



## **NOVA MENTIS LIFE SCIENCE CORP.**

### **INFORMATION CIRCULAR**

(containing information as of November 23, 2020, unless otherwise stated)

### **INTRODUCTION**

**This Information Circular is furnished to you in connection with the solicitation of proxies by management of Nova Mentis Life Science Corp. (“we”, “us” or the “Company”) for use at the Annual General and Special Meeting (the “Meeting”) of shareholders of the Company to be held on Tuesday, December 22, 2020 and at any adjournment of the Meeting.** The Company will conduct its solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or other personal contact. We will not specifically engage employees or soliciting agents to solicit proxies. We do not reimburse shareholders, nominees or agents (including brokers holding shares on behalf of clients) for their costs of obtaining authorization from their principals to sign forms of proxy. We will pay the expenses of this solicitation.

### **APPOINTMENT OF PROXY HOLDER**

The persons named as **proxy holders** in the enclosed form of proxy are the Company’s directors or officers. **As a shareholder, you have the right to appoint a person (who need not be a shareholder) in place of the persons named in the form of proxy to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the form of proxy and strike out the other names or complete and deliver another appropriate form of proxy.**

A proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation.

### **VOTING BY PROXY**

**The persons named in the accompanying form of proxy will vote or withhold from voting the shares represented by the proxy in accordance with your instructions, provided your instructions are clear. If you have specified a choice on any matter to be acted on at the Meeting, your shares will be voted or withheld from voting accordingly. If you do not specify a choice or where you specify both choices for any matter to be acted on, your shares will be voted in favour of all matters.**

**The enclosed form of proxy gives the persons named as proxy holders discretionary authority regarding amendments or variations to matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting. As of the date of this Information Circular, our management is not aware of any such amendment, variation or other matter proposed or likely to come before the Meeting. However, if any amendment, variation or other matter properly comes before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their judgement.**

You may indicate the manner in which the persons named in the enclosed proxy are to vote on any matter by marking an “X” in the appropriate space. If you wish to give the persons named in the proxy a discretionary authority on any matter described in the proxy, then you should leave the space blank. **In that case, the proxy holders nominated by management will vote the shares represented by your proxy in accordance with their judgment.**

## RETURN OF PROXY

You must deliver the completed form of proxy to the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Meeting or any adjournment.

### ADVICE TO NON-REGISTERED SHAREHOLDERS

Only shareholders whose names appear on our records or validly appointed proxy holders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "Nominee"). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as "NOBOs". Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as "OBOs".

In accordance with the securities regulatory policy, we will have distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular, and the form of proxy directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting materials are accompanied by a request for voting instructions (a "VIF"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIF's, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the shares which they beneficially own. Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request a legal proxy as set forth in the VIF, which will grant the non-registered holder or his/her nominee the right to attend and vote at the Meeting. Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

### REVOCATION OF PROXY

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- a) signing a proxy bearing a later date; or
- b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Persons who are registered shareholders of common shares at the close of business on November 17, 2020, are entitled to receive notice of and to attend and vote at the Meeting or any adjournment of the Meeting.

The authorized capital of the Company consists of an unlimited number of common shares without par value. As of November 17, 2020, the Company had 60,881,535 common shares issued and outstanding.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, common shares carrying more than 10% of the voting rights attached to the outstanding common shares of the Company.

### **Approval of Resolutions**

On a show of hands, every shareholder and proxy holder will have one vote and, on a poll, every shareholder present in person or represented by proxy will have one vote for each common share. To approve a motion for an ordinary resolution, a majority of the votes cast by shareholders in person or by proxy who vote in respect of that resolution will be required. To approve a motion for an ordinary resolution, by disinterested shareholder vote, a majority of the votes cast by “disinterested shareholders” in person or by proxy who vote in respect of that resolution must be in favour. A “disinterest shareholder” vote means that Shares owned by all shareholders who have a vested interest in passing the resolution are removed from the vote tally on that ordinary resolution, and a majority of the remaining votes must be in favour.

## STATEMENT OF EXECUTIVE COMPENSATION

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* for the most recently completed financial year ended December 31, 2019.

### **General**

For the purposes of this Statement of Executive Compensation:

“CEO” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“CFO” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“Named Executive Officer” or “NEO” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with applicable securities laws; and



Name and position	Type of compensation security	and percentage of class <sup>(1)</sup>	or grant	or exercise price <sup>(1)</sup> (\$)	on date of grant <sup>(1)</sup> (\$)	year end <sup>(1)</sup> (\$)	Expiry date
<b>William Rascan</b> <i>President, CEO &amp; Director</i>	Stock Option	125,000	July 12, 2019	0.42	0.40	0.20	July 12, 2021
<b>Jamie Robinson</b> <i>CFO</i>	Stock Option	62,500	July 12, 2019	0.42	0.40	0.20	July 12, 2021
<b>Steven Feldman</b> <i>Director</i>	Stock Option	125,000	July 12, 2019	0.42	0.40	0.20	July 12, 2021
<b>Doug Macdonell</b> <i>Former Director</i>	Stock Option	125,000	July 12, 2019	0.42	0.40	0.20	July 12, 2021

NOTES:

<sup>(1)</sup> On June 26, 2020, the Company's shares consolidated on a 4:1 basis. The numbers shown reflect the consolidation.

### **Exercise of Stock Options**

During the financial year ended December 31, 2019, no NEOs or directors of the Company exercised compensation securities.

### **Employment, Consulting and Management Agreements**

Management functions of the Company are not, to any substantial degree, performed other than by directors or NEOs of the Company.

During the financial year ended December 31, 2019, the Company had entered into the following agreements with the NEOs and directors of the Company:

**William Rascan** –The Company entered into a consulting agreement on March 21, 2017 with Mr. Rascan whereby a monthly consulting fee of \$9,000 would be payable. The agreement was further amended on December 13, 2017 whereby the fee was increased to \$12,500. The agreement is in good standing.

On March 21, 2017, the Company entered into an Executive Termination and Severance Agreement with Mr. Rascan. Pursuant to this agreement, the Company may, at any time, terminate Mr. Rascan's services without Cause, by providing him with a one-time lump sum payment in lieu of notice of his base salary for a period of twelve (12) months plus three (3) months for each year of service, to a maximum of twenty-four (24) months, less all required statutory deductions. In the event that Mr. Rascan terminates his services for Good Reason, as defined in the agreement, within ninety (90) days following a Change of Control Event, as defined in the agreement, the Company shall pay to the Mr. Rascan a lump-sum payment equal to twenty-four (24) months of Mr. Rascan's base salary at the time of the termination, less all required deductions, without the lump-sum payment being in any way subject to Mr. Rascan's duty to mitigate or subject to any mitigation earnings by Mr. Rascan. The agreement is in good standing.

**Jamie Robinson** –The Company entered into a consulting agreement on September 1, 2017 with Mr. Robinson whereby a monthly consulting fee of \$2,000 would be payable. The agreement was further amended on May 31, 2019, whereby the fee was increased to \$4,000, effective June 1, 2019, and a Change of Control clause was added in. The agreement may be terminated by either party by providing 30 days written notice or the Company paying one (1) months salary in lieu of. In the event that Mr. Robinson terminates his services for Good Reason, as defined in the agreement, within ninety (90) days following a Change of Control Event, as defined in the agreement, the Company shall pay to Mr.

Robinson a lump-sum payment equal to three (3) months of Mr. Robinson's base salary plus one (1) month of Mr. Robinson's base salary for every twelve (12) months of services provided to the Company, at the time of the termination, less all required deductions, without the lump-sum payment being in any way subject to Mr. Robinson's duty to mitigate or subject to any mitigation earnings by Mr. Robinson. The agreement is in good standing.

**Doug Macdonell** –The Company entered into a consulting agreement on November 24, 2017 with Mr. Macdonell whereby a consulting fee of \$1,500 would be payable. The agreement was further amended on July 23, 2018 whereby the fee was increased to \$2,500 effective August 1, 2018. The agreement may be terminated by either party by providing 30 days written notice or the Company paying one (1) months salary in lieu of. The agreement terminated upon Mr. Macdonell's resignation from the board of directors of the Company (the "**Board**") on June 8, 2020.

### **Oversight and Description of Director and NEO Compensation**

The Board as a whole has the responsibility of determining the compensation for the CEO, the CFO and for other senior management and directors.

The Company's compensation objectives include the following:

- to assist the Company in attracting and retaining highly-qualified individuals;
- to create a sense of ownership in the Company among directors, officers, consultants and employees and to align their interests with those of the shareholders; and
- to ensure that the Company compensation program is competitive as well as financially affordable.

The Company's compensation program is designed to provide competitive levels of compensation. The Company recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, the Company's NEOs and directors may receive compensation that is comprised of three components:

- salary, wages or contractor payments;
- stock option grants; and/or
- bonuses.

The objective and reason for this system of compensation is to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The base salary of a NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO's. Base salary is not evaluated against a formal "peer group". The Board relies on the general experience of its members in setting base salary amounts.

Stock option grants are designed to reward the NEOs and directors for success on a similar basis as the shareholders of the Company, although the level of reward provided by a particular stock option grant is dependent upon the volatile stock market.

Any bonuses paid to the NEOs and directors are allocated on an individual basis related to the review by the Board of the work planned during the year and the work achieved during the year, including work related to administration, financing, shareholder relations and overall performance. The bonuses are paid to reward work done above the base level.

The Company has a Stock Option Plan (the "**Option Plan**") for the granting of incentive stock options to the Company's officers and directors. The purpose of granting such options to the Company's directors is to assist the Company in compensating, attracting, retaining and motivating the directors and to closely align the personal interests of the directors to that of the Company's shareholders.

On November 19, 2020, the Board approved adoption of the Company’s Restricted Share Unit Plan (the “**RSU Plan**”), subject to shareholder approval. At the Meeting, the Company will present an ordinary resolution for approval by a majority vote of disinterested shareholders to adoption of the RSU Plan (see “Particulars of Matters to be Acted Upon – Restricted Share Unit Plan”).

**Pension Arrangements**

The Company does not have any pension arrangements in place for the NEOs or directors.

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

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2019:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column<sup>(1)</sup> (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by securityholders	2,387,500	\$1.24	825,653
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>2,387,500</b>		<b>825,653</b>

NOTES:

<sup>(1)</sup> On June 26, 2020, the Company’s shares consolidated on a 4:1 basis. The numbers shown reflect the consolidation.

**AUDIT COMMITTEE**

As at the date hereof, the Audit Committee is composed of William Rascan, Steven Feldman and Jacqueline McConnell. Mr. Feldman and Ms. McConnell are independent members of the Audit Committee in accordance with Section 1.4 of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”). Mr. Rascan is the Company’s CEO and therefore is not independent. All of the members of the Audit Committee are “financially literate” as that term is defined in NI 52-110.

<b>Name of Audit Committee Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(1)</sup></b>	<b>Relevant Education and Experience</b>
William Rascan	No	Yes	Has been an executive officer and director of several reporting issuers and is familiar with the corporate requirements and financial reporting obligations of applicable stock exchanges and provincial securities laws.
Steven Feldman	Yes	Yes	Has provided consulting services to several reporting issuers with respect to corporate governance, corporate advisory services and business advisory services.
Jacqueline McConnell	Yes	Yes	Has provided senior financial and operational leadership services to Canada’s largest manufacturer of generic pharmaceuticals. Responsible for monitoring

			and auditing of cost and operational compliance performance and accountability.
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(1) As that term is defined in NI 52-110.

### **Audit Committee Charter**

The Charter of the Company's audit committee is included as Schedule "A" to this Information Circular.

### **External Auditor Service Fees by Category**

#### **Audit Fees and Audit-Related Fees**

The aggregate fees billed/unbilled by the Company's external auditor for the financial year ended December 31, 2019 for audit and assurance and related services is \$29,000 (2018: \$26,823).

#### **Tax Fees**

The aggregate fees unbilled/billed for tax compliance, tax advice and tax planning services by the Company's external auditor for the financial year ended December 31, 2019 were \$NIL (2018: NIL).

#### **All Other Fees**

The aggregate fees billed by the Company's external auditor for the financial year ended December 31, 2019 for review of unaudited interim financial statements, compilation of consolidated financial statements and related services were \$NIL (2018: NIL)

### **Exemption**

The Company is relying on the exemption in section 6.1 of NI 52-110, which exempts issuers whose shares are listed on the Exchange from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. The disclosure required by NI 58-101 is presented below.

### **Board of Directors**

The Board facilitates its independent supervision over management through regular meetings of the Board. The non-management directors of the Board do not hold regularly scheduled meetings at which non-independent directors are not in attendance. However, the size of the Board and the nature of the Company's operations ensure that open and candid discussion among the independent directors is possible.

The independent members of the Board are Steven Feldman and Jacqueline McConnell. The non-independent director is William Rascan, CEO of the Company.

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



### **Directorship**

None of the directors of the Company are currently directors of any other reporting issuers.

### **Orientation and Continuing Education**

The Board briefs all new directors with respect to the policies of the Board and other relevant corporate and business information. The Board does not provide any continuing education.

### **Ethical Business Conduct**

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

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee. The Board is responsible for recruiting new members to the Board and planning for the succession of Board members.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the required time, show support for the Company's mission and strategic objectives, and a willingness to serve.

### **Compensation**

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the officers of the Company and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

The Board conducts reviews with regard to compensation of the directors and officers once a year.

When determining the compensation of its officers, the Board considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

### **Other Board Committees**

The Board has no other committees other than the Audit Committee.

### **Assessments**

The Board regularly monitors the adequacy of information given to directors, communications between the board and management and the strategic direction and processes of the Board and its committees.

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

During the last completed financial year, no director, executive officer, or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals

been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

Other than as disclosed below, no informed person of the Company, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of our subsidiaries.

An “informed person” means:

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

On November 19, 2020, the Board adopted the RSU Plan and the Company will seek shareholder approval of adoption of the RSU Plan at the Meeting by disinterested shareholder vote (see Particulars of Matters to be Acted Upon – Restricted Stock Unit Plan).

### **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and executive officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

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

#### **Election of Directors**

The Board proposes to nominate the persons named in the table below for election as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his/her successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (British Columbia) (the “BCBCA”) or he/she becomes disqualified to act as a director.

Management of the Company proposes that the number of directors for the Company be determined at three (3) for the ensuing year, subject to such increases as may be permitted by the Articles of the Company.

The following table sets out the names of management’s nominees for election as directors, the jurisdiction in which each is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which each has been a director of the Company, the respective principal occupations or employments during the past five years (if such nominee is not presently a director who was elected to his present term of office by a vote of shareholders) and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular.

Name, Jurisdiction of Residence and Position Held with the Company	Principal Occupation During the Past Five Years <sup>(1)</sup>	Director Since	Number of Shares Owned <sup>(2)</sup>
<b>William Rascan</b> <sup>(3)</sup> British Columbia, Canada <i>President, CEO and Director</i>	Chief Executive Officer, President and Director of the Company.	May 16, 2012	896,375
<b>Steven Feldman</b> <sup>(3)</sup> British Columbia, Canada <i>Director</i>	Social Media Strategist and Consultant	May 16, 2012	197,500
<b>Jacqueline McConnell</b> <sup>(3)</sup> Ontario, Canada <i>Director</i>	Engineering Services Manager; Business Strategy and Operations Consultant; Chief Operating Officer and Director	September 17, 2020	Nil

NOTES:

- (1) This information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Information obtained from insider reports available at [www.sedi.ca](http://www.sedi.ca) as of the date of the Information Circular.
- (3) Member of the Audit Committee.

**Advance Notice of Director Nomination**

On January 14, 2014, the shareholders approved a special resolution to alter the Articles of the Company to include the requirement for advance notice for nomination of directors for election (“**Advance Notice**”) for the purpose of providing shareholders, directors and management of the Company with a clear framework for nominating directors of the Company in connection with any annual or special meeting of the Shareholders.

A copy of the Advance Notice alteration to the Articles of the Company is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

To the knowledge of the Company’s management, no proposed director of the Company:

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

(e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **Appointment and Remuneration of Auditor**

Unless otherwise instructed, the proxies given in this solicitation will be voted for the re-appointment of Smythe LLP, of Vancouver, British Columbia, as auditors for the Company to hold office until the next annual general meeting, at a remuneration to be fixed by the directors.

**Unless otherwise instructed, the proxies given in this solicitation will be voted in favour of the appointment of Smythe LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as auditors for the Company to hold office until the next annual general meeting of the Company.**

### **Restricted Share Unit Plan**

On November 19, 2020, the Board approved adoption of a restricted share unit plan (the “**RSU Plan**”), which RSU Plan is designed to provide certain directors, officers, consultants and other key employees (an “**Eligible Person**”) of the Company and its related entities with the opportunity to acquire restricted share units (“**RSUs**”) of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Person’s interests with that of the Shareholders. Capitalized terms used but not defined have the meanings ascribed to them in the RSU Plan, a copy has been attached hereto as Schedule “B” to this Information Circular.

The RSU Plan allows the Company to award, in aggregate, up to a rolling 10% maximum of the issued and outstanding Shares from time to time, under and subject to the terms and conditions of the RSU Plan. The grant of an RSU Award pursuant to the RSU Plan entitles the Participant thereunder, the conditional right to receive for each RSU credited to the Participant’s account, at the election of the Board, either (a) one Share of the Company, or (b) an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Share for each vested RSU credited. Fractional Shares will not be issued pursuant to the RSU Plan, and any fractional entitlement arising is to be settled by adjustment such that the Participant shall only have the right to receive the next lowest whole number of Shares.

The following summary assumes that the RSU Plan will be approved by the disinterested Shareholders at the Meeting and is subject to the specific provisions of the RSU Plan:

#### *Benefits of the RSU Plan*

The RSU Plan is designed to be a long-term incentive for the directors, officers, consultants and other key employees of the Company. RSUs provide the Company with an additional compensation tool to help retain and attract highly qualified directors, officers, consultants and employees.

The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be pursuant to the RSU Plan and other amounts and values to be determined in respect of the RSU Plan including, without limitation, those related to a particular fair market value.

#### *Nature and Administration of the RSU Plan*

All directors, officers, consultants and employees of the Company and its related entities (“**Eligible Persons**”) are eligible to participate in the RSU Plan (as “**Recipients**”), and the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation as Recipients in the RSU Plan. Eligibility to participate as a Recipient in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board or its appointed committee, can, from time to time, award RSUs to Eligible Persons. RSUs will be credited to an account maintained for each Recipient on the books of the Company as of the award date. The number of RSUs to be credited to each Recipient’s account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

RSUs and all other rights, benefits or interests in the RSU Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof.

#### *RSUs Granted Prior to Shareholder Approval of the RSU Plan*

The Company must obtain disinterested shareholder approval to any and all RSUs granted by the Company prior to shareholder approval of the RSU Plan. As at November 23, 2020 there were no RSUs granted and outstanding under the RSU Plan.

#### *Credit for Dividends*

A Recipient's account will be credited with additional RSUs as of each dividend payment date in respect of which cash dividends are paid on Shares. The number of additional RSUs to be credited to a Recipient's account will be based on the actual amount of cash dividends that would have been paid to such Participant had he been holding such number of Shares equal to the number of RSUs credited to the Participant's Account on the date on which cash dividends are paid on the Shares and the Market Price of the Shares on the payment date.

#### *Resignation, Termination, Leave of Absence or Death*

If a Recipient's employment or service is terminated for Cause, then all RSUs (whether vested or unvested) shall terminated automatically upon termination.

If the Recipient resigns from employment with the Company, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the termination date are forfeited, cancelled and terminated without payment and the Recipient shall have up to 90 days to settle any vested RSUs.

In the event a Recipient is terminated without Cause or if the Recipient dies, all unvested RSUs will immediately vest on the date of termination or death and the Recipient will have up to 90 days to settle the RSUs.

#### *Change of Control*

In the event of a Change of Control, the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting Participants to settle any RSU, to assist the Participants to tender the underlying Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation.

#### *Adjustments*

In the event of any dividend paid in Shares, Share subdivision, combination or exchange of Shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as it, in its discretion, considers appropriate to reflect the change.

#### *Vesting*

The Board has discretion to grant RSUs to Eligible Persons as it determines appropriate, and can impose conditions on vesting as it sees fit in addition to other performance conditions, if any. Vesting occurs on the vesting date set by the Board at the time of the grant and the date upon which any relevant other performance condition or other vesting condition, if any, has been satisfied, subject to the limitations of the RSU Plan. The Board may accelerate the Vesting Date of any RSU, at its election.

*Shareholder Approval of Adoption of the RSU Plan*

Approval of the resolution to ratify, confirm and approve the RSU Plan (the “**RSU Plan Shareholder Resolution**”), must be confirmed by a simple majority of the votes cast by disinterested Shareholders voting on the resolution in person or by proxy at the Meeting. **The Board recommends that Shareholders vote in favour of the RSU Plan Shareholder Resolution.**

The Shares of all shareholders who would qualify as “Eligible Persons” pursuant to the RSU Plan must be withheld from the vote tally on the RSU Plan Shareholder Resolution.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to ratify, confirm and approve adoption of the RSU Plan:

“RESOLVED that:

1. subject to all required regulatory approvals, including the approval of the Canadian Securities Exchange (the “**CSE**”) and the required shareholder approvals, adoption by the Company of the Restricted Stock Unit Plan (the “**RSU Plan**”) be and is hereby ratified, confirmed and approved, and the RSU Plan be forthwith implemented by the Company effective as of the date of approval by the Board of Directors of the Company (the “**Board**”), with such further deletions, additions and other amendments as are required by any securities regulatory authority or which are not substantive in nature and the Chief Executive Officer of the Company deems necessary or desirable;
2. the Board, or a committee to be determined by the Board, be and is hereby appointed to be the Administrator under the RSU Plan, such appointment to be effective until revoked by resolution of the Board;
3. the Company be and is hereby authorized to grant restricted share units (“**RSUs**”) under and subject to the terms and conditions of the RSU Plan, which RSUs may be exercised to purchase up to, in aggregate, a rolling maximum of 10% of the issued and outstanding Shares of the Company, from time to time;
4. the RSU Plan Administrator be and is hereby authorized and directed to execute on behalf of the Company, the form of Restricted Share Unit Grant Letter, the form of which is attached as Schedule A to the RSU Plan, providing for the grant of RSUs to Eligible Persons pursuant to the RSU Plan; and
5. the Company be and is hereby authorized to allot and issue as fully paid and non-assessable that number of Shares specified in the Restricted Share Unit Grant Letter upon conversion of RSUs granted to Eligible Persons; AND THAT any two authorized persons of the Company be authorized to execute such treasury order or treasury orders as may be necessary to effect such Share issuance.”

The RSU Plan must be approved by a simple majority of the votes cast on the resolution at the Meeting by Shareholders who vote in respect of the approval of the RSU Plan (present in person or represented by proxy), but removing from the vote tally all Shares held by Eligible Persons pursuant to the RSU Plan.

The Board unanimously recommends that the disinterested Shareholders approve the RSU Plan by voting FOR this resolution at the Meeting.

**A copy of the RSU Plan is attached as Schedule “B” to this Information Circular.**

**Proxies received in favour of management will be voted in favour of the Restricted Share Unit Plan, unless the Shareholder has specified in the Proxy that his or her Shares are to be voted against such resolution.**

**OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those 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 Proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's financial statements and management's discussion and analysis ("MD&A") for the most recently completed financial year.

The Company will provide to any securityholder upon request, copies of the Company's financial statements and MD&A for the most recently completed financial year. Please direct your request to the Company at [info@novamentis.ca](mailto:info@novamentis.ca).

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board.

DATED at Vancouver, British Columbia, this 23<sup>rd</sup> day of November, 2020.

**ON BEHALF OF THE BOARD**

*"William Rascan"*  
President & CEO

**SCHEDULE “A”  
AUDIT COMMITTEE CHARTER**

**1.0 Purpose of the Committee**

1.1 The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Company’s financial statements and other relevant public disclosures, the Company’s compliance with legal and regulatory requirements relating to financial reporting, the external auditors’ qualifications and independence and the performance of the internal audit function and the external auditors.

**2.0 Members of the Audit Committee**

2.1 At least one Member must be “financially literate” as defined under MI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

2.2 The Audit Committee shall consist of no less than three Directors.

2.3 At least one Member of the Audit Committee shall be “independent” as defined under MI 52- 110, while the Company is in the developmental stage of its business.

**3.0 Relationship with External Auditors**

3.1 The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee.

3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.

3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.

3.4 The Audit Committee will have direct communications access at all times with the external auditors.

**4.0 Non-Audit Services**

4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:

- (i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
- (ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.



## **5.0 Appointment of Auditors**

5.1 The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.

5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

## **6.0 Evaluation of Auditors**

6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the Board and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

## **7.0 Remuneration of the Auditors**

7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.

7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

## **8.0 Termination of the Auditors**

8.1 The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, acting reasonably.

## **9.0 Funding of Auditing and Consulting Services**

9.1 Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

## **10.0 Role and Responsibilities of the Internal Auditor**

10.1 At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company shall be responsible for implementing internal controls and performing the role of the internal auditor to ensure that such controls are adequate.

## **11.0 Oversight of Internal Controls**

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitored, and that such internal controls are effective.

## **12.0 Continuous Disclosure Requirements**

12.1 At this time, due to the Company's size and limited financial resources, the Chief Financial Officer of the Company is responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

## **13.0 Other Auditing Matters**

13.1 The Audit Committee may meet with the external auditors independently of the management of the Company at any time, acting reasonably.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Company.

**14.0 Annual Review**

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

**15.0 Independent Advisers**

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.

**SCHEDULE "B"**  
**RESTRICTED SHARE UNIT PLAN**

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**NOVA MENTIS LIFE SCIENCE CORP.**

**RESTRICTED SHARE UNIT PLAN**

EFFECTIVE AS OF NOVEMBER 19, 2020

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## TABLE OF CONTENTS

ARTICLE 1 PURPOSE AND INTERPRETATION .....	1
Section 1.1 Purpose .....	1
Section 1.2 Definitions .....	1
Section 1.3 Interpretation.....	5
Section 1.4 Governing Law .....	5
Section 1.5 Severability.....	5
ARTICLE 2 SHARE CAPITAL .....	5
Section 2.1 Shares Reserved.....	5
ARTICLE 3 ADMINISTRATION.....	6
Section 3.1 General .....	6
Section 3.2 Compliance with Legislation.....	7
Section 3.3 Miscellaneous .....	8
ARTICLE 4 RESTRICTED SHARE UNITS.....	8
Section 4.1 Granting of RSUs.....	8
Section 4.2 Dividends.....	9
Section 4.3 Settlement of Restricted Share Units .....	9
Section 4.4 Termination of Service.....	10
Section 4.5 Non-transferability of RSUs.....	11
Section 4.6 Hold Period.....	12
ARTICLE 5 TERMINATION, AMENDMENTS AND ADJUSTMENTS.....	12
Section 5.1 Amendment and Termination.....	12
Section 5.2 Change of Control.....	12
Section 5.3 Adjustments .....	13
ARTICLE 6 GENERAL .....	13
Section 6.1 Effective Date .....	13
Section 6.2 Notice .....	13
Section 6.3 Tax Withholdings.....	13
Section 6.4 Rights of Participants .....	14
Section 6.5 Right to Issue Other Shares .....	14
Section 6.6 Successors and Assigns.....	14
Section 6.7 Funding of the Plan.....	14

# RESTRICTED SHARE UNIT PLAN

## ARTICLE 1 PURPOSE AND INTERPRETATION

### Section 1.1 Purpose

The purpose of the Plan is to promote and advance the interests of the Company by (i) providing Eligible Persons with additional incentive through an opportunity to receive discretionary bonuses in the form of Common Shares of the Company, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate Eligible Persons.

### Section 1.2 Definitions

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “Account” means a notional account maintained for each Participant on the books of the Company which will be credited with Restricted Share Units and Dividend RSUs, in accordance with the terms of the Plan;
- (b) “Affiliate” means any person that controls or is controlled by the Company or that is controlled by the same person that controls the Company;
- (c) “Associate” has the meaning ascribed to that term under the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (d) “Affiliated Companies”, “Controlled Companies” and “Subsidiary Companies” have the meanings ascribed to those terms under the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;
- (e) “Black-Out Period” means the period during which designated directors, officers, employees and consultants of the Company and, if applicable, any Subsidiary Company, cannot trade Common Shares pursuant to the Company’s insider trading policy which is in effect at that time (which, for certainty, does not include the period during which a cease trade order is in effect to which the Company, or in respect of a Reporting Insider, that Reporting Insider, is subject);
- (f) “Board” means the board of directors of the Company or such delegate as referred to by the term in Section 3.1(1);
- (g) “Business Day” means any day other than a Saturday, Sunday or a statutory or civic holiday in the City of Vancouver, British Columbia, on which the Stock Exchange is open for trading;

- (h) “Cause” means (i) if the Participant has a written agreement with the Company or Subsidiary Companies in which cause is defined, cause as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Company’s reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
- (i) “Change of Control Event” means:
- (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons or Entities acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);
  - (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity;
  - (iii) the completion of a sale whereby all or substantially all of the Company’s undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale; or
  - (iv) an occurrence when a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (j) “Common Shares” means the common shares in the share capital of the Company;
- (k) “Company” means Nova Mentis Life Science Corp.;

- (l) “Consultant” means a corporate entity or an individual, other than an employee, executive officer or director of the Company or of an Affiliate, that:
- (i) is engaged to provide services to the Company or an Affiliate, other than services provided in relation to a distribution of the Company’s securities;
  - (ii) provides the services under a written contract with the Company or an Affiliate; and
  - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate;
- and includes, for an individual consultant, a Company of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;
- (m) “Dividend RSUs” means a bookkeeping entry credited to a Participant’s Account equivalent in value to the dividend, if any, paid on a Common Share in accordance with Section 4.2 of the Plan;
- (n) “Eligible Person” means:
- (i) any director, officer, employee or Consultant of the Company or any of its Subsidiary Companies; and
  - (ii) any Personal Holding Company of any of the persons listed in Section 1.2(m)(i) above;
- who is designated by the Board as eligible to participate in the Plan;
- (o) “Expiry Date” means the expiry date set out by the Board on the date of approval of a grant and as described in the applicable RSU Grant Letter (which for greater certainty may vary between RSUs granted from time to time), following which an RSU is expired and is thereafter incapable of settlement, and is of no value whatsoever, provided however that in no event shall an Expiry Date be a date that is more than three years from the date of grant;
- (p) “Market Price” means, with respect to any particular date, the volume weighted average trading price of the Common Shares as reported on the Stock Exchange for the five (5) trading days immediately preceding that date;
- (q) “Participant” means an Eligible Person to whom RSUs have been granted and are outstanding;
- (r) “Personal Holding Company” means a personal holding Company that is either wholly owned, or controlled by, any director, executive officer, employee or Consultant of the Company or its Affiliates, and the shares of which are held



directly or indirectly by any such person or the person's spouse, minor children and/or minor grandchildren;

- (s) "Person or Entity" means an individual, natural person, Company, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity;
- (t) "Plan" means this Restricted Share Unit plan of the Company, as amended from time to time;
- (u) "Reporting Insider" means a reporting insider as defined under National Instrument 55-104 as may be amended from time to time;
- (v) "Restricted Share Unit" or "RSU" means a bookkeeping entry equivalent in value to a Common Share credited to a Participant's Account and representing the right of a Participant to whom a grant of such restricted share units is made to receive one Common Share (or, pursuant to Section 4.3, an amount of cash equal to the Market Value thereof), pursuant and subject to the terms and conditions set forth in this Plan and in the applicable RSU Grant Letter;
- (w) "RSU Award" means the number of RSUs determined by the Board to be awarded to the Participant and credited to a Participant's Account, as evidenced by a RSU Grant Letter;
- (x) "RSU Grant Letter" has the meaning given to that term in Section 3.1(3);
- (y) "*Securities Act*" means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (z) "Settlement Date" means the Business Day during the Settlement Period on which a Participant elects to settle an RSU in accordance with Section 4.3;
- (aa) "Settlement Notice" has the meaning set out in Section 4.3;
- (bb) "Settlement Period" means the period starting on the Vesting Date and ending on the Expiry Date;
- (cc) "Shareholder" means a holder of a Common Share in the capital of the Company;
- (dd) "Share Compensation Arrangement" means any stock option, stock option plan, employee stock purchase plan, restricted share unit, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise including, without limitation, this Plan;

- (ee) “Stock Exchange” means the Canadian Securities Exchange or if the Common Shares are not listed on the Canadian Securities Exchange, any stock exchange on which the Common Shares are listed or traded, as determined by the Board;
- (ff) “Termination Date” means the date on which a Participant ceases to be an Eligible Person. For greater certainty, in the case of a Participant whose employment or term of office with the Company or any Subsidiary Company terminates in the circumstances set out in Section 4.4(1)(a), Section 4.4(1)(b) or Section 4.4(1)(c), the date that is designated by the Company or any Subsidiary Company, as the last day of the Participant’s employment or term of office with the Company or such Subsidiary Company, provided that in the case of termination of employment or term of office by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not include any period of reasonable notice that the Company or any Subsidiary Company may be required at law to provide to the Participant; and
- (gg) “Vesting Date” means the date on which an RSU is vested for the purposes of the Plan.

### **Section 1.3 Interpretation**

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

### **Section 1.4 Governing Law**

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

### **Section 1.5 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

## **ARTICLE 2 SHARE CAPITAL**

### **Section 2.1 Shares Reserved**

- (1) Subject to Section 5.3(1), the securities that may be acquired by Participants pursuant to RSUs granted under this Plan shall consist of authorized but unissued Common Shares.
- (2) The Company shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of RSUs granted under this Plan.

(3) The maximum number of Common Shares made available for issuance pursuant to the Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other Share Compensation Arrangements, subject to adjustments as provided in the Plan.

(4) The Plan shall be a “rolling plan” and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, the number of Common Shares in respect of such cancelled or terminated RSUs shall again be available for the purpose of granting RSU Awards pursuant to the Plan.

### **ARTICLE 3 ADMINISTRATION**

#### **Section 3.1 General**

(1) This Plan shall be administered by the Board. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Any delegation pursuant to this Section 3.1 shall be documented in a resolution of the Board.

(2) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the awarding, granting, vesting, settlement and method of settlement of RSUs, all on such terms (which may vary between RSUs granted from time to time) as it shall determine. In addition, the Board shall have the authority to:

- (a) select any directors, officers, employees or Consultants of the Company or Subsidiary Companies of the Company to participate in this Plan; provided that RSUs granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval;
- (b) construe and interpret this Plan and all agreements entered into hereunder;
- (c) prescribe, amend and rescind rules and regulations relating to this Plan; and
- (d) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants and on their legal, personal representatives and beneficiaries.

(3) An RSU Award shall be evidenced by a restricted share unit grant letter (“RSU Grant Letter”), a form of which is attached as Schedule A to this Plan, signed on behalf of the Company, subject to amendment by the Board from time to time, and which shall specify:

- (a) the number of RSUs subject to the RSU Award to be credited to the Participant’s Account;
- (b) the date of grant of the RSU Award;

- (c) the Vesting Date or Vesting Dates applicable to the RSUs subject to the RSU Award;
- (d) the Settlement Period and Expiry Date applicable to an RSU subject to the RSU Award;
- (e) the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon settlement of the RSU;
- (f) the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Common Shares acquired upon settlement of an RSU may be forfeited; and
- (g) such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.

(4) No member of the Board (or person acting under delegated authority, nor the Company, will be liable for any action or determination taken or made in the administration, interpretation, construction or application of this Plan, any RSU Grant Letter or any RSU issued pursuant to this Plan, or otherwise in any way in respect of any Participant's participation in this Plan or the holding or settlement of RSUs.

### **Section 3.2 Compliance with Legislation**

(1) The Plan, the terms of the issue or grant and the settlement of RSUs hereunder and the Company's obligation to sell and deliver Common Shares upon settlement of RSUs shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.

(2) No RSU shall be granted and no Common Shares issued or sold thereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any RSU or issue or sale of Common Shares hereunder in violation of this provision shall be void.

(3) The Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the settlement of RSUs may be subject to restrictions or limitations on sale or resale under applicable securities laws.

(4) If Common Shares cannot be issued to a Participant upon the settlement of an RSU due to legal or regulatory restrictions, the obligation of the Company to issue such Common Shares under the Plan shall terminate, at no cost to the Company nor obligation to otherwise compensate a Participant in any way.

### **Section 3.3 Miscellaneous**

- (1) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required approval.
- (2) Nothing contained in the Plan nor in any RSU granted hereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Company or any rights as a Shareholder or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the settlement of any RSU.
- (3) The Plan does not give any Participant or any employee of the Company or any of its Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to continue to serve as a Consultant, director, officer or employee, as the case may be, of the Company or any of its Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its Subsidiary Companies other than as specifically provided for in the Plan.
- (4) The existence of any RSUs shall not affect in any way the right or power of the Company or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.
- (5) No fractional Common Shares shall be issued upon the settlement of RSUs granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the settlement of an RSU, or from an adjustment pursuant to Section 5.3(1) such Participant shall only have the right to receive the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

## **ARTICLE 4 RESTRICTED SHARE UNITS**

### **Section 4.1 Granting of RSUs**

- (1) Where the Board determines to grant an RSU Award to an Eligible Person and sets the terms and conditions applicable to such RSU Award, the Company shall deliver to the Eligible Person a RSU Grant Letter, containing the terms and conditions applicable to such RSU Award.
- (2) On the grant of an RSU Award, the Company will credit the Participant's Account with the number of RSUs granted to such Participant under the terms of the RSU Award.

(3) The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's Account, at the election of the Company, either one Common Share or an amount in cash, net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Common Share for each RSU credited to the Participant's Account on the Settlement Date, subject to the conditions set out in the RSU Grant Letter and in the Plan, and subject to all other terms of this Plan.

(4) An Eligible Person may receive an RSU Award on more than one occasion under the Plan and may receive separate RSU Awards on any one occasion.

(5) RSUs granted under this Plan to an Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or an Affiliate, as the case may be, in the fiscal year ending in, coincident with or before such calendar year, subject to any other determination by the Company.

#### **Section 4.2 Dividends**

(1) Unless the Board determines otherwise, additional RSUs ("Dividend RSUs") will be credited to a Participant's Account where the Company declares and pays a dividend on Common Shares. The number of Dividend RSUs credited to a Participant's Account in connection with the payment of dividends on Common Shares will be based on the actual amount of cash dividends that would have been paid to such Participant had he been holding such number of Shares equal to the number of RSUs credited to the Participant's Account on the date on which cash dividends are paid on the Shares and the Market Price of the Common Shares on the payment date.

(2) Dividend RSUs credited to a Participant's Account shall vest and be settled in the same manner and on the same date as the RSUs to which they relate.

#### **Section 4.3 Settlement of Restricted Share Units**

(1) Subject to the provisions of the Plan and in particular Section 4.4 and Section 5.2 and any vesting limitations imposed by the Board in its sole unfettered discretion at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the "Settlement Notice") in a form attached to the RSU Grant Letter. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by the Company through the delivery by the Company of such number of Common Shares equal to the number of RSUs then being settled or, at a Company's election, an amount in cash, net of applicable taxes and contributions to government sponsored plans, equal to the Market Price at the Settlement Date of one Common Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.

(2) Notwithstanding the foregoing, if the Company elects to issue Common Shares in settlement of RSUs:

- (a) the Company may arrange for such number of the Common Shares to be sold as it deems necessary or advisable to raise an amount at least equal to its determination of such applicable taxes, with such amount being withheld by the Company; or
  - (b) the Company may elect to settle for cash such number of RSUs as it deems necessary or advisable to raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company; or
  - (c) the Company may, as a condition of settlement in the form of Common Shares, require the Participant to pay the applicable taxes as determined by the Company or make such other arrangement acceptable to the Company in its discretion (if at all) as it deems necessary or advisable.
- (3) Subject to the terms of the Plan, as soon as practicable after receipt of any of the amount, undertaking or election listed in Section 4.3(2), the Company will forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Participant a certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Company, representing in the aggregate Common Shares issued to the Participant.
- (4) Notwithstanding any other provision of the Plan:
- (a) no RSU shall be capable of settlement after the Expiry Date; provided, however, that if the Expiry Date in respect of an RSU falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such RSU due to a Black-Out Period or other trading restriction imposed by the Company, then the Expiry Date of such RSU shall be automatically extended to the tenth (10th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Company is lifted, terminated or removed. The foregoing extension applies to all RSUs regardless of the date of grant and shall not be considered an extension of the term thereof as otherwise referred to in the Plan;
  - (b) the Settlement Period shall be automatically reduced in accordance with Section 4.4 upon the occurrence of any of the events referred to therein; and
  - (c) no RSU in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be settled until such time as such RSU has been so approved.

#### **Section 4.4 Termination of Service**

- (1) Except as otherwise determined by the Board:
- (a) all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant's service with the Company or any Subsidiary Companies for any reason other than as set forth in paragraph (b) and (c) below;

- (b) in the case of a termination of the Participant's service by reason of (A) termination by the Company or any Subsidiary Companies other than for Cause, or (B) the Participant's death, the Participant's unvested RSUs shall vest automatically as of such date, and on the earlier of the original Expiry Date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or his or her executor or administrator, or the person or persons to whom the Participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle his vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
- (c) in the case of a termination of the Participant's services by reason of voluntary resignation, only the Participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant will be eligible to request that the Company settle his vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
- (d) for greater certainty, where a Participant's employment or term of office terminates by reason of termination by the Company or any Subsidiary Companies for Cause then any RSUs held by the Participant, whether or not vested at the Termination Date, immediately terminate and are cancelled on the Termination Date or at a time as may be determined by the Board, in its sole discretion;
- (e) a Participant's eligibility to receive further grants of RSUs under this Plan ceases as of the earliest of the date the Participant resigns from the Company or any Subsidiary Company and the date that the Company or any Subsidiary Company provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date; and
- (f) for the purposes of the Plan, a Participant shall not be deemed to have terminated service where: (i) the Participant remains in employment or office within or among the Company or any Subsidiary Company or (ii) the Participant is on a leave of absence approved by the Board.

#### **Section 4.5 Non-transferability of RSUs**



RSUs shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

#### **Section 4.6 Hold Period**

Pursuant to Stock Exchange Policies, where a hold period is applicable, the RSU Grant Letter will include a legend stipulating that the RSU Award is subject to a four-month hold period commencing from the date of grant of the RSU Award.

### **ARTICLE 5 TERMINATION, AMENDMENTS AND ADJUSTMENTS**

#### **Section 5.1 Amendment and Termination**

- (1) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.
- (2) No such amendment, suspension or termination shall alter or impair any RSUs or any rights pursuant thereto granted previously to any Participant without the consent of such Participant.
- (3) If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan termination shall continue in effect during such time as an RSU or any rights pursuant thereto remain outstanding.
- (4) With the consent of the affected Participant, the Board may amend or modify any outstanding RSU in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which the RSU becomes exercisable, subject to the prior approval of the Stock Exchange where necessary.

#### **Section 5.2 Change of Control**

- (1) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting Participants to settle any RSU, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation.

The determination of the Board in respect of any such Change of Control Event shall for the purposes of this Plan be final, conclusive and binding.

### **Section 5.3 Adjustments**

(1) If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the Stock Exchange where necessary, appropriate substitution or adjustment in

- (a) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and
- (b) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the Plan;

provided, however, that no substitution or adjustment shall obligate the Company to issue fractional RSUs or Common Shares.

(2) If the Company is reorganized, amalgamated with another Company or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

## **ARTICLE 6 GENERAL**

### **Section 6.1 Effective Date**

The Plan shall be effective upon the approval of the Plan by the Board.

### **Section 6.2 Notice**

Any Notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Company, to the operations office of the Company in Vancouver, British Columbia, Attention: Corporate Secretary; or if to a Participant, to such Participant at his address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

### **Section 6.3 Tax Withholdings**

The Company shall be entitled to withhold such number of Common Shares or amount of cash payable to a Participant, either under this Plan or otherwise, or make such other arrangement as are contemplated under Section 4.3(2), as it may deem necessary or advisable so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding or remittance of tax or other relevant amounts. It is the responsibility of the Participant to complete and file any tax returns which may be

required within the periods specified under applicable laws as a result of the Participant's participation in the Plan. The Company shall not be responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

#### **Section 6.4 Rights of Participants**

No person entitled to settle any RSU granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any Common Shares issuable upon settlement of such RSU until such Common Shares have been issued to such person.

#### **Section 6.5 Right to Issue Other Shares**

The Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

#### **Section 6.6 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the legal representatives of such Participant or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

#### **Section 6.7 Funding of the Plan**

The Plan shall be unfunded. No funds will be set aside to guarantee the payment of RSUs, which will remain an unfunded liability recorded on the books of the Company.

**SCHEDULE A**

**RESTRICTED SHARE UNIT GRANT LETTER**

TO: [Name of Participant]

**Nova Mentis Life Science Corp.** (the “**Company**”) hereby confirms a grant of restricted share units (“**RSU Units**”) to ● (the “**Participant**”) (as defined in the Company’s Restricted Share Unit Plan (the “**RSU Plan**”) described in the table below pursuant to the Company’s RSU Plan.

This grant is made pursuant to the terms and conditions of the Company’s RSU Plan, as amended from time to time, and is incorporated herein by reference and made a part of this letter agreement. Each RSU Unit granted to the Participant named herein represents the right of the Participant to receive one Common Share in the share capital of the Company on the date(s) or pursuant to the terms specified below. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

No. of RSU Units	Grant Date	Expiry Date

*[include any specific/additional vesting period or other conditions]*

**The Company and the undersigned Participant hereby confirms that the undersigned Participant is a bona fide Director, Officer, Consultant, or Employee as the case may be.**

**DATED** \_\_\_\_\_, 20\_\_\_\_.

**NOVA MENTIS LIFE SCIENCE CORP.**

Per: \_\_\_\_\_  
Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Participant under the RSU Plan, agrees to be bound by the provisions thereof and agrees that the RSU Plan will be effective

as an agreement between the Company and the undersigned with respect to the RSU Units granted or otherwise issued to him/her/it.

**DATED** \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Name of Participant (*print*)

**OR**

*[NAME OF COMPANY PARTICIPANT]*

By:

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name of Authorized Signatory

**NOVA MENTIS LIFE SCIENCE CORP.**  
**RESTRICTED SHARE UNIT GRANT LETTER**

**TO:**           **NOVA MENTIS LIFE SCIENCE CORP.**

**DATE:**       \_\_\_\_\_

**RE:**           **Settlement Notice**

Capitalized terms shall have the meanings ascribed in the Restricted Share Unit Grant Letter dated \_\_\_\_\_ (the "RSU Grant Letter").

I hereby wish to settle \_\_\_\_\_ of the RSUs granted to me on \_\_\_\_\_.

If the Company elects to issue common shares in lieu of a cash payment, please prepare the stock certificate in the following name:

\_\_\_\_\_

Sincerely,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or type name