended December 31.
- (2) During 2019, the Company was charged by Donaldson Brohman Martin CPA Inc. (“DBM CPA”) a firm in which Mr. Brohman is a principal, for accounting and tax services in the amount of \$107,298. In 2018 the Company was charged \$27,000 by Oakside Advisory Ltd., a company controlled by Mr. Brohman.
- (3) Paid to Promaid Services Ltd., a company controlled by Mr. Bailey.
- (4) Paid to Pipedreemz Inc., a company controlled by Mr. Routhier.
- (5) Paid to Panopus Plc, a company controlled by Mr. Thomas.
- (6) Mr. Thomas resigned as CEO and director on December 19, 2019.
- (7) Mr. Jarvis resigned as director on December 19, 2019.

**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table provides a summary of each exercise of compensation securities by each NEO and director of the Company for the fiscal year ended December 31, 2019:

<b>Compensation Securities</b>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Andrew Hale</b> <i>CEO and Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Stephen Brohman</b> <sup>(1)</sup> <i>CFO and Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Blaine Bailey</b> <sup>(2)</sup> <i>Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>George Routhier</b> <i>Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Phillip Thomas</b> <sup>(3)</sup> <i>Former CEO and Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A
<b>Andrew Jarvis</b> <sup>(4)</sup> <i>Former Director</i>	Options	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) As at December 31, 2018, Stephen Brohman held stock options exercisable into 175,000 common shares at a price of \$0.125 per share, and expiring on June 24, 2021.
- (2) As at December 31, 2018, Blaine Bailey held stock options exercisable into 350,000 common shares at a price of \$0.125 per share, and expiring on June 24, 2021.
- (3) As at December 31, 2018, Phillip Thomas held stock options exercisable into 425,000 common shares at a price of \$0.125 per share, and expiring on June 24, 2021.

- (4) As at December 31, 2018, Andrew Jarvis held stock options exercisable into 175,000 common shares at a price of \$0.125 per share, and expiring on June 24, 2021.

All of these options were cancelled effective May 22, 2019

### Employment, Consulting and Management Agreements

- a) Mr. Hale receives a fee of \$180,000 per annum for providing services as Chief Executive Officer of the Company. As such, there are no provisions or payments relating to change of control, severance, termination or constructive dismissal.
- b) Donaldson Brohman Martin, CPA Inc. (“DBM CPA”), Chartered Professional Accountants, provided accounting services to the Company during 2019. Mr. Stephen Brohman, CFO is a principal of DBM CPA. In 2018 Mr. Brohman was owner of the accounting firm Oakside Advisory Ltd. As such, there are no provisions or payments relating to change of control, severance, termination or constructive dismissal.

### 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 the end of the most recently completed financial year ended December 31, 2019:

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
Equity compensation plans approved by the security holders	Nil	Nil	10,868,682
Equity compensation plans not approved by the security holders	Nil	Nil	Nil
<b>Total</b>	Nil	Nil	10,868,682

### 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

Except as disclosed below, 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.

## MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, 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.

## 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 audit committee's charter was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on January 25, 2006, as Schedule "A" to the 2006 information circular and is incorporated by reference herein. A copy of the Audit Committee Charter will be provided free of charge to any Shareholder upon request

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

The Company's current Audit Committee consists of Georges Routhier, Blaine Bailey and Stephen Brohman. 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, Blaine Bailey, Georges Routhier are considered independent. All of the Audit Committee members are "financially literate, as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as the understanding of internal controls and procedures necessary for financial reporting.

### **Relevant Education and Experience**

**Georges Routhier** – As the CEO of PipeDreemz Inc., a cannabis licensing regulations consulting company responsible for the successful licensing of cannabis Licensed Producers across Canada over the past seven years.

**Blaine Bailey**- As a chartered professional accountant, Mr. Bailey has extensive experience with the preparation and auditing of financial statements for publicly traded companies.

**Stephen Brohman** As a chartered professional accountant, Mr. Brohman has extensive experience with the preparation and auditing of financial statements for publicly traded companies.

### **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:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) 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 aggregate fees billed by the Company’s external auditor in the last two fiscal years.

<i>Financial Year Ended</i>	<i>Audit Fees (\$) <sup>(1)</sup></i>	<i>Audit Related Fees (\$) <sup>(2)</sup></i>	<i>Tax Fees (\$) <sup>(3)</sup></i>	<i>All Other Fees (\$) <sup>(4)</sup></i>
December 31, 2019	30,290	48,358	-	-
December 31, 2018	12,754	-	-	-

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.
- (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.
- (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

The Company is relying upon the exemption in section 6.1 of the NI 52-110, which exempts venture issuers (as defined therein) from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of that instrument.

## 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, each 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. “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, including persons who are employees or executive officers of the Company or who have been employees or executive officers of the Company within the last three years. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Stephen Brohman and Andrew Hale, who are executive officers 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. The Board will give direction and guidance through the 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 the Audit Committee chairperson. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities, 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 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 audit committee.

## **Orientation and Continuing Education**

The Board’s practice is to recruit for the Board only persons with extensive experience in identifying and targeting junior businesses for transactions 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.

## **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract

or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

### **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.

### **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**

### **1. Financial Statements, Auditor's report and Management Discussion & Analysis**

The audited financial statements of the Company for the fiscal year ended December 31, 2019 the audit report of Davidson & Company relating thereto and the Company's management discussion and analysis relating thereto will be placed before the Meeting.

**No further action or approval is required at the Meeting in respect of these documents.**

### **2. Set Number of Directors to be Elected**

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors of the Company for the ensuing year at four (4). The number of directors will be approved if the affirmative vote of the majority of common shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at four (4).

**The Board unanimously recommends that Shareholders vote "for" the setting the number of directors of the Company at four (4).**

### 3. Election of Directors

The directors of the Company are elected at each annual general and special meeting and hold office until the next annual general and special meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Company proposes to nominate each of the following persons for election as a director. Information concerning such persons, as furnished by the individual nominees, is as follows.

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal occupation, business or employment and, if not a previously elected Director, occupation, business or employment during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>
<b>Andrew Hale</b> British Columbia, Canada CEO, President and Director	CEO, President and Director of the Company. 35 years of experience leading high performing technical teams in regulated environments spanning the US Navy where he commanded three nuclear powered submarines to a \$3B Canadian Government Shipbuilding portfolio at Seaspan Shipyard.	December 19, 2019	4,140,000
<b>Stephen Brohman<sup>(2)</sup></b> British Columbia, Canada CFO and Director	Over 10 years of working experience in a variety of roles with public and private companies and has become experienced in corporate finance, project acquisition, executive management, corporate communications, corporate branding, shareholder relations and investor lead generation. Founding principal of Donaldson Brohman Martin CPA, Inc. which provides accounting and tax services in British Columbia, Canada. Chief Financial Officer and director of various public and private companies.	September 2, 2014	1,254,000
<b>Georges Routhier<sup>(2)</sup></b> Ontario, Canada Director	CEO at PipeDreemz Inc., a premier cannabis licensing regulations consulting company responsible for the successful licensing of nearly 30 percent of cannabis Licensed Producers across Canada over the past six years.	December 19, 2019	0
<b>Blaine Bailey<sup>(2)</sup></b> British Columbia, Canada Director	Certified Professional Accountant; Chief Financial Officer and director of various public and private companies.	February 3, 2014	869,316

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) Current member 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.

Other than as set forth below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:
  - (i) was the subject, while the director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a director.

On June 19, 2020, the BCSC issued a cease trade order respecting Champignon Brands Inc. ("Champignon") pursuant to section 164(1) of the Securities Act (British Columbia). Stephen Brohman, the Company's Chief Financial Officer and Director is the Chief Financial Officer of Champignon. Champignon failed to file business acquisition reports related to its recent significant acquisitions of Artisan Growers Ltd., Novo Formulations Ltd. and Tassili Life Sciences Corp., as required by Part 8 of National Instrument 51-102 - Continuous Disclosure Obligations. The cease trade order was revoked on August 26, 2020.

On August 26, 2020, the BCSC issued a cease trade order respecting Champignon to section 164(1) of the Securities Act (British Columbia). Champignon failed to file the disclosure required by section 14.2 of Form 31-102F5 *Information Circular* for the restructuring transaction between Champignon and AltMed Capital Corp. as required by

Part 8 of National Instrument 51-102 - Continuous Disclosure Obligations. As of the date of this Circular, the cease trade order respecting Champignon has not yet been revoked. In addition, the BCSC is conducting a continuous disclosure review of Champignon which remains in progress.

On May 8, 2014, a cease trade order was issued against the Company by the British Columbia Securities Commission (the "BCSC") pursuant to Section 164 of the Securities Act (British Columbia), for failure to file the audited financial statements, MD&A and certifications for the fiscal year ended December 31, 2013. Blaine Bailey was a director and officer of the Company at the time that the cease trade order was issued.

Blaine Bailey's management cease trade order ("MCTO") through his association with GEODEX Minerals Ltd, which was subject to a MCTO resulting from a failure to file year-end financial statements and MD&A. The MCTO was issued on July 30, 2015 and revoked by the BCSC on September 22, 2015.

Blaine Bailey was Chief Financial Officer of the Company when it was issued a cease trade order by the BCSC, pursuant to Section 164 of the Securities Act (British Columbia) on December 20, 2007 for failure to file a technical report within the required time period. A technical report was required in connection with the Company's Erdenetsog coal project, located in Altanshiree Soum, Mongolia. In its news release dated October 31, 2007, the Company announced a new current coal mineral resource estimate on its Erdenetsog property. The announcement triggered the requirement to file a technical report within 45 days. The revocation for the cease trade order was lifted on June 4, 2009 and the Common Shares commenced trading on the TSXV on August 12, 2009.

Blaine Bailey was Chief Financial Officer of Qumana Software Inc. (formerly, Thoughtshare Communications Inc.) which was subject to cease trade orders issued by the BCSC and the Alberta Securities Commission ("ASC") in September and October 2003, respectively, for failing to file financial statements. The required financial statements were subsequently filed and revocation orders from the BCSC and the ASC were issued in August 2005. Qumana Software Inc. was subject to cease trade orders issued by the BCSC and the ASC in August 2007 and January 2008, respectively, for failing to file financial statements. These cease trade orders remain in effect.

Blaine Bailey was Chief Financial Officer of Golden Arch Resources Ltd. on October 25, 2009 when it was placed into receivership. Abakhan & Associates was appointed by the Court as the receiver and manager.

The following nominee directors of the Company do not hold directorships in other reporting issuers ,

**The Board unanimously recommends that Shareholders vote "for" the election of each of the above nominees as directors of the Company.**

#### **4. Appointment and Remuneration of Auditor**

The Company is nominating Davidson & Company LLP, Chartered Accountants ("Davidson & Company") of 1200 – 609 Granville Street Vancouver, British Columbia for re-appointment as auditor of the Company to hold office until the next annual meeting of shareholders and to authorize the Board to fix the remuneration to be paid thereto.

**The Board unanimously recommends shareholders to vote "for" the appointment of Davidson & Company as the Company's auditors until the next annual general meeting at a remuneration to be fixed by the Company's board of directors.**

### **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 December 31, 2019 a copy 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). Shareholders may contact the Company as set out below to request copies of the Company's financial statements and Management's Discussion Analysis.

**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 17th day of November, 2020.

**ON BEHALF OF THE BOARD**

*/s/ Andrew Hale*

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Andrew Hale  
Chief Executive Officer and President