

# **HEMPSANA HOLDINGS LTD.**

## **MANAGEMENT INFORMATION CIRCULAR**

## MANAGEMENT INFORMATION CIRCULAR

as at June 2, 2022

**This Management Information Circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by the management of Hempsana Holdings Ltd. (the “Company”), for use at the annual and special meeting (the “Meeting”) of its shareholders (“Shareholders”) to be held on June 29, 2022 at the time and place and for the purposes set forth in the accompanying notice of the meeting (“Notice of Meeting”).**

In this Information Circular, (i) references to “the Company”, “we” and “our” refer to Hempsana Holdings Ltd. (ii) “Common Shares” means the common shares without par value in the capital of the Company, (iii) “Beneficial Shareholders” means Shareholders who do not hold Common Shares in their own name, (iv) “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders, and (v) “Management” refers to the management of the Company.

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

The solicitation of proxies will be primarily by mail. Proxies may also be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. The Company has arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

The Company will not be sending proxy-related materials to the Shareholders (whether registered holders or beneficial owners) using notice-and-access.

#### Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Company. **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the persons designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy (and striking out the names now designated) or by completing and delivering another suitable form of proxy.** For instructions regarding the delivery of instruments of proxy, please see below under the heading “Registered Shareholders”.

#### Voting by Proxyholders

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy FOR the approval of such matter. Except as set forth in the Notice of Meeting and the Information Circular, Management is not currently aware of any other matter that could come before the Meeting.**

#### Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person.

Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed Proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare"), 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by facsimile at 416-263-9524 or 1-866-249-7775, no later than 11:00 a.m. (Toronto time) on June 27, 2022, or at least forty eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia and the Province of Ontario) prior to any adjournment(s) or postponement(s) of the Meeting.

### **Beneficial Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered Shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares).

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

#### ***If you are a Beneficial Shareholder:***

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The voting instruction form ("**VIF**") supplied to you by your broker will be similar to the Proxy provided to registered Shareholders by the Company. The Company is not sending the Meeting Materials directly to Non-Registered Holders. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Shareholder), other than the persons designated in the VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, you cannot use it to vote your Common Shares directly at the Meeting. The VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker, or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Common Shares.

All reference to shareholders in this Information Circular and the accompanying Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise. In addition, there are two kinds of Beneficial Owners – those who object to their names being made known to the issuers of securities which they own being called Objecting Beneficial Owners (“**OBOs**”) and those who do not object to the issuers of the securities knowing who they are being called Non-Objecting Beneficial Owners (“**NOBOs**”). The Company does not intend to pay for delivery to OBOs of the Circular or other proxy-related materials.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

- (i) executing a proxy bearing a later date or by executing an instrument or act in writing, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder’s authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, or by facsimile at 416-263-9524 or 1-866-249-7775, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (ii) personally, attending the Meeting and voting the registered Shareholder’s Common

Shares. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **RECORD DATE AND QUORUM**

The board of directors of the Company (the “**Board**”) has fixed the record date for the Meeting at the close of business on May 25, 2022 (the “**Record Date**”). The Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of the Shareholders entitled to vote at the Meeting prepared as at the Record Date.

The quorum for the transaction of business at a meeting of Shareholders is one (1) person who is, or who represents by proxy, one or more Shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

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

The directors and officers of the Company have an interest in the resolution concerning the election of directors and the resolution to approve the New Equity Incentive Plan. Otherwise, no director or senior officer of the Company or any associate of the foregoing has any substantial interest, direct or indirect, by way of beneficial ownership of shares or otherwise in the matters to be acted upon at the Meeting, except for any interest arising from the ownership of shares of the Company where the Shareholder will receive no extra or special benefit or advantage not shared on a *pro rata* basis by all holders of shares in the capital of the Company.

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

The voting securities of the Company consist of Common Shares. The Company is authorized to issue an unlimited number of Common Shares. As of June 2, 2022, being the effective date of this Information Circular (the “**Effective Date**”), 24,129,323 Common Shares were issued and outstanding, with each such share carrying the right to one (1) vote at the Meeting. The issued and outstanding Common Shares are listed for trading on the Canadian Securities

Exchange (the "CSE") under the symbol HMPS.

As at the Effective Date, to the knowledge of the Company, and based on the Company's review of the records maintained by Computershare, electronic filings with System for Electronic Document Analysis and Retrieval ("SEDAR") and insider reports filed with System for Electronic Disclosure by Insiders (SEDI), no person or company beneficially owns, or controls or directs, directly or indirectly, 10% or more of any class of voting securities of the Company, on a non-diluted basis

## CURRENCY

In this Information Circular, unless otherwise indicated, all references to "CAD\$" or "\$" refer to Canadian dollars.

## STATEMENT OF CORPORATE GOVERNANCE

### Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of Management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of the Shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

### Board of Directors

The Board is currently composed of four (4) directors: Randy Ko, Sohil Mana, Douglas Sommerville and Hyong-Gue Michael Bang. NI 58-201 suggests that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors, within the meaning set out under National Instrument 52-110 *Audit Committees* ("NI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with a company. "Material relationship" is defined as a relationship which could, in the view of a company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the current directors, Randy Ko, CEO and Sohil Mana, Chief Quality Officer ("CQQ") are current executive officers and, accordingly, are not considered to be "independent" within the meaning of NI 52-110. However, the remaining directors, Douglas Sommerville and Hyong-Gue Michael Bang, are considered to be independent directors since they are independent of management and free from any material relationship with 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 gives direction and guidance through the CEO to Management and keeps 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. The Board establishes and periodically reviews and updates the Audit Committee mandate, duties and responsibilities, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO and CFO of the Company and establishes the duties and responsibilities of those positions, and on the recommendation of the CEO, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management through 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 endeavours to call and hold regularly scheduled meetings, and endeavours to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the CEO, or subject to the Articles of the Company, of any director.

The mandate of the Board 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 management of the Company's affairs directly and through its Audit Committee.

#### Orientation and Continuing Education

The Company does not provide a formal orientation and education program for new directors. However, any new directors will have the opportunity to become familiar with the Company by meeting with the other directors and officers of the Company.

In addition, the Company does not provide continuing education for its directors. However, new directors, if any, will be briefed on the Company's strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies.

#### Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation, 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. In addition, as some of the directors of the Company may also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Company, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation.

#### Nomination of Directors

The Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. As a result of the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a nominating committee to be inappropriate at this time.

#### Assessments

Given its current status and operations and limited number of directors on the Board, the Board does not formally review the contributions of its individual directors.

#### Other Board Committees

Other than the Audit Committee, the Board has not established any other committees.

### Director Term Limits

The Company does not have a policy that limits the term of the directors on its Board and has not provided other mechanisms of board renewal. At this time, the Board does not believe that it is in the best interest of the Company to establish term limits on a director's mandate or a mandatory retirement age. The Board is of the opinion that term limits may disadvantage the Company through the loss of beneficial contributions of directors who have developed increasing knowledge of the Company, its operations, and the industry over a period of time.

### **Audit Committee Disclosure**

Pursuant to NI 52-110, the Company is required to have an 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. NI 52-110 requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

### Audit Committee's Charter

The Board is responsible for reviewing and approving the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of the Company and for ensuring that Management fulfills its financial reporting responsibilities. The audit committee of the Company (the "**Audit Committee**") assists the Board in fulfilling this responsibility. The Audit Committee meets with Management to review the financial reporting process, the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of the Company. The Audit Committee reports its findings to the Board for its consideration in approving the unaudited interim financial statements, and the annual audited financial statements, together with other financial information of the Company for issuance to the Shareholders.

The Audit Committee has access to all books, records, facilities, and personnel and may request any information about the Company as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee. The Audit Committee is also expected to review and approve all related-party transactions and prepare reports for the Resulting Issuer's Board on such related-party transactions as well as be responsible for the pre-approval of all non-audit services to be provided by our auditors.

Pursuant to NI 52-110, the Audit Committee is required to have a charter. A copy of the Company's Audit Committee Charter is annexed hereto as Schedule "A" to this Information Circular.

### Composition of the Audit Committee

Audit Committee is currently comprised of three directors, Hyong-gue Michael Bang (chair), Douglas Sommerville and Randy Ko. Two of the members of the Audit Committee are independent and all are financially literate as required by NI 52-110. In addition to being independent directors as described above, two of the members of the Audit Committee must meet an additional "independence" test under NI 52-110 in that their directors' fees, if any, are the only compensation they, or their firms, receive from the Resulting Issuer and that they are not affiliated with the Resulting Issuer

The following are the members of the Audit Committee:

<b>Name</b>	<b>Independence</b> <sup>(1)</sup>	<b>Financial Literacy</b> <sup>(2)</sup>
Randy Ko	Not Independent	Financially literate
Hyong-Gue Michael Bang	Independent	Financially literate
Douglas Sommerville	Independent	Financially literate

### **Notes:**

1. Within the meaning of subsection 6.1.1(3) of NI 52-110, which requires a majority of the members of an audit committee of a venture issuer not to be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.
2. Within the meaning of subsection 1.6 of NI 52-110.

### Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to the performance of his or her responsibilities as a member of the Audit Committee and, in particular, education and experience that have provided the member with: (i) an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities, and (iv) an understanding of internal controls and procedures for financial reporting.

The below is a summary of the experience of each member of the Audit Committee.

**Mr. Hyong-Gue Michael Bang, Director** – Michael is an accomplished equity research professional with over 18 years of experience at leading global investment banks including Goldman Sachs, Macquarie Securities, ING Financial Markets, and Nomura International. His research coverage included ratings on over 20 Korean technology companies including the largest technology company in Asia, Samsung Electronics. He currently serves as the Chief Investment Officer of Calyx Peak Inc, multi-state cannabis operator in the United States, since 2017. Michael has helped Cayx Peak to raise over \$50MN during that time. Michael received his Honours Bachelor of Arts in Economics in 1996 from Queen's University, Canada.

**Mr. Douglas Sommerville, Director** – Douglas (Doug) Sommerville is a globally experienced and recognized executive. His most recent experiences include that of CEO of Medivolve Inc., a publicly traded medical technology and strategic initiative company. Notably, Doug's experience includes a 13-year tenure at Teva Canada – the last four years as Country Head and Global SVP, for which he was known for his significant record of delivering maximum profitability through rapid sales growth, strategic business development and acquisition, new product selection and introduction, and disciplined financial management. Prior to his role at Teva, Doug was Global Vice President for Baxter Healthcare in Chicago. He is also the inventor/patent holder for the "Integral Reconstitution Device" (number 5,304,163) marketed worldwide by Baxter Healthcare under the trade name Baxter Mini Bag PLUS® intravenous drug delivery system. Doug also served as the CEO of PlantExt Ltd., an Israeli/Canadian joint venture focused on pharmaceutical cannabis and healthcare. Doug received his Bachelor of Arts from York University in 1979 and his MBA from York University in 1981.

**Mr. Randy Ko, CEO & Director** – Randy is an experienced entrepreneur, having successfully led three early stage high-growth companies. He has over 20 years of management consulting experience with market leaders, including Deloitte, in various industries, including retail, financial, oil and gas, tech, and manufacturing. Randy received his Bachelor of Arts from McMaster University in 1999. He has been President of Rk3 Global Services Incorporated since 2007, and President of Hemsana since 2018

### Audit Committee Oversight

At no time since the commencement of the Company's fiscal year ended December 31, 2021 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

Other than as disclosed below, at no time since the commencement of the Company's most recently completed fiscal year has the Company relied on an exemption from the provisions of NI 52-110.

The Company, as a venture issuer, is relying on the exemption provided in Section 6.1 of NI 52-110, which provides that a venture issuer is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### Pre-Approval Policies and Procedures

In carrying out its duties, the Audit Committee must meet with the Company's executives responsible for finance and its external auditors to examine issues relating to the presentation of the financial information, accounting practices the internal accounting system and the financial controls, auditing procedures and programs. The Audit Committee also oversees and evaluates the efficiency and the integrity of the internal control and management information systems. It is further responsible for reviewing the Company's quarterly and annual financial statements, as well as all other public disclosure documents containing financial information, before they are approved by the Board, and for examining together with management and, as the case may be, the external auditors, any discrepancies between the accounting practices and any other financial matters judged appropriate before publication. The Audit Committee is also responsible for the quality control of the auditing services provided by the Company's external auditors, the pre-approval of the mandate and audit fees for the non-related audit services and to ensure itself for the external auditors' independence and for making recommendations to the Board regarding the appointment of the external auditors or the renewal of their mandate.

### External Auditor Service Fees

Aggregate fees paid to the Auditor during the fiscal periods indicated were as follows:

Category	Fiscal Year ended December 31, 2021	Fiscal Year ended December 31, 2020
Audit Fees <sup>(1)</sup>	\$81,320	Nil
Audit-related Fees <sup>(2)</sup>	\$11,634	Nil
Tax Fees <sup>(3)</sup>	\$2,675	\$6,105
All Other Fees <sup>(4)</sup>	Nil	\$300
<b>Total</b>	Nil	Nil

#### Notes:

1. Includes fees associated with (i) the audit of the Company's consolidated financial statements as well as quarterly reviews, (ii) the review of tax provisions and for accounting consultations on matters reflected in the financial statements, and (iii) the provision of audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. Includes services that are traditionally performed by the auditor, such as 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. Includes fees for all tax services other than those included under "Audit Fees" and "Audit-Related Fees", and in particular, includes fees for tax compliance, tax planning and tax advice. 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. Includes fees incurred in connection with all other non-audit services.

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table for Named Executive Officers

The following table provides a summary of total compensation earned during the fiscal years ended December 31, 2021 and 2020 by the Company's Chief Executive Officer and Chief Financial Officer, the most highly compensated executive officer of the Company who was serving as such as at the end of the applicable fiscal year and whose total compensation was more than \$150,000 (the "Other Executive Officer"), if any, and each other individual who would have been an Other Executive Officer but for the fact that such individual was neither serving as an executive officer, nor acting in a similar capacity, as at the end of the applicable fiscal year, for services rendered in all capacities during such period (collectively, the "Named Executive Officers" or "NEO"). The Named Executive Officers of the Company for the purposes of this Information Circular are the individuals listed below.

### Table of Compensation Excluding Compensation Securities

Name and Position	Year	Salary Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of all Other Compensation	Total Compensation
Randy Ko <sup>(1)</sup> <i>CEO</i>	2021 2020	\$187,500 <sup>(4)</sup> N/A	Nil N/A	Nil N/A	\$15,316 <sup>(4)</sup>	Nil N/A	\$121,022 N/A
Aaron Meckler <sup>(2)</sup> <i>Former CEO, CFO</i>	2021 2020	\$148,451 <sup>(5)</sup> Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
David Chan <sup>(3)</sup> <i>CFO</i>	2021 2020	\$92,500 <sup>(6)</sup> N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A	\$70,500 N/A

#### Notes

- Mr. Ko was appointed as the Chief Executive Officer, and a director of the Company on July 12, 2021.
- Mr. Meckler resigned as the Chief Executive Officer, the Chief Financial Officer, and a director of the Company on July 12, 2021.
- Mr. Chan was appointed as the Chief Financial Officer of the Company on July 12, 2021.
- Mr. Ko was compensated through rk3 Global Services Incorporated, a company in which he controls. Mr. Ko's compensation also includes automobile lease, gasoline and repair and maintenance valued at \$15,316 in 2021. Of the 2021 compensation of \$187,500, \$112,500 relates to compensation after July 12, 2021. Of the compensation earned by Mr. Ko in 2021, \$112,500 remains payable as at December 31, 2021. Mr. Ko is entitled to an annual compensation of \$300,000 after the Company begins generating revenue.
- Mr. Meckler was compensated through 9801871 Canada Inc., a company in which he controls.
- The Company engages The CFO Centre Limited for the services of Mr. Chan. Mr. Chan does not own or control The CFO Centre Limited. The CFO Centre Limited billed the Company \$92,500, excluding sales tax, in 2021, of which \$70,500 was related to services after the July 12, 2022 RTO. 60% of the amounts bill represents Mr. Chan's compensation. Of the \$92,500 billed by The CFO Centre Limited, \$68,500 remains payable as at December 31, 2021.

#### **Compensation of Directors**

The Company did not provide any compensation to the directors of the Company during the fiscal years ended December 31, 2021 and 2020.

#### **Stock Options and Other Compensation Securities**

The Company has in place a 10% stock option plan (the "**Predecessor Stock Option Plan**"), approved and adopted by the Board on January 11, 2021, to replace the Company's previous stock option plan. The Stock Option Plan is a "rolling" plan which allows the Company to grant stock options to directors and officers of the Company, employees and consultants, up to an aggregate maximum of 10% of the issued and outstanding Common Shares, from time to time. The Company also has in place an option plan with respect to its subsidiary Hemsana Inc. (the "**Hemsana Option Plan**")

No incentive stock options were granted and/or issued to the Company's Named Executive Officers and directors during the most recently completed fiscal year, ending December 31, 2021, for services provided or to be provided, directly or indirectly, to the Company.

The following table of compensation securities provides a summary of all compensation securities granted or issued by the Company to each NEO and director of the Company, current and former, for the financial year ended December 31, 2021, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

Name	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(3)</sup>	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 <sup>(1)</sup> (\$)	Expiry Date
Randy Ko <sup>(2)</sup> <i>CEO</i>	Options	659,266 (39.8%)	March 5, 2019	\$0.30	N/A	\$0.10	March 4, 2024

**Notes**

1. The closing trade price on December 31, 2021, being the last trading day during the Company's December 31, 2021 year end.
2. As at December 31, 2021, Mr. Ko held 659,266 stock options of the Company that were granted pursuant to the Hemsana Option Plan. These options had a 2 year vesting period and fully vested as at March 4, 2021.
3. The percentage of class calculation is based on the Company having had 1,655,345 total option-based awards outstanding as at December 31, 2021.

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

There were no incentive stock options exercised by any Named Executive Officer or director during the most recently completed fiscal year, ending December 31, 2021.

**The Stock Option Plan**

The Company's Predecessor Stock Option Plan was approved by the Board on January 11, 2021. No further options can be granted under the Hemsana Option Plan and if the New Stock Equity Incentive Plan is approved no further options will be granted under the Company's Predecessor Stock Option Plan. These plans will remain in place to govern the historic options. Moving forward, if the New Stock Equity Incentive Plan is approved by the Shareholders, all new security based awards shall be governed by the New Equity Incentive Plan.

The Predecessor Stock Option Plan provides that stock options may be granted to directors, officers, employees and consultants of the Company as an incentive to serve the Company in attaining its goal of improved shareholder value. The principal purposes of the Stock Option Plan are (i) to permit the directors, executive officers, employees, consultants and persons providing investor relation services to participate in the growth and development of the Company through the grant of equity-based awards, and (ii) to allow the Company to reduce the proportion of executive compensation otherwise paid in cash and reallocate those funds to other corporate initiatives.

The following summary of certain terms of the Predecessor Stock Option Plan is qualified, in its entirety, by the full text of the Predecessor Stock Option Plan, which can be obtained upon request from the Company.

- (a) Under the Predecessor Stock Option Plan, stock options may be granted to directors, officers, consultants, and employees of the Company or its subsidiaries, provided that the number of Common Shares which will be available for purchase pursuant to the Stock Option Plan does not exceed ten percent (10%) of the number of Common Shares that are outstanding from time to time.
- (b) The grant date and the expiry date of a stock option shall be the dates fixed by the Board or a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, and set out in the option agreement entered into in respect of such stock options.
- (c) The period during which a particular stock option may be exercised (the "**Exercise Period**") may not exceed

ten (10) years from the date of the grant. Any stock option or part thereof not exercised within the Exercise Period fixed by the Board or a committee thereof, as applicable, shall terminate and become null, void and of no effect as of the expiry date.

- (d) The exercise price of the stock options is determined by the Board, and such price may not be lower than the fair market value (the “**market price**”) of the Common Shares on the date of grant of the option, as determined in good faith by the Board or a committee thereof, as applicable, provided that if the Common Shares are then listed on a stock exchange or posted for trading on any dealing network, subject to the terms of the Predecessor Stock Option Plan (and in particular, in respect of the provisions thereof in respect of the Canadian Securities Exchange and the TSX Venture Exchange), the market price shall be the prior trading day closing price of the Common Shares on such stock exchange, or last trading price on the prior trading day on such dealing network.
- (e) The stock options granted under the Predecessor Stock Option Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of shares covered by such stock options and in the exercise price in the event of any such change.
- (f) The stock options are non-assignable and not transferable, except under limited circumstances.

Hempsana Inc. implemented the Hemsana Option Plan which allowed the Hemsana Inc. board from time to time, in its discretion, to grant to directors, officers, advisors, employees, and contractors of options to purchase Hemsana Inc. shares. In connection with the acquisition of Hemsana Inc. by the Company these options are now exercisable for Common Shares of the Company. No further options will be granted under the Hemsana Option Plan.

Further details regarding the New Equity Incentive Plan can be found in the section Matters to be Acted Upon at the Meeting.

## **Compensation Discussion and Analysis**

### *Introduction*

The Compensation Discussion and Analysis section of this Information Circular sets out the objectives of the Company’s executive compensation arrangements, the Company’s executive compensation philosophy and the application of this philosophy to the Company’s executive compensation arrangements.

The Board has responsibility for approving the compensation program for the Company’s Named Executive Officers and directors. The primary objective of the Company’s director and executive compensation philosophy is to recruit, retain and motivate top quality individuals at the director and executive level. As such, the Company’s director and executive compensation program is designed (a) to assist the Company in reaching its potential by achieving long term goals and success and (b) to encourage and reward its directors and executive officers in connection with the ongoing development of the Company and its operations.

The Company believes that director and executive compensation should meet the following objectives: (i) align the interests of director and executive officers with the short and long term interests of shareholders; (ii) link director and executive compensation to the performance of the Company and the individual; and, (iii) compensate directors and executive officers at a level and in a manner that ensures the Company is capable of attracting, motivating, retaining, and inspiring individuals with exceptional skills. The Board believes that director and executive compensation should be fair and reasonable and be determined, in part, based on industry standard for similar positions in other comparable issuers.

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

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company’s most recently completed fiscal year, ending December 31, 2021.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights.	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Common Shares Remaining Available for Issuance Under Equity Compensation Plans (Excluding Outstanding Securities Reflected in Column 1)
Equity compensation plans approved by securityholders	Nil	N/A	Nil
Equity compensation plans not approved by securityholders	6,052,563 <sup>(2)</sup>	1.19 <sup>(3)</sup>	757,587 <sup>(1)</sup>
<b>Total:</b>	<b>6,052,563</b>	<b>1.19</b>	<b>757,587</b>

**Notes:**

1. The maximum number of stock options available for grant under the Stock Option Plan is, in the aggregate, 10% of the Company’s issued and outstanding Common Shares from time to time.
2. Comprised of 1,655,345 options and 4,397,218 warrants
3. Weighted average exercise price of \$0.36 for the options and \$1.50 for the warrants

*Link to Overall Compensation Objectives*

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program. The granting of options has been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

This element of compensation allows the Company to incentivize and retain its NEOs for their sustained contributions to the Company. These awards reward performance and continued employment by a NEO, with associated benefits to the Company of attracting, motivating and retaining employees. The Company believes that long-term incentives such as options provide NEOs with a strong link to long-term corporate performance and the creation of shareholder value. The Predecessor Stock Option Plan and the New Equity Incentive Plan are intended to align the interests of the NEOs with those of shareholders by linking a significant portion of the executive’s total pay opportunity to share price, therefore providing long-term accountability. This incentive arrangement is typically designed to motivate executives to achieve longer-term sustainable business results, align their interests with those of the shareholders and to attract and retain executives.

The Company awards options to its executive officers based upon the recommendation of the Compensation Committee, which recommendation is based upon the Compensation Committee’s review of a proposal from the CEO. Previous grants of options are taken into account when considering new grants.

**External Management Companies**

Mr. Ko is compensated through a consulting agreement between the Company and rk3 Global Services Incorporated, a private company in which Mr. Ko controls, pursuant to which the Company pays consulting fees for the services of Mr. Ko as CEO.

Mr. Chan is indirectly compensated through a consulting agreement between the Company and The CFO Centre Limited, a private company. Mr. Chan does not control The CFO Centre Limited, but acts as an independent contractor for The CFO Centre Limited. The Company pays The CFO Centre Limited a monthly fee based on the number of days worked by Mr. Chan. 60 percent of the consulting fees paid to The CFO Centre Limited can be attributed to Mr. Chan’s services as CFO.

**Termination and Change of Control Benefits, Management Contracts, and Pensions**

There are no contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer or director at, following or in connection with respect to change of control of the Company, or severance, termination or constructive dismissal of or a change in a Named Executive Officer's or director's responsibilities. The Company has no pension or group benefits plans and does not offer its Named Executive Officers any perquisites or personal benefits

### **Pension Plan Benefits**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

### **Director Compensation**

Compensation of directors of the Company is reviewed annually and determined by the Board. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

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

None of the directors of the Company, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other Management are indebted to the Company as of the date hereof or were indebted to the Company at any time during the fiscal year ended December 31, 2021.

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

Applicable securities legislation defines "informed person" to mean any of the following: (a) a director or executive officer of a reporting issuer; (b) a director or officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Management is not aware of any material interest, direct or indirect, of any informed person of the Company, or any associate or affiliate of any such informed person, in any transaction since the commencement of the Company's fiscal year ended December 31, 2021 or in any proposed transaction, that has materially affected or would materially affect the Company.

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

### **1. Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2021 and the report of the auditor thereon will be received at the Meeting. No vote will be taken on the financial statements. The audited financial statements of the Company and the report of the auditor have been provided to each Shareholder entitled to receive a copy of the Notice of Meeting and this Information Circular and who requested a copy of the audited financial statements and the report of the auditor thereon. The financial statements are also available on SEDAR under the Company's issuer profile, at [www.sedar.com](http://www.sedar.com).

### **2. Reappointment of Auditor**

The directors propose to nominate MNP LLP for reappointment as the auditor of the Company, to hold office until the earlier of the close of the next annual meeting of Shareholders or their removal by the Company, at a remuneration to be fixed by the Audit Committee. Approval of the appointment of the auditor will require a majority of the votes

cast in respect thereof by Shareholders present in person or by proxy at the Meeting.

**Absent contrary instructions, Common Shares represented by proxies in favour of the Management nominees will be voted in favour of reappointing MNP LLP as auditor of the Company until the earlier of the close of the next annual meeting of Shareholders or their removal by the Company, at a remuneration to be fixed by the Audit Committee.**

### 3. Election of Directors

At the Meeting, a board of four (4) directors will be proposed to be elected for a term that will expire upon the earlier of the next annual meeting of Shareholders or upon their successor being duly elected or appointed, unless his or her office is earlier vacated (the “**Proposed Board**”). Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The following table sets forth certain information regarding the Proposed Board, their respective positions with the Company, principal occupations or employment during the last five years, the dates on which they became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of the Effective Date. All of the nominees are currently members of the Board and have been since the dates indicated below.

Name of Nominee, Current Position with the Company, and Province/State and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Director Since	Number of Voting Securities <sup>(2)</sup>
Randy Ko <sup>(3)</sup> <i>Director and CEO</i> Ontario, Canada	2016-Present: President of RK3 Global Services Incorporated.  2018-Present: CEO and President of Hemsana Inc.	July 12, 2021	2,028,332 <sup>(4)</sup>
Sohil Mana <i>Director and Chief Quality Officer</i> Ontario, Canada	2016-Present: President of Experchem Eurofins Scientific (Canada).	July 12, 2021	1,181,333 <sup>(5)</sup>
Douglas Sommerville <sup>(3)</sup> <i>Director</i> King City, Ontario	2020-2021: Chief Executive Officer of Medivolve Inc.  2018-2020: Chief Executive Officer of Plantext Inc.  2018: Head of Country and Global	July 12, 2021	Nil

Hyong-gue Michael Bang <sup>(3)</sup> <i>Director</i> Toronto, Ontario	2018-Present: Chief Executive Officer of Calyx Peak Inc.	July 12, 2021	Nil
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**Notes**

1. Information furnished by the respective director nominees.
2. Voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly as of the Effective Date. Information regarding voting securities held does not include voting securities issuable upon the exercise of options, warrants or other convertible securities of the Company. Information in the table above is derived from the Company's review of insider reports filed with System for Electronic Disclosure by Insiders (SEDI) and from information furnished by the respective director nominees.
3. Member of the Audit Committee.
4. Represents Common Shares beneficially owned by Mr. Ko and held of record
5. Represents Common Shares beneficially owned by Mr. Mana and held of record

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

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

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

***Personal Bankruptcies***

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

***Penalties or Sanctions***

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

**It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of each of the members of the Proposed Board specified above as directors of the Company, to serve for a term that will expire upon the earlier of the next annual meeting of Shareholders or upon their successor being duly elected or appointed. If, prior to the**

**Meeting, any vacancies occur in the proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by Management and FOR each of the remaining proposed nominees.**

#### **4. New Equity Incentive Plan**

At the Meeting, shareholders of the Company will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution in the form set out below, approving the adoption of a new equity incentive plan (the "**New Equity Incentive Plan**"), a copy of which is attached as Schedule "B" to this Circular. In proposing the New Equity Incentive Plan, the Board considered its goal of encouraging key personnel to remain with the Company and to attract new employees, officers, directors and consultants. The Company will maintain the New Equity Incentive Plan in accordance with the policies and requirements of the CSE.

As of the Record Date, there are 2,412,345 Options outstanding under the Predecessor Option Plan and Hemsana Option Plan, representing **10.0%** of the outstanding Common Shares and 1,207,053 Options remain available for grant under the New Equity Incentive Plan, representing 5.0% of the outstanding Common Shares. The Options outstanding as of the date of this Information Circular, have a term as set out in each Option agreement. If the New Stock Equity Incentive Plan is approved by the Shareholders, the Predecessor Option Plan and the Hemsana Option Plan will continue to exist but only for the purpose of governing the terms of all outstanding Options that have already been issued under the Predecessor Option Plan and the Hemsana Option Plan, as applicable, before the adoption of the New Equity Incentive Plan.

The New Equity Incentive Plan provides for the grant of Stock Options, restricted share units ("**RSUs**") and deferred share units ("**DSUs**") (collectively, the "**Awards**"). Equity issued pursuant to Awards granted under the New Equity Incentive Plan will consist of authorized but unissued Common Shares.

The New Equity Incentive Plan will be administered by the Board; provided however, that the Board may at any time appoint a committee to perform some or all of the Board's administrative functions hereunder; and provided further, that the authority of any committee appointed will be subject to such terms and conditions as the Board may prescribe and will be coextensive with, and not in lieu of, the authority of the Board hereunder. The purpose of the New Equity Incentive Plan is to provide the Company with the advantages of the incentive inherent in equity ownership on the part of Participants (as defined below) who are responsible for the continued success of the Company; to create in those option participants a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage option Participants to remain with the Company and any subsidiaries; and to attract new employees, directors, officers and consultants. The committee will determine the directors, officers, employees, or consultants that Options shall be granted.

Directors who are eligible for Awards or have received Awards may vote on any matters affecting the administration of the New Equity Incentive Plan or the grant of Awards, except that no such member will act upon the grant of an Award to himself or herself, but any such member may be counted in determining the existence of a quorum at any meeting of the Board during which action is taken with respect to the grant of Awards to himself or herself.

The Board will have full authority to grant Awards under the New Equity Incentive Plan. In particular, subject to the terms of the New Equity Incentive Plan, the Board will have the authority: (i) to select the Participants to whom Awards may from time to time be granted hereunder (consistent with the eligibility conditions); (ii) to determine the type of Award to be granted to any Participant hereunder; (iii) to determine the number of Common Shares, if any, to be covered by each Award; and (iv) to establish the terms and conditions of each Award Agreement. The Board will have the authority to: (i) establish, amend and rescind such administrative rules, guidelines and practices governing the New Equity Incentive Plan as it, from time to time, deems advisable; (ii) to interpret the terms and provisions of the New Equity Incentive Plan, any Award issued under the New Equity Incentive Plan, and any Award Agreement; and (iii) to otherwise supervise the administration of the New Equity Incentive Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the New Equity Incentive Plan or in any Award in the manner and to the extent it deems necessary to carry out the intent of the New Equity Incentive Plan.

### ***Eligibility***

Only persons who are bona fide directors, officers and employees of the Company or of an affiliate or of designated service providers, or designated service providers (“**Participants**”), are eligible to be granted Awards under the New Equity Incentive Plan, provided that designated service providers (and directors, officers and employees of designated Service Providers) who are engaged to provide “Investor Relations Activities” (as defined under the corporate finance policies of the CSE) are not eligible to be granted DSUs or RSUs.

### ***Common Shares Subject to the New Equity Incentive Plan***

The Common Shares to be subject to or related to Awards under the New Equity Incentive Plan will be authorized and unissued Common Shares of the Company. The maximum number of Common Shares that are issuable to Participants under Awards subject to this New Equity Incentive Plan is that number of Common Shares equal to 15% of the issued and outstanding Common Shares from time to time. Historic option plans of the Company will count towards this amount.

### ***Restrictions on Awards***

The New Equity Incentive Plan imposes the following restrictions on Common Shares subject to Awards:

- a. The aggregate number of Awards granted to one person (and corporations wholly owned by that person) in a 12-month period must not exceed 5% of the issued and outstanding Common Shares of the Company at the time of the grant (unless the Company has obtained the requisite approval from disinterested Shareholders);
- b. The number of Common Shares underlying RSUs granted to any one person (and corporations wholly owned by that person) in a 12-month period must not exceed 1% of the issued and outstanding Common Shares of the Company at the time of the grant;
- c. The number of Common Shares underlying DSUs granted to any one person (and corporations wholly owned by that Person) must not exceed 1% of the issued and outstanding Common Shares of the Company at the time of the grant;
- d. The aggregate number of Awards granted to one service provider (including without limitation those service providers engaged in Investor Relations Activities) in a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company at the time of the grant;
- f. The aggregate number of Common Shares issuable under the DSUs granted to insiders (as a group), within a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company at the time of the grant (unless the Company has obtained the requisite approval from disinterested shareholders); and
- g. The aggregate number of Common Shares issuable under the RSUs granted to insiders (as a group), within a 12-month period must not exceed 2% of the issued and outstanding Common Shares of the Company at the time of the grant (unless the Company has obtained the requisite approval from disinterested Shareholders).

If and to the extent that an Award expires, terminates or is cancelled or forfeited for any reason without having been exercised in full, the Common Shares associated with that Award will again become available for grant under the New Equity Incentive Plan.

### ***Amendment and Termination***

The Board may, in its sole discretion, at any time and from time to time, amend, suspend or terminate the New Equity Incentive Plan at any time without the approval of Shareholders, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or materially prejudice the rights of any holder under any Award. Notwithstanding those provisions, the Board may not, without the approval of the Shareholders of the Company, make amendments to the New Equity Incentive Plan for any of the following purposes: (i) to increase the maximum number of Common Shares that may be issued pursuant to Awards granted under the New Equity Incentive Plan; (ii) to reduce the exercise price of Options or to cancel and reissue Awards; (iii) to extend the expiry date of Awards for the benefit of any Participant (including Insiders); (iv) to increase the maximum number of Common Shares issuable to Insiders; (v) to amend these provisions. In addition, the Board may, at any time and from time to time, without the approval of the Shareholders, make amendments to the

New Equity Incentive Plan including, but not limited to: (i) amendments of a technical, clerical or “housekeeping” nature, or to clarify any provision of the New Equity Incentive Plan; (ii) termination of the New Equity Incentive Plan; (iii) amendments to respond to changes in legislation, regulations, stock exchange rules or accounting or auditing requirements; (iv) amendments in respect of the vesting provisions of any Awards; and (v) amendments to the termination provisions of Awards granted under the New Equity Incentive Plan that do not entail an extension beyond the original expiry date, provided that: (i) any required approval of any regulatory authority or stock exchange is obtained; (ii) if the amendments would reduce the exercise price of Options or extend the expiry date of Awards granted to Insiders, other than as authorized by the New Equity Incentive Plan, approval of the Shareholders must be obtained; (iii) the Board would have had the authority to initially grant the Award under the terms as so amended; and (iv) the consent or deemed consent of the holder of the Award is obtained if the amendment would materially prejudice the rights of such holder.

Pursuant to the policies of the CSE, the New Equity Incentive Plan must be approved by a majority of the votes cast by shareholders, excluding votes attached to all those directors, employees and consultants of the Company to whom the Awards may be granted under the New Equity Incentive Plan and their associates and affiliates (“**Disinterested Shareholders**”). There are 3,209,665 Common Shares that will be excluded from the New Equity Incentive Plan Shareholder vote.

The New Equity Incentive Plan was approved by the Board on **May 25, 2022**.

At the Meeting, Disinterested Shareholders will be asked to consider and, if deemed advisable, approve the following resolution:

“BE IT RESOLVED THAT:

1. The New Equity Incentive Plan, as defined in the Circular, is hereby approved;
2. The Company is hereby authorized to issue awards under the New Equity Incentive Plan to acquire up to 15% of the issued and outstanding Common Shares in the capital of the Company, subject in each case to compliance with the policies of the CSE;
3. The Board is hereby authorized to make any changes to the New Equity Incentive Plan: (a) as may be required by the CSE; or (b) that are consistent with the requirements of the CSE as may be determined from time to time by the Board; and
4. Any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and do all things as such person may determine to be necessary or advisable to give effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**In order for the resolution to be passed, approval by the majority of the Common Shares voted in respect thereof at the Meeting by disinterested shareholders is required. The Board unanimously recommends that shareholders vote FOR the New Equity Incentive Plan resolution. Unless otherwise instructed, the management proxyholders appointed pursuant to the accompanying form of proxy will vote “FOR” the approval of the New Equity Incentive Plan.**

#### ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR under the Company’s issuer profile, at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 6060, 3080 Yonge St., Toronto, ON M4M 3N1, Canada, Attention: Chief Executive Officer, to request copies without charge of the Company’s financial statements and MD&A.

Financial information is provided in the Company’s comparative financial statements and MD&A for the fiscal year ended December 31, 2021, which is filed on SEDAR.

#### OTHER MATTERS

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

The contents of this Information Circular and its distribution to Shareholders have been approved by the Board.

*[Remainder of page intentionally left blank.]*

**DATED** at Toronto, Ontario, June 2, 2022

**BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ "Randy Ko"*

**Randy Ko**  
**Chief Executive Officer and Director**

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**

See attached.

# **HEMPSANA HOLDINGS INC.**

(the  
“Corporation”)

## **CHARTER OF THE AUDIT COMMITTEE**

### **PURPOSE OF THE COMMITTEE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Corporation is to provide an open avenue of communication between management, the Corporation’s external auditor and the Board and to assist the Board in its oversight of:

- ✓ the integrity, adequacy and timeliness of the Corporation’s financial reporting and disclosure practices;
- ✓ the Corporation’s compliance with legal and regulatory requirements related to financial reporting; and
- ✓ the independence and performance of the Corporation’s external auditor.

The Committee shall also perform any other activities consistent with this Charter, the Corporation’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Corporation or of an affiliate of the Corporation. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Corporation’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with international financial reporting standards (“IFRS”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The external auditor’s responsibility is to audit the Corporation’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation in accordance with IFRS.

The Committee is responsible for recommending to the Board the external auditor to be nominated for the purpose of auditing the Corporation’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, and for reviewing and recommending the compensation of the external auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the external auditor. The external auditor shall report directly to the Committee.

### **AUTHORITY AND RESPONSIBILITIES**

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Corporation’s Chief Financial Officer and any other key financial executives involved in the financial reporting process.

3. Review with management and the external auditor the adequacy and effectiveness of the Corporation's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the external auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Corporation's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Corporation, including consideration of the external auditor's judgment about the quality and appropriateness of the Corporation's accounting policies. This review may include discussions with the external auditor without the presence of management.
8. Review with management and the external auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Corporation by the external auditor.
10. Monitor the independence of the external auditor by reviewing all relationships between the external auditor and the Corporation and all non-audit work performed for the Corporation by the external auditor.
11. Establish and review the Corporation's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Corporation.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting issuer pursuant to National Instrument 52-110, the *Business Corporations Act* (British Columbia) and the articles of the Corporation.

**SCHEDULE "B"**  
**EQUITY INCENTIVE PLAN**

## HEMPSANA HOLDINGS LTD.

### EQUITY INCENTIVE PLAN

#### SECTION 1. Purpose; Definitions.

- (a) Purpose. The purpose of this Equity Incentive Plan (the “**Plan**”) is to enable Hempsana Holdings Ltd. (the “**Corporation**”) and its Affiliates (as defined herein) to:
- (i) recruit and retain highly qualified personnel;
  - (ii) provide those personnel with an incentive for productivity;
  - (iii) provide an opportunity to those personnel to earn competitive total compensation; and
  - (iv) provide those personnel with an opportunity to share in the growth and value of the Corporation.
- (b) Definitions. For purposes of the Plan, the following initially capitalized words and phrases will be defined as set forth below, unless the context clearly requires a different meaning:
- (i) “**Affiliate**” means any Person that is a Subsidiary of the Corporation, or directly or indirectly controls, or is controlled by, or is under common control with, the Corporation (or their successors).
  - (ii) “**Award**” means a grant of Options, RSUs and/or DSUs pursuant to the provisions of the Plan.
  - (iii) “**Award Agreement**” means, with respect to Options, RSUs and DSUs, the written document that sets forth the terms of that particular Award.
  - (iv) “**Black Out Period**” means any period during which a policy of the Corporation prevents an Insider (or any other holder of the Corporation’s securities) from trading in the Shares.
  - (v) “**Board**” means the board of Directors of the Corporation, as constituted from time to time; provided, however, that if the Board appoints a Committee to perform some or all of the Board’s administrative functions hereunder pursuant to Section 2, references in the Plan to the “Board” will be deemed to also refer to that Committee in connection with matters to be performed by that Committee.
  - (vi) “**Business Day**” means a day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia.
  - (vii) “**Cash Dividends**” means dividends declared and paid in cash (or in additional Shares) on any Shares, whether pursuant to regular monthly or other periodic dividends or special dividends.
  - (viii) “**Cause**” means (A) conviction of, or the entry of a plea of guilty or no contest to a crime that causes the Corporation or its Affiliates public disgrace or disrepute, or adversely affects the Corporation’s or its Affiliates’ operations or financial performance or the relationship the Corporation has with its Affiliates, (B) negligence or willful misconduct with respect to the Corporation or any of its Affiliates, including, without limitation fraud, embezzlement, theft or proven dishonesty in the course of his or her employment or service; (C) refusal, failure or inability to perform

any material obligation or fulfill any duty (other than any duty or obligation of the type described in clause (E) below) to the Corporation or any of its Affiliates (other than due to a Disability), which failure, refusal or inability is not cured within ten days after delivery of notice thereof; (D) material breach of any agreement with or duty owed to the Corporation or any of its Affiliates; (E) any breach of any obligation or duty to the Corporation or any of its Affiliates (whether arising by statute, common law, contract or otherwise) relating to confidentiality, non-competition, non-solicitation or proprietary rights; or (F) any other conduct that constitutes “cause” at common law.

Notwithstanding the foregoing, if a Participant and the Corporation (or any of its Affiliates) have entered into an employment agreement or other agreement that specifically defines “cause” then with respect to such Participant, “cause” shall have the meaning defined in that employment agreement or other agreement.

- (ix) “**CEO**” means the chief executive officer of the Corporation.
- (x) “**Change in Control**” means, the occurrence of any of the following, in one transaction or a series of related transactions: (A) any Person acquires beneficial ownership within the meaning of applicable securities law, directly or indirectly, of securities of the Corporation representing more than 50% of the voting power of the Corporation’s then outstanding Shares for the election of Directors; (B) a consolidation, securities exchange, reorganization, arrangement or amalgamation of the Corporation resulting in the Shareholders immediately prior to such event not owning at least a majority of the voting power of the resulting entity’s securities outstanding immediately following such event; (C) the sale or other disposition of all or substantially all the assets of the Corporation (other than a transfer of financial assets made in the ordinary course of business for the purpose of securitization); (D) a liquidation or dissolution of the Corporation; or (E) any similar event deemed by the Board to constitute a Change in Control for purposes of the Plan.

Notwithstanding the foregoing provisions, a transaction or a series of related transactions will not constitute a Change in Control if such transaction(s) result(s) in the Corporation, any successor to the Corporation, or any successor to the Corporation’s business, being controlled, directly or indirectly, by the same Person or Persons who controlled the Corporation, directly or indirectly, immediately before such transaction(s).

- (xi) “**Committee**” means a committee appointed by the Board in accordance with Section 2 of the Plan.
- (xii) “**Corporation**” has the meaning ascribed to such term in Section 1(a).
- (xiii) “**Director**” means a member of the Board.
- (xiv) “**Disability**” means the mental or physical state of a Participant such that the Participant has been unable as a result of illness, disease, mental or physical incapacity or similar cause to fulfill the material and substantial duties and obligations of such Participant to the Corporation or the Affiliates, as the case may be, either for any consecutive six month period or for any period of 12 months (whether or not consecutive) in any consecutive 24 month period.
- (xv) “**DSU**” means deferred share unit, a right granted under and subject to restrictions pursuant to Section 7 hereof.
- (xvi) “**DSU Account**” has the meaning ascribed to such term in Section 7(e) hereof.
- (xvii) “**DSU Component**” means the component(s) of the Plan relating to DSUs.

- (xviii) “**Exchange**” means the Canadian Securities Exchange, or such other principal securities exchange on which the majority of trading in the Shares occurs;
- (xix) “**Fair Market Value**” means, as of any date: (i) if the Shares are not then publicly traded, the fair market value of such Shares on the day immediately preceding such date, as determined by the Board in its sole and absolute discretion; or (ii) if the Shares are publicly traded, the volume weighted average trading price of the Shares for the five trading days immediately preceding such date on the Exchange or the principal securities exchange on which the majority of the trading in the Shares occurs or, if the Shares are not then listed and posted for trading on the Exchange or any securities exchange, but are traded in the over-the-counter market, the volume weighted average trading price of the Shares for the five trading days immediately preceding such date.
- (xx) “**Insider**” means an insider as defined under applicable securities laws, other than a Person who would be deemed an “insider” only by virtue of being a director or senior officer of a Subsidiary.
- (xxi) “**New Employment**” has the meaning ascribed to such term in Section 8(b) hereof.
- (xxii) “**Option**” means any option to purchase Shares granted pursuant to Section 5 hereof or previously granted and governed by this Plan.
- (xxiii) “**Option Component**” means the component(s) of the Plan relating to the grant of Options.
- (xxiv) “**Participant**” means a director, employee or officer of the Corporation or any of its Affiliates or of a designated Service Provider, or a designated Service Provider, to whom an Award is granted.
- (xxv) “**Person**” means an individual, partnership, limited partnership, corporation, limited liability company, trust, joint venture, unincorporated association, or other entity or association.
- (xxvi) “**Plan**” means the Plan (as defined above).
- (xxvii) “**Plan Substitution**” has the meaning ascribed to such term in Section 4(e)(i).
- (xxviii) “**Predecessor Options**” has the meaning ascribed to such term in Section 4(a) hereof.
- (xxix) “**RSU**” means a restricted share unit, a right granted under and subject to restrictions pursuant to Section 6 hereof.
- (xxx) “**RSU Component**” means the component(s) of the Plan relating to RSUs.
- (xxxi) “**RSU Settlement Date**” means the date on which Shares are issued to a Participant following the vesting of such Participant’s RSUs, such date being as soon as practicable after the vesting of such RSUs.
- (xxxii) “**Service Provider**” means a Person, other than a Director, an employee or officer of the Corporation or of an Affiliate, that:
  - (A) is engaged to provide management and/or consultant services (including property management or property development services or investor relation activities) to the Corporation or an Affiliate, other than services provided in relation to a “distribution” (as defined in under applicable securities law);

- (B) provides the services under a written contract with the Corporation or an Affiliate;
- (C) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate, and
- (D) has a relationship with the Corporation or an Affiliate of the Corporation that enables that Person to be knowledgeable about the business and affairs of the Corporation;

and includes, for an individual service provider, a corporation of which the individual service provider is an employee or shareholder, and a partnership of which the individual service provider is an employee or partner.

- (xxxiii) “**Share-Based Compensation Component**” means, collectively, the RSU Component and the DSU Component.
- (xxxiv) “**Shareholder**” means a holder of Shares.
- (xxxv) “**Shareholder Rights Plan**” means any Shareholder right plan adopted by the Corporation from time to time.
- (xxxvi) “**Shares**” mean common shares in the capital stock of the Corporation subject to substitution or adjustment as provided in Section 4(d) hereof.
- (xxxvii) “**Subsidiary**” means any partnership, corporation or trust that is a subsidiary of the Corporation, as such term is defined under subsection 2(2) of the *Business Corporations Act* (British Columbia), read as if the word “body corporate” includes a trust, partnership, limited liability company or other form of business organization.
- (xxxviii) “**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

## **SECTION 2. Administration.**

(a) The Plan will be administered by the Board; provided however, that the Board may at any time appoint a Committee to perform some or all of the Board’s administrative functions hereunder; and provided further, that the authority of any Committee appointed pursuant to this Section 2 will be subject to such terms and conditions as the Board may prescribe and will be coextensive with, and not in lieu of, the authority of the Board hereunder.

(b) Directors who are eligible for Awards or have received Awards may vote on any matters affecting the administration of the Plan or the grant of Awards, except that no such member will act upon the grant of an Award to himself or herself, but any such member may be counted in determining the existence of a quorum at any meeting of the Board during which action is taken with respect to the grant of Awards to himself or herself.

(c) The Board will have full authority to grant Awards under the Plan. In particular, subject to the terms of the Plan, the Board will have the authority:

- (i) to select the Participants to whom Awards may from time to time be granted hereunder (consistent with the eligibility conditions set forth in Section 3);
- (ii) to determine the type of Award to be granted to any Participant hereunder;

(iii) to determine the number of Shares, if any, to be covered by each Award; and

(iv) to establish the terms and conditions of each Award Agreement.

(d) The Board will have the authority to: (i) establish, amend and rescind such administrative rules, guidelines and practices governing the Plan as it, from time to time, deems advisable; (ii) to interpret the terms and provisions of the Plan, any Award issued under the Plan, and any Award Agreement; and (iii) to otherwise supervise the administration of the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent it deems necessary to carry out the intent of the Plan.

(e) All decisions made by the Board pursuant to the provisions of the Plan will be final and binding on all Persons, including the Corporation and Participants. No Director will be liable for any good faith determination, act or omission in connection with the Plan or any Award.

### **SECTION 3. Eligibility.**

(a) Only Persons who are *bona fide* Directors, officers and employees of the Corporation or of an Affiliate or of designated Service Providers, or designated Service Providers, are eligible to be granted Awards under the Plan, provided that designated Service Providers (and directors, officers and employees of designated Service Providers) who are engaged to provide “Investor Relations Activities” (as defined under the corporate finance policies of the Exchange) are not eligible to be granted DSUs or RSUs.

(b) The CEO may from time to time recommend to the Board *bona fide* employees of the Corporation or its Affiliates, for participation in the Plan, the extent and terms of their participation and the performance measures, if any, applicable thereto.

(c) If the Exchange approves this Plan on the condition that DSUs and RSUs only be granted under the Share-Based Compensation Component if disinterested Shareholder approval (within the meaning of Exchange policies) of this Plan has been obtained at an annual meeting of Shareholders, then granting of DSUs and RSUs following such annual meeting of Shareholders shall only be permitted if such disinterested Shareholder approval has been obtained at such annual meeting.

### **SECTION 4. Shares Subject to the Plan.**

(a) Shares Subject to the Plan. The Shares to be subject to or related to Awards under the Plan will be authorized and unissued Shares of the Corporation. The maximum number of Shares that are issuable to Participants under Awards subject to this Plan is that number of Shares equal to 15% of the issued and outstanding Shares from time to time. Any outstanding stock options that were previously granted by the Corporation or its Affiliates pursuant to any stock option plan in place prior to the date this Plan is implemented (“Predecessor Options”) shall be counted together with the number of Shares that are issuable to Participants under Awards subject to this Plan to determine the maximum number of Shares that are issuable under this Plan.

(b) Restriction on Awards and Shares

(i) The aggregate number of Awards granted to one Person (and corporations wholly owned by that Person) in a 12-month period must not exceed 5% of the issued and outstanding Shares of the Corporation at the time of the grant (unless the Corporation has obtained the requisite approval from disinterested Shareholders);

(ii) The number of Shares underlying RSUs granted to any one Person (and corporations wholly owned by that Person) in a 12-month period must not exceed 1% of the issued and outstanding Shares of the Corporation at the time of the grant;

- (iii) The number of Shares underlying DSUs granted to any one Person (and corporations wholly owned by that Person) must not exceed 1% of the issued and outstanding Shares of the Corporation at the time of the grant;
- (iv) The aggregate number of Awards granted to one Service Provider (including without limitation those Service Providers engaged in Investor Relations Activities) in a 12-month period must not exceed 2% of the issued and outstanding Shares of the Corporation at the time of the grant. Any Award granted to a Service Provider engaged in Investor Relations Activities shall vest in stages over 12 months with not more than 25% of the Shares subject to the Award vesting in any 3 month period;
- (v) The aggregate number of Shares issuable under the DSUs granted to Insiders (as a group), within a 12-month period must not exceed 2% of the issued and outstanding Shares of the Corporation at the time of the grant (unless the Corporation has obtained the requisite approval from disinterested Shareholders); and
- (vi) The aggregate number of Shares issuable under the RSUs granted to Insiders (as a group), within a 12-month period must not exceed 2% of the issued and outstanding Shares of the Corporation at the time of the grant (unless the Corporation has obtained the requisite approval from disinterested Shareholders).

(c) Effect of the Expiration or Termination of Awards. If and to the extent that an Option or Predecessor Option expires, terminates or is cancelled or forfeited for any reason without having been exercised in full, the Shares associated with that Option or Predecessor Option, as applicable, will again become available for grant under the Plan.

(d) Other Adjustment. In the event of any recapitalization, reorganization, arrangement, amalgamation, split or combination, stock dividend or other similar event or transaction, substitutions or adjustments will be made by the Board in its discretion: (i) to the aggregate number, class and/or issuer of the securities reserved for issuance under the Plan; (ii) to the number, class and/or issuer of securities subject to outstanding Awards; and (iii) to the exercise price of outstanding Options, in each case in a manner that reflects equitably the effects of such event or transaction. The appropriate adjustments in the number of Shares under an Award and the other terms and conditions thereunder, may be made by the Board in its discretion and in order to give effect to the adjustments in the number of Shares of the Corporation resulting from the implementation and operation of the Shareholder Rights Plan.

(e) Change in Control.

- (i) Notwithstanding anything to the contrary set forth in the Plan, upon or in anticipation of any Change in Control of the Corporation, the Board may, in its sole and absolute discretion and without the need for the consent of any Participant, cancel any Award in exchange for a substitute Award with respect to the capital successor entity or its parent contingent upon the occurrence of that Change in Control (a "Plan Substitution"). Substitute Awards shall have no less economic value, no more stringent performance conditions, and similar vesting schedules as existing Awards.
- (ii) If a Plan Substitution is not effected by the Board, the Board may cause any or all outstanding Options to become vested and immediately exercisable, provided that the Participant's employment, service or term of office with the Corporation or an Affiliate, or the contract of the designated Service Providers with which a Participant is an officer or employee is terminated without Cause.
- (iii) In the event of a Change in Control, subject to prior approval of the Exchange if required, all restrictions upon any Options, RSUs and DSUs shall lapse immediately and all such Options, RSUs and DSUs shall become fully vested in the Participant and

will accrue to the Participant in accordance with Section 5, Section 6 or Section 7 as applicable.

- (f) Not a Shareholder. Under no circumstances shall Options, RSUs or DSUs be considered Shares, nor shall the holder thereof be entitled to any rights of a Shareholder, including, without limitation, any exercise of voting rights, right to receive dividends or the exercise of any other rights attaching to ownership of Shares.

#### **SECTION 5. Options.**

Any Option granted under the Plan will be in such form as the Board may at the time of such grant approve. The Award Agreement evidencing any Option will incorporate the following terms and conditions and will contain such additional terms and conditions (including that vesting may be subject to performance tests at the discretion of the Board), not inconsistent with the terms of the Plan, as the Board deems appropriate in its sole and absolute discretion:

(a) Option Price. The exercise price per Share purchasable under an Option will be determined by the Board and will not be less than 100% of the last closing price of a Share on the Exchange (or any other stock exchange or market on which the Shares are principally traded) before the date of the grant, less applicable discounts permitted by the Exchange, or such other minimum exercise price as may be required by the Exchange. Subject to applicable regulatory requirements and approval, the Board may reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by a Participant who is an Insider at the time of the proposed amendment is, however, subject to disinterested Shareholder approval if and as required by the Exchange.

(b) Option Term. The term of each Option will be fixed by the Board, provided, however, that no Option will be exercisable more than 10 years after the date the Option is granted, except as the same may be reduced pursuant to the provisions of Section 8. No Option may be exercised by any Person after expiration of the term of the Option.

If the term of an Option of any Participant under the Plan expires during or within 10 days after the last day of a Black Out Period, then such Option shall expire on the date that is ten Business Days following the end of the Black Out Period. The Black Out Period shall not be subject to the discretion of the Board.

(c) Exercisability. Options will vest and be exercisable immediately, unless the Board determines at the time of grant that a particular Option will vest and be exercisable in whole or in part on different dates and provided that, if an Option is subject to vesting period, the Board may in its sole discretion accelerate the vesting and exercisability of such Option in whole or in part on an earlier date.

(d) Method of Exercise. Subject to the exercisability and termination provisions set forth herein and in the applicable Award Agreement, Options may be exercised in whole or in part at any time and from time to time during the term of the Option, by the delivery of written notice of exercise by the Participant to the Corporation specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price, either by (i) cash, certified cheque or bank draft, or (ii) by such other method as the Committee may approve or accept. If agreed to by the Board, within the last 12 month period prior to the expiry of an Option, the holder of an Option may upon notice, elect to have the Corporation purchase the Option (whereupon the Company shall have the right, but not the obligation to purchase the Option) at a price equal to the difference between the Fair Market Value of the underlying Shares and the exercise price of the Option on the date that notice is given to the Corporation and any Shares underlying any of such Options shall remain available for issuance under this Plan. No Shares will be issued upon exercise of an Option until full payment therefor has been made. A Participant will not have the right to Cash Dividends or any other rights of a Shareholder with respect to Shares subject to the Option until the Participant has given written notice of exercise, has paid in full for such Shares, if requested, has given the representation described in Section 10(a) hereof and fulfills such other conditions as may be set forth in the applicable Award Agreement.

(e) Termination of Service. Unless otherwise specified in the Award Agreement, Options will be subject to the terms of Section 8 with respect to exercise upon or following termination of employment or other service of the Participant.

(f) Transferability of Options. Except as may otherwise be specifically determined by the Board with respect to a particular Option, no Option will be transferable by the Participant other than by will or by the laws of descent and distribution; provided however, that a Participant may assign or transfer any Options such Participant is entitled to, to a personal holding company wholly owned by such Participant. All Options will be exercisable, during the Participant's lifetime, only by the Participant.

## **SECTION 6. RSUs.**

(a) General. RSUs may be granted hereunder, subject to such terms and conditions as the Board may impose. Each RSU shall initially have a value equal to the Fair Market Value of a Share when the subject Award is made. Each RSU will represent the right to receive from the Corporation, subject to fulfillment of any applicable conditions (including, at the discretion of the Board, performance-based conditions) on the RSU Settlement Date, a dividend from the Corporation of one Share. Dividends on the RSU Settlement Date shall be made in Shares. The issuance of Shares shall be made by the Corporation as soon as practicable (and in any event not later than thirty days) after vesting of the RSU and the fulfillment of any applicable conditions, including any performance-based conditions. Unless otherwise determined by the Board, RSUs may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner, either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent or distribution; provided however, that a Participant may assign or transfer any RSUs such Participant is entitled to, to a personal holding company wholly owned by such Participant. All other terms governing RSUs, such as vesting, performance criteria, Cash Dividend rights, time and form of payment and termination of RSUs shall be set forth in the applicable Award Agreement.

(b) Vesting. RSUs will vest on and after the second anniversary of the date of grant, subject to the right of the Board to determine at the time of grant that a particular RSU will vest on different dates and to determine at any time after the time of grant that a particular RSU will vest at an earlier time.

(c) Settlement. Following vesting, and subject to the Participant's satisfaction of any conditions, restrictions or limitations imposed by the Board, each RSU granted to a Participant shall entitle the Participant to receive on the RSU Settlement Date one Share. As of the RSU Settlement Date, the RSUs in respect of which such Shares are issued shall be cancelled and no further payments shall be made to the Participant under the Plan in relation to such RSUs.

(d) Dividends.

(i) Whenever a Cash Dividend is paid on the Shares, additional RSUs, the number of which will be computed pursuant to Section 6(d)(ii), shall accrue in respect of each Participant who has, prior to such Cash Dividend, been granted RSUs (whether or not such RSUs are vested on the date of such Cash Dividend). RSUs granted pursuant to this Section 6(d) will be credited to the applicable Participant and vest on the same terms and time (and subject to vesting) as the RSUs in respect of which the additional RSUs were accrued.

(ii) The number of additional RSUs which shall accrue in respect of each applicable Participant under Section 6(d)(i) shall be calculated by dividing: (a) the amount determined by multiplying: (x) the number RSUs credited to the Participant on the record date for the payment of such Cash Dividend; by (y) the Cash Dividend paid per Share; by (b) the Fair Market Value of a Share on the Cash Dividend payment date for such Cash Dividend, in each case, with fractions computed to two decimal places.

(e) Certificate and Records. Certificates need not be issued with respect to RSUs. The Corporation shall maintain records showing the number of RSUs granted pursuant to the terms hereof.

## **SECTION 7. DSUs.**

- (a) **General.** DSUs may be granted hereunder and credited to a Participant's DSU Account, subject to such terms and conditions as the Board may impose. Each DSU shall initially have a value equal to the Fair Market Value of a Share when the subject Award is made. Each DSU will represent, subject to vesting and following such vesting and the date the Participant ceases to be Director, or an employee, or an officer of the Corporation (or otherwise eligible as a Participant), the right to receive from the Corporation on the date designated by the Participant in a written notice to the Corporation, a dividend from the Corporation of one Share. Unless otherwise determined by the Board, DSUs may not be sold, pledged, assigned, hypothecated, gifted, transferred or disposed of in any manner, either voluntarily or involuntarily by operation of law, other than by will or by the laws of descent or distribution; provided however, that a Participant may assign or transfer any DSUs such Participant is entitled to, to a personal holding company wholly owned by such Participant. All other terms governing DSUs, such as vesting, time and form of payment and termination of DSUs shall be set forth in the applicable Award Agreement.
- (b) **Vesting.** DSUs granted on a particular date will vest on the date of grant.
- (c) **Redemption.** Each Participant who has DSUs credited to their DSU Account shall be entitled receive, after the Participant ceases to be Director, or an employee, or an officer of the Corporation, for any reason and after the DSUs credited to the Participant's DSU Account have vested in accordance with Section 7(b) hereof, on a day designated by the Participant and communicated to the Board by the Participant in writing at least 15 days prior to the designated day (or such earlier date after the Participant ceases to be a Director, or an employee, or an officer of the Corporation, and after the Participant's DSUs have vested, as the Participant and the Corporation may agree, which date shall be no later than the later of the end of the calendar year following the year in which (i) the Participant ceases to be a Director, or an employee, or an officer of the Corporation, or (ii) the Participant's DSUs vest) and if no such notice is given, then on the first anniversary of the effective date the Participant ceases to be a Director, or an employee, or an officer of the Corporation, at the sole discretion of the Board, that number of Shares equal to the number of DSUs credited to the Participant's DSU Account, such Shares to be issued from treasury of the Corporation.
- (d) **Dividends.**
- (i) Whenever a Cash Dividend is paid on the Shares, additional DSUs, the number of which will be computed pursuant to Section 7(d)(ii), shall accrue in respect of each Participant who has, prior to such Cash Dividend, been granted DSUs (whether or not such DSUs have vested). DSUs granted pursuant to this Section 7(d) will be credited to the DSU Account of the applicable Participant and vest on the same terms and time as the DSUs in respect of which the additional DSUs were accrued.
- (ii) The number of additional DSUs which shall accrue in respect of each applicable Participant under Section 7(d)(i) shall be calculated by dividing: (a) the amount determined by multiplying: (x) the number DSUs credited to the Participant on the record date for the payment of such Cash Dividend; by (y) the Cash Dividend paid per Share; by (b) the Fair Market Value of a Share on the Cash Dividend payment date for such Cash Dividend, in each case, with fractions computed to two decimal places.
- (e) **DSU Account.** Certificates need not be issued with respect to DSUs. An account, to be known as a "DSU Account" shall be maintained by the Corporation for each Participant granted DSUs and will be credited with notional grants of DSUs received by a Participant from time to time.

## **SECTION 8. Termination of Service.**

Unless otherwise specified by the Board with respect to a particular Option, RSU or DSU, any Option, RSU or DSUs will expire in accordance with the terms of this Section 8.

(a) Termination by Reason of Death. If a Participant's service with the Corporation or any Affiliate or with any Service Provider terminates by reason of death, any Option or RSU held by such Participant will be immediately fully vested and:

- (i) in the case of an Option, such Option shall only be exercisable by the legal representative of the estate or by the legatee of the Participant under the will of the Participant, for a period ending 12 months following the date of death (or, if sooner, on the last day of the stated term of such Option), subject to any extension resulting from a Black Out Period, if applicable.;
- (ii) in the case of RSUs, the RSU Settlement Date in respect of such RSUs shall be accelerated, such that, subject to the fulfillment of any applicable conditions, including performance-based conditions relating to such RSUs, the Shares underlying such RSUs shall be paid or issued as soon as practicable (and in any event not later than thirty days) after such acceleration; and
- (iii) in the case of DSUs, the redemption of such DSUs shall occur in accordance with its terms.

(b) Termination by Reason of Retirement. In the event of the retirement of the Participant from employment by the Corporation, by an Affiliate or by a Service Provider, to the extent that there are any unvested Options or RSUs held by the Participant, such Options or RSUs will thereafter continue to vest and remain exercisable (or otherwise entitled the holder to receive the underlying Shares in accordance with its terms) for a maximum period ending 12 months following the date of retirement (or, if sooner, on the last day of the stated term of such Options, RSUs or DSUs, as applicable), subject to any extension resulting from a Black Out Period, if applicable. In the event such Participant ceases to be retired and becomes employed or associated with a competitor of the Corporation, determined in the sole discretion of the Board in good faith ("New Employment"), the Options and RSUs will thereafter continue to vest and be exercisable (or otherwise entitled the holder to receive the underlying Shares in accordance with its terms), subject to a maximum period of 90 days from the date of New Employment (or, if sooner, on the last day of the stated term of such Option or RSU, as applicable). DSUs will be redeemed in accordance with their terms.

(c) Termination by Reason of Resignation or Natural Termination of Service Provider Contract. In the event of the resignation of the Participant from employment by the Corporation or any Affiliate or Service Provider, or a Service Provider's contract terminates at its normal termination date, any unvested portion of the Options and RSUs will expire and terminate on the date of resignation or the normal termination or cessation date in the case of a Service Provider, as applicable, and any vested portion of the Options, RSUs and DSUs will be exercisable (or otherwise entitled the holder to receive the underlying Shares in accordance with its terms) for a maximum period ending 90 days (except a Service Provider engaged in investor relations activities, which shall be 30 days) following the date of resignation or the normal termination date or cessation date, as applicable (or, if sooner, on the last day of the stated term of such Options, RSUs or DSUs, as applicable), subject to any extension resulting from a Black Out Period, if applicable.

(d) Termination by Reason of Disability. If a Participant's service with the Corporation or any Affiliate or Service Provider terminates by reason of Disability, any Options, RSUs and DSUs held by such Participant that have vested as of the date of Disability of the Participant may thereafter be exercised by the Participant or his or her personal representative, to the extent it was exercisable (or otherwise entitled the holder to receive the underlying Shares in accordance with its terms) at the time of termination, for a maximum period ending 90 days following the date of termination by reason of Disability (or, if sooner, on the last day of the stated term of such Options, RSUs or DSUs, as applicable). subject to any extension resulting from a Black Out Period, if applicable.

(e) Termination of Employment or Service Without Cause. If a Participant's service as an employee with the Corporation or any Affiliate or Service Provider is terminated without Cause (other than a termination pursuant to Section 8(a), (b), (c) or (d)), or a Participant's contract as a Service Provider is terminated by the Corporation before its normal termination date without Cause, in such

case, at the Company's discretion, or for good reason (unless otherwise provided in the applicable Award Agreement), all or a portion of such Participant's Options, RSUs and/or DSUs may be permitted to continue to vest, in accordance with their terms, during any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by the Company in its sole discretion, and any such Options, RSUs and/or DSUs will remain exercisable (or otherwise entitle the holder to receive the underlying Shares in accordance with its terms) for a maximum period ending 90 days following the date of termination (or, if sooner, on the last day of the stated term of such Option, RSU or DSU, as applicable), subject to any extension resulting from a Black Out Period, if applicable. For the purposes of this section only, "date of termination" refers to the later of: (i) the actual last day worked by the employee or the Service Provider and, (ii) the last date of the period that the Participant is in receipt of or is eligible to receive any statutory, contractual or common law notice or pay in lieu thereof.

(f) Termination of Employment or Service With Cause. If a Participant's service as an employee with the Corporation or any Affiliate or Service Provider is terminated for Cause, or a Participant's contract as a Service Provider is terminated before its normal termination date for Cause: (i) any Options, RSUs and DSUs held by the Participant, whether vested or unvested, will immediately and automatically expire as of the date of such termination, and (ii) any Shares for which the Corporation has not yet delivered share certificates will be immediately and automatically forfeited and, in the case of Options, the Corporation will refund to the Participant the exercise price paid for such Shares, if any.

(g) Ceasing to Hold Office. Notwithstanding paragraphs (a) through (f), in the event that a Participant who is a Director (but is not an employee, officer or Service Provider whose employment or contract has been terminated for cause or without constructive dismissal) ceases to hold office as a Director of the Corporation, any Options and RSUs held by such Participant will immediately vest and any Options, RSUs or DSUs will be fully exercisable (or Shares in accordance with its terms) for a maximum period ending 12 months following the date of ceasing to hold office (or, if sooner, on the last day of the stated term of such Option, RSU or DSU, as applicable), subject to any extension resulting from a Black Out Period, if applicable.

(h) Discretion of Board. Notwithstanding the forgoing provisions of this Section 8 and subject to any applicable regulatory approvals, the Board may, in its discretion, provide for the extension of the exercisability of an Option for any period that is not beyond the applicable expiration date thereof, eliminate or make less restrictive any restrictions governing an Option, DSU or RSU, waive any restriction or other provision of this Plan or an Option, DSU or RSU or otherwise amend or modify the Option, DSU or RSU in any manner that is either (a) not adverse to such Participant or (b) consented to by such Participant.

#### **SECTION 9. Amendment and Termination.**

(a) The Board may, in its sole discretion, at any time and from time to time, amend, suspend or terminate the Plan at any time without the approval of Shareholders, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or materially prejudice the rights of any holder under any Award.

(b) In addition to the changes that may be made pursuant to Section 4(d), the Board may, at any time and from time to time, without the approval of the Shareholders, make amendments to the Plan including, but not limited to:

- (i) amendments of a technical, clerical or "housekeeping" nature, or to clarify any provision of the Plan;
- (ii) termination of the Plan;
- (iii) amendments to respond to changes in legislation, regulations, stock exchange rules or accounting or auditing requirements;

- (iv) amendments in respect of the vesting provisions of any Awards; and
- (v) amendments to the termination provisions of Awards granted under the Plan that do not entail an extension beyond the original expiry date.

provided that:

- (vi) any required approval of any regulatory authority or stock exchange is obtained;
- (vii) if the amendments would reduce the exercise price of Options or extend the expiry date of Awards granted to Insiders, other than as authorized pursuant to Section 4(d), approval of the Shareholders must be obtained;
- (viii) the Board would have had the authority to initially grant the Award under the terms as so amended; and
- (ix) the consent or deemed consent of the holder of the Award is obtained if the amendment would materially prejudice the rights of such holder.

**SECTION 10. General Provisions.**

(a) The Board may require each Participant to represent to and agree with the Corporation in writing that the Participant is acquiring securities of the Corporation for investment purposes and without a view to distribution thereof and as to such other matters as the Board believes are appropriate.

(b) Shares shall not be issued hereunder unless, in the judgment of counsel for the Corporation, the issuance complies with the requirements of any stock exchange or quotation system on which the Shares are then listed or quoted, all rules and regulations promulgated thereunder and all other applicable laws.

(c) All certificates for Shares or other securities delivered under the Plan will be subject to such Share transfer orders and other restrictions as the Board may deem advisable under the rules, regulations, and other requirements of any stock exchange upon which the Shares are then listed and any applicable laws, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) Neither the adoption of the Plan nor the execution of any document in connection with the Plan will: (i) confer upon any employee of the Corporation or an Affiliate or a Service Provider any right to continued employment or engagement with the Corporation or such Affiliate, or (ii) interfere in any way with the right of the Corporation or such Affiliate to terminate the employment of any of its employees at any time or to terminate the service of any Service Provider.

(e) With respect to any Award, the Participant will pay to the Corporation, or make arrangements satisfactory to the Board regarding the payment of, taxes of any kind required by law to be withheld with respect to any amount includible in the gross income of the Participant as required by applicable law. The obligations of the Corporation under the Plan will be conditioned on such payment or arrangements and the Corporation will have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

**SECTION 11. Effective Date of Plan.**

This Plan is effective on May 25, 2022.

**SECTION 12. Term of Plan.**

The Plan will continue in effect until terminated in accordance with Section 9.

**SECTION 13. Invalid Provisions.**

In the event that any provision of the Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability will not be construed as rendering any other provisions contained herein as invalid or unenforceable, and all such other provisions will be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

**SECTION 14. Governing Law.**

The Plan and all Awards granted hereunder will be governed by and construed in accordance with the laws of the Province of Ontario.

**SECTION 15. Board Action.**

Notwithstanding anything to the contrary set forth in the Plan, any and all actions of the Board or Committee, as the case may be, taken under or in connection with the Plan and any agreements, instruments, documents, certificates or other writings entered into, executed, granted, issued and/or delivered pursuant to the terms hereof, will be subject to and limited by any and all votes, consents, approvals, waivers or other actions of all or certain Shareholders or other Persons required by the Corporation's constating document(s) and any other agreement, instrument, document or writing now or hereafter existing, between or among the Corporation and its shareholders or other Persons (as the same may be amended from time to time).

**SECTION 16. Notices.**

Any notice to be given to the Corporation pursuant to the provisions of the Plan shall be given by registered or certified mail, postage prepaid, and, addressed, if to the Corporation, at its head office and address to the attention of its CEO (or such other individual as the Corporation may designate in writing from time to time), and, if to a Participant, to his or her address contained in the Corporation's personnel records, or at such other address as such Participant may from time to time designate in writing to the Corporation. Any such notice shall be deemed given or delivered three days after the date of mailing.