



**NOTICE OF MEETING  
AND  
MANAGEMENT PROXY CIRCULAR  
FOR THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD AT 10:00 A.M. ON OCTOBER 22, 2020**

**September 8, 2020**

***IN LIGHT OF THE RAPIDLY EVOLVING NEWS, GUIDELINES AND REQUIREMENTS RELATED TO COVID-19, THE CORPORATION WILL BE STRICTLY RESTRICTING PHYSICAL ACCESS TO THE MEETING TO REGISTERED SHAREHOLDERS AND FORMALLY APPOINTED PROXYHOLDERS, AND WILL NOT BE PERMITTING ANY OTHERS (INCLUDING BENEFICIAL SHAREHOLDERS THAT HOLD THEIR SHARES THROUGH A BROKER OR OTHER INTERMEDIARY) TO ATTEND.***

**NUTRITIONAL HIGH INTERNATIONAL INC.**  
**Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1**  
**Telephone: 416-840-3798 Fax: 416-765-0029**  
**www.nutritionalhigh.com**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT** the annual and special meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Nutritional High International Inc. (the "**Corporation**") will be held at 77 King Street West, Suite 2905, Toronto Ontario on Thursday, October 22, 2020, at 10:00 a.m. (Toronto time), for the following purposes:

- (1) to receive the consolidated financial statements of the Corporation for its fiscal years ended July 31, 2018 and July 31, 2019, report of the auditor thereon and related management discussion and analysis;
- (2) to elect the directors of the Corporation for the ensuing year;
- (3) to appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor's remuneration;
- (4) to consider, and if thought advisable, to pass, with or without variation, a special resolution (the "**Share Consolidation Resolution**"), the full text of which is set forth in the accompanying information circular and incorporated herein by reference, authorizing the consolidation of the common shares of the Corporation (the "**Common Shares**") on up to a twenty (20) old Common Shares for one (1) new Common Share (20:1) basis at the discretion of the board of directors; and
- (5) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the management proxy circular (the "**Circular**") accompanying this Notice of Meeting.

**Notice-and-Access**

The Corporation is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for the distribution of information circulars and annual financial statements (collectively, the "**Proxy-Related Materials**") to registered and beneficial Shareholders online instead of paper copies. Please refer to the "*Notice and Access*" section of this Circular for information regarding how to access the Proxy-Related Materials and obtain paper copies of the Proxy-Related Materials.

**A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof.** To be effective, the enclosed proxy must be mailed so as to reach or be deposited at the office of the registrar and transfer agent of the Corporation, AST Trust Company at Attention: Proxy Department by email to proxyvote@astfinancial.com or via fax to 866-781-3111 (toll free in North America) or to 416-368-2502, or by mail, Attention: Proxy Department, PO Box 721, Agincourt, Ontario M1S 0A1, not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the Meeting in his discretion and the Chairman is under no obligation to accept or reject any particular late instruments of proxy.

While as of the date of this Notice, the Corporation intends to hold the Meeting in a physical face-to-face format, the Corporation is continuously monitoring the current COVID-19 outbreak. In light of the rapidly evolving news, guidelines and requirements related to COVID-19, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders and proxyholders follow, among other things, the instructions of the Public Health Agency of Canada and any applicable additional provincial and local instructions, guidelines and requirements. **All Shareholders are strongly encouraged to vote prior to the Meeting by any of the means described in the Circular, the form of proxy or other materials provided by an intermediary.**

The Corporation reserves the right to take any additional precautionary measures it deems appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. The Corporation does not intend to prepare or mail an amended Notice and/or Circular in the event of changes to the Meeting date or format.

As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of September 8, 2020. Accordingly, persons who are registered as Shareholders on the books of the Corporation at the close of business on September 8, 2020, are entitled to notice and to vote at the Meeting.

If you are a non-registered shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

**DATED** at Toronto, Ontario this 8th day of September, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ "Adam Szweras"*

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Name: Adam Szweras  
Title: Chairman of the Board

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## **MANAGEMENT PROXY CIRCULAR**

As at September 8th, 2020 (*unless otherwise indicated*)

**This Management Proxy Circular ("Circular") is furnished in connection with the solicitation of proxies by management of Nutritional High International Inc. (the "Corporation") for use at the annual and special meeting (the "Meeting") of the holders ("Shareholders") of common shares of the Corporation ("Common Shares") to be held on Thursday, October 22, 2020, at the time, place and for the purposes set forth in the accompanying Notice of the Meeting.**

### **GENERAL PROXY INFORMATION**

The Corporation is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") for the distribution of this Circular to non-registered (or beneficial) holders and utilizing mailing for registered holders of Common Shares. Further information on the Notice-and-Access Provisions is contained below under the heading "*Notice-and-Access*" and Shareholders are encouraged to read this information for an explanation of their rights.

### **COVID-19 PANDEMIC**

In light of ongoing concerns related to the COVID-19 pandemic and the Province of Ontario's emergency measures concerning public gatherings, the Corporation is encouraging Shareholders and guests not to attend the Meeting in person. Instead, Shareholders are encouraged to vote on the matters before the Meeting by proxy, and to participate in the Meeting by teleconference, as follows:

Canada/US Dial-In Number: (844) 347-1036  
International Dial-In Number: (209) 905-5911  
Conference ID: 5979005

Shareholders will not be able to vote over the conference line but will be able to ask questions of management at the conclusion of the Meeting. Should the prevailing advice from provincial authorities require or recommend any additional change(s) to the Meeting, updates will be posted on the Corporation's website.

### **NOTICE-AND-ACCESS**

The Corporation has elected to use the notice-and-access procedure ("**Notice-and-Access**") under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* for the delivery of the Corporation's Notice of Meeting and Circular and the Corporation's audited annual financial statements and management's discussion and analysis for the financial years ending July 31, 2018 and July 31, 2019 (together, the "**Financial Statements**") to all Shareholders for the Meeting.

Under the provisions of Notice-and-Access, all Shareholders will receive a Notice-and-Access Notice ("Notice") containing information on how they can access the Corporation's Notice of Meeting, Circular, and the Financial Statements electronically (instead of receiving a printed copy) or, alternatively, how they can receive a printed copy of those materials. Shareholders will also receive a proxy or a voting instruction form enabling them to vote at the Meeting. The Notice of Meeting, Circular and the Financial Statements will be posted on the Corporation's website at: [www.nutritionalhigh.com](http://www.nutritionalhigh.com) as of September 22, 2020, and will remain on the website for one (1) year thereafter.

The Meeting Materials will also be available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) as of September 22, 2020. The use of Notice-and-Access is an environmentally friendly and cost effective way to distribute the materials for the Meeting because it reduces printing, paper and postage.

### **Solicitation of Proxies**

The cost of solicitation by or on behalf of management will be borne by the Corporation. The Corporation may reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding the proxy material to beneficial owners of Common Shares. It is expected that such solicitation will be primarily by mail. In addition to solicitation by mail, certain officers, directors and employees of the Corporation may solicit proxies by telephone or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

### **Appointment of Proxy Holders**

The Common Shares represented by the accompanying form of proxy (if the same is properly executed in favour of Mr. Adam Szweras, Chairman or failing him, John Durfy, Chief Executive Officer, collectively the management nominees, and is received at the offices of AST Trust Company (Canada) ("AST") not later than 10:00 a.m. (Toronto time) Tuesday, October 20, 2020, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting) will be voted at the Meeting, and where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specifications made. **In the absence of such a specification, such Common Shares will be voted in favour of such matter. The form of proxy sets out specific instructions for completing and returning the proxy in order to be properly counted at the Meeting.**

**The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the annexed notice of Meeting, and with respect to other matters which may properly come before the Meeting.** At the date hereof, management of the Corporation knows of no such amendments, variations or other matters.

**Each Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a Shareholder, to attend and act for him and on his behalf at the Meeting.** Any Shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person whom such Shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

A Shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited with the Corporation c/o AST at the address set out in the proxy, at any time up to and including the close of business on Wednesday, October 21, 2020, or thereafter with the Chairman

of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

### **Registered Shareholders**

If you are a registered Shareholder, you may wish to vote by proxy whether or not you attend the Meeting. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Corporation's transfer agent, AST, Attention: Proxy Department by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) or via fax to 866-781-3111 (toll free in North America) or to 416-368-2502, or by mail, Attention: Proxy Department, PO Box 721, Agincourt, Ontario M1S 0A1, at any time up to and including 10:00 a.m. (Toronto time) on Tuesday, October 20, 2020.

To vote by internet, use the internet to transmit your voting instructions and for electronic delivery of information. Have your form of proxy available when you access the website of AST at [www.astvotemyproxy.com](http://www.astvotemyproxy.com). You will be prompted to enter your control number which is located on the proxy. You may also appoint a person other than the persons designated on this form of proxy by following the instructions provided on the website.

You may also vote by telephone by calling 1-888-489-5760 (toll-free in Canada and the United States) from a touch-tone phone and following the instructions. You will be prompted to enter your control number which is located on the proxy. Please note that you cannot appoint anyone other than the directors and officers named on your proxy form as your proxyholder if you vote by telephone

In all cases, to be represented at the Meeting, proxies submitted must be received no later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof.

### **Beneficial Shareholders**

The information set forth in this section is of significant importance to many Shareholders as a substantial number of the Shareholders do not hold Common Shares in their own names. A Shareholder is a non-registered shareholder (referred to in this Circular as "**Beneficial Shareholders**") if: (i) an intermediary (such as a bank, trust company, securities dealer or broker, trustee or administrator of a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account), or (ii) a clearing agency (such as CDS Clearing and Depository Services Inc.), of which the intermediary is a participant (in each case, an "**Intermediary**"), holds Common Shares on behalf of the Shareholder.

In accordance with NI 54-101, the Corporation is distributing copies of a voting instruction form in lieu of a proxy provided by the Corporation, to Intermediaries for distribution to Beneficial Shareholders and such Intermediaries are to forward a voting instruction form in lieu of a proxy provided by the Corporation, to each Beneficial Shareholder (unless the Beneficial Shareholder has declined to receive such materials). Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder.

Such Intermediaries often use a service company (such as Broadridge Financial Solutions Inc. ("**Broadridge**")), to permit the Beneficial Shareholders to direct the voting of the Common Shares held by

the Intermediary on behalf of the Beneficial Shareholder. The Corporation is paying Broadridge to deliver, on behalf of the Intermediaries, a copy of a voting instruction form in lieu of a proxy provided by the Corporation, to each "non-objecting beneficial owner" and it is not paying Broadridge to deliver to each "objecting beneficial owner" (as those terms are defined in NI 54-101). Broadridge typically applies a decal to the voting instruction forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Since the Corporation does not have access to the names of its non-registered Shareholders, if a Beneficial Shareholder attends the Meeting, the Corporation will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote by attending the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

#### **Notice-and-Access**

As noted above, the Corporation is utilizing the Notice-and-Access provisions under NI 54-101 and NI 51-102 for distribution to this Circular to Beneficial Shareholders and for Registered Shareholders. The Notice-and-Access provisions allow reporting issuers to post electronic versions of proxy-related materials, such as proxies, information circulars, and annual financial statements, (the "**Proxy-Related Materials**") on-line, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to shareholders. Electronic copies of the Circular and the Financial Statements may be found on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at: [www.nutritionalhigh.com](http://www.nutritionalhigh.com).

The Corporation will not use procedures known as "stratification" in relation to the use of Notice-and-Access provisions. Stratification occurs when a reporting issuer using the Notice-and-Access provisions provides a paper copy of this Circular to some Shareholders with the notice package in relation to the Meeting. Shareholders are reminded to review this Circular before voting.

Although the Corporation's notice of meeting, the Circular and the Financial Statements will be posted electronically on-line as noted above, Shareholders will receive paper copies of a "notice package" via prepaid mail containing the Notice of Meeting with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders requesting that they be included in the Corporation's supplementary mailing list for receipt of the Corporation's annual financial statements for the 2020 fiscal year.

The Corporation anticipates that relying on the Notice-and-Access provisions will directly benefit the Corporation through a reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about the Notice-and-Access provisions can call the Corporation's transfer agent, AST, at 1-888-433-6443.

Registered shareholders may also obtain paper copies of Proxy-Related Material free of charge by contacting AST at 1-888-433-6443, or if outside Canada and the U.S., by calling 416-682-3801, or by emailing [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com). Beneficial shareholders may request paper copies by calling Broadridge Investor Communication Solutions Canada toll-free at 1-877-907-7643 within North America, or 1-905-507-5450 outside of North America and by entering the control number as indicated on the notice of meeting.

A request for paper copies (which are required in advance of the Meeting) should be sent so that they are received by the Corporation, AST Trust Company (Canada), or Broadridge Investor Communication Solutions Canada, as applicable, by Thursday, October 8, 2020 in order to allow sufficient time for Shareholders to receive their paper copies and to return (a) their form of proxy; or (b) their voting instruction form to their Intermediaries by the deadline for submitting their proxy or voting instruction form, as applicable.

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the applicable federal law of Canada and provincial law of the Province of Ontario. The proxy solicitation rules of the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of Canadian securities laws applicable to the Corporation. Shareholders should be aware that disclosure requirements under the Canadian securities laws applicable to the Corporation differ from the disclosure requirements under United States securities laws.

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

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any nominee for election as a director of the Corporation, 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**

The board of directors (the "**Board**") of the Corporation has fixed September 8, 2020 as the record date (the "**Record Date**") for determining persons entitled to receive notice and to vote at the Meeting. Only those Shareholders who are recorded as such record holders as at the close of business on the Record Date may attend the Meeting or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above and have their Common Shares voted at the Meeting.

The Common Shares are listed for trading on the Canadian Securities Exchange (the "**CSE**"). As of September 8, 2020, there were 461,500,005 Common Shares issued and outstanding, each carrying the right to one (1) vote per Common Share.

To the knowledge of Board and executive officers of the Corporation, no person or Corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares.



## VOTES NECESSARY TO PASS RESOLUTIONS

Unless otherwise stated, a simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements of the Corporation for the financial years ended July 31, 2018 and July 31, 2019, together with the auditor's report thereon and the related management's discussion and analysis, all of which may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com), will be presented to Shareholders at the Meeting.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Election of Directors

The Corporation's articles provide that the number of directors of the Corporation will be a minimum of three (3) and a maximum of ten (10). Pursuant to the CBCA and the Corporation's By-laws, the Board has determined that there will be seven (7) persons elected to the Board at the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the CBCA, each elected director will hold office until the conclusion of the next annual meeting of the Corporation, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's seven (7) nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five (5) preceding years), the period of time during which each has been a director of the Corporation and that number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name and Residence of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(4)</sup>
<b>Brian Presement</b> <sup>(1)(2)(3)</sup> Director Ontario, Canada	President and CEO of Unite Communications Corporation since its inception in 2001.	October 10, 2013	747,023
<b>Adam K. Szweras</b> <sup>(1)(3)</sup> Chairman of the Board Secretary Ontario, Canada	Counsel at Fogler, Rubinoff LLP since February 2006. Chairman of Foundation Markets Inc., and FMI Capital Advisory Inc.	July 7, 2014	2,330,177
<b>Billy A. Morrison</b> Director and Chief Technology Officer California, USA	Chief Technology Officer of the Corporation since June 11, 2018. Horticulture and extraction consultant.	June 11, 2015	2,017,500

Name and Residence of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(4)</sup>
<b>John Durfy</b> Director and CEO Ontario, Canada	Director and Chief Executive Officer of the Corporation since February 28, 2020. Director and Chief Investment Officer of Cannabis Growth Opportunity Corporation from January 2018 to October 2019. From 2016-2018, Mr. Durfy was the COO of Sphere Investment Management Inc.	May 28, 2020	Nil
<b>Dr. Jason Dyck<sup>(1)</sup></b> Director Alberta, Canada	Professor in the Department of Pediatrics and the Director of the Cardiovascular Research Centre at the University of Alberta.	June 30, 2020	500,000
<b>Aaron Johnson<sup>(2)(3)</sup></b> Director California, USA	Partner and member of the Business Department of JRG Attorneys at Law, LLP (formerly L+G LLP) from December 2014 to present.	February 14, 2018	Nil
<b>Tom Kruesopon</b> Director Bangkok, Thailand	President Golden Triangle Health Company Ltd.	November 11, 2019	15,333,000

Notes:

- (1) Member of the Audit Committee of the Board.
- (2) Member of the Compensation and Nominating Committee of the Board.
- (3) Member of the Corporate Governance Committee of the Board.
- (4) The information as to principal occupation and Common Shares beneficially owned or over which control or direction is exercised is not within the knowledge of the Corporation, and therefore has been sourced from SEDI filings and information provided by the respective director.

## Director Biographies

### *John Durfy, Director and Chief Executive Officer*

Mr. Durfy currently serves as the Chief Executive Officer of the Corporation. Previously, Mr. Durfy was the Chief Investment Officer of Cannabis Growth Opportunity, the COO of Sphere Investment Management Inc. (where he was responsible for the operational and strategic management of the firm), and the Chief Investment Officer for a hedge fund (where he oversaw all portfolio management activities and personnel, including investment strategy, trading and risk management). He also served as a Managing Director of Global Equities for the Ontario Municipal Employees Retirement System ("**OMERS**") from 2008 to 2011. Prior to OMERS, he was a Senior Portfolio Manager with the Canada Pension Plan Investment Board and a Vice President and Portfolio Manager with MFS McLean Budden. Mr. Durfy is a graduate of the MBA program at the DeGroote School of Business (McMaster University) and received a Bachelor of Commerce degree from Memorial University of Newfoundland. Mr. Durfy also holds the following professional designations: CFA, CPA and CMA.

***Brian Presement, Director***

Mr. Presement has been the President and CEO of Unite Communications Corporation ("UNiTE") since its inception in 2001. Under his leadership, UNiTE has grown from a regional telecom provider offering a narrow set of services to a full scale telecom provider offering services to companies of all sizes all across Canada. Mr. Presement is currently a director of Sagittarius Capital Corp., and of Plexus Cybermedia. Additionally, he is a director and Secretary of Clarico Centre of York Region, a not for profit organization for developmentally challenged youth and adults. Mr. Presement holds a (Honours) Bachelor of Arts Degree from York University, with a double major in mass communications and political science.

***Adam Szweras, Director & Chairman of the Board***

Mr. Szweras is a securities counsel at Fogler, Rubinoff LLP and the Chairman of Foundation Markets Group, a Toronto-based merchant bank and brokerage firm. His law practice focuses on financings and going public transactions, while his banking practice works closely to build, invest in, and develop emerging business. Mr. Szweras represents and sits on the boards of several mid-market public companies and helps companies become listed on the Toronto Stock Exchange, the Toronto Venture Exchange, and the CSE, including Aurora Cannabis Inc., Harborside Inc. and other entities involved in cannabis and other industries. He has a particular expertise with cross border mid-market transactions and often acts as a strategic advisor to his clients. Mr. Szweras has experience in representing clients in Canada and the US as well as South America, China and South Asia. Mr. Szweras was called to the Ontario Bar in 1996 and has authored numerous papers and articles relating to Canadian and foreign securities and corporate law.

***Billy A. Morrison, Director & Chief Technology Officer***

Mr. Morrison started his career in the cannabis sector by co-founding the Union Collective in California in 2006, which quickly became a successful medical cannabis collective in the Silicon Valley and west Los Angeles. Three years later, he founded Capstone Analytical LLC, which was one of the first chromatography cannabis testing facilities in the Bay Area. In 2011 Mr. Morrison was appointed as a Chief Technology Officer of Temez Extracts, where he pivoted from closed loop extraction methods (that had the potential of leaving trace amounts of analytical grade N-Butane) and further leveraged sub/super critical, refined CO2 extraction. At Temez, he spearheaded a partnership with Dragon Vape to become the second largest producer of refined cannabis distillate in prefilled e-cigarettes in California. Mr. Morrison has been consulting on "deep water culture" and greenhouse cannabis cultivation facilities since 2009. Mr. Morrison was appointed Chief Technology Officer of Peloton Pharmaceuticals, a Canadian MMPR applicant, (now owned and operated by Aurora Cannabis Inc. in 2012). He was responsible for designing, developing and deploying nearly autonomous grow system focused on producing pharmaceutical grade cannabis at the lowest cost of goods sold. Mr. Morrison also holds multiple patents and pioneered water conserving technology in agriculture and co-invented the "dab stick."

***Aaron Johnson, Director***

Mr. Johnson is a partner and member of the business department of JRG Attorneys at Law, where he has substantial experience in the fields of cannabis business entity formation and regulation, business transactions (formation, operation, mergers and acquisitions), real estate transactions and land use (CEQA) law. He previously served as President of the Hartnell Community College Board of Trustees, President of Monterey County Cattlemen, and President of Ag Land Trust. Mr. Johnson received his LLM in Taxation from Golden Gate University, School of Law in 1998, his Juris Doctor from San Joaquin College of Law in 1997, and his Bachelor of Arts in 1993 from Fresno State University.

***Dr. Jason Dyck, Director***

Dr. Dyck's career spans the study of multiple ailments, including diabetes, cancer, and cardiovascular disease, all linked to his interest in how alterations in molecular control mechanisms contribute to these diseases. Dr. Dyck is a Canada Research Chair in Molecular Medicine, having published over 230 peer-reviewed research papers in this area. Dr. Dyck received a PhD in Medical Sciences from the University of Alberta in 1995 and trained at Dartmouth Medical School (Hanover, New Hampshire) and Baylor College of Medicine (Houston, Texas). Dr. Dyck has extensive experience in the field of drug discovery and commercialization. He co-founded a successful University of Alberta spin-off company, currently holds more than 100 patents and has numerous collaborations with large pharmaceutical companies. He is on the board of CTT Pharmaceutical Holdings, Inc, and Aurora Cannabis Inc., as well as is the co-Chairman of the National Research Council at Diabetes Canada. Dr. Dyck is also an alumnus of Canada's Top 40 Under 40.

***Tom Kruesopon, Director***

Mr. Kruesopon has been an advisor to the prime minister of Thailand and a former board member of Air Asia X and True Insurance. Under Mr. Kruesopon's leadership, the Golden Triangle has become active in the commercial cannabis industry in Thailand.

**Cease Trade Orders and Bankruptcies**

For purposes of the disclosure in this section, an "order" means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to directors or executive officers of a relevant company that was in effect for a period of more than 30 consecutive days whether or not the proposed director was named in the order.

Except as disclosed below, none of the proposed directors, including any personal holding company of a proposed director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) 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;

- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable securityholder in deciding whether to vote for a proposed director, or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Adam Szweras was appointed as a director for Mahdia Gold Corp. ("**Mahdia**") on April 14, 2016 and subsequently resigned in May of 2018. Mahdia was a CSE-listed company until February 4, 2016. Mahdia has been subject to a cease trade order since March 13, 2015 due to not filing its financial statements and management's discussion and analysis pursuant to NI 51-102. Mr. Szweras joined the board of Mahdia after the cease trade order was imposed with a view to try to rehabilitate the company.

Adam Szweras was appointed as a director for Harborside Inc. ("**Harborside**") in May of 2019. On June 8, 2020 Harborside was issued a cease trade order issued for: (a) its refiling of certain historical financial statements of FLRish, Inc. for the fiscal years ended December 31, 2017 and 2018 and interim period ended March 31, 2019, the financial statements and related management's discussion and analysis for the interim periods ended June 30, 2019 and September 30, 2019 (due primarily to changes in the application of accounting treatments related to certain transactions by its reverse takeover acquirer, FLRish, Inc.); and (b) Harborside's failure to meet a deadline to file audited financial statements for the fiscal year ended December 31, 2019 and corresponding management's discussion and analysis. The cease trade order was subsequently lifted on August 31, 2020.

## **B. Appointment of Auditors and Fixing the Remuneration**

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the re-appointment of Davidson & Company LLP as the auditor of the Corporation, to hold office until the next annual meeting of the shareholders, and to authorize the directors to fix the auditor's remuneration. Davidson & Company LLP was first appointed as auditor of the Corporation on July 11, 2018. Prior to Davidson & Company LLP, RSM Canada LLP (formerly Collins Barrow Toronto LLP) was the Corporation's auditor.

**Shareholders will be asked to approve the resolution appointing the auditors and authorizing the directors to fix their remuneration. To be approved, the resolution must be passed by the majority of the votes cast by the holders of Common Shares at the Meeting. Management recommends a vote FOR in respect of the resolution approving the appointment of the auditor and authorizing the directors to fix the auditor's remuneration.**

## **C. Approval of the Consolidation**

At the Meeting, Shareholders will be asked to consider and, if thought advisable, pass a resolution authorizing an amendment to the articles of the Corporation to effect the consolidation (the "**Consolidation**") of the Common Shares on the basis of up to twenty (20) old Common Shares for one (1) new Common Share at the discretion of the Board, the full text of which is set forth below.

The Board believes that the Consolidation will enhance the marketability of the Common Shares and facilitate future financings undertaken by the Corporation. If approved and implemented, the Consolidation will affect the Shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in a shareholder owning a fractional share, as no fractional shares will be issued pursuant to the Consolidation and no cash will be paid in lieu of fractional shares. Any fractional share resulting from the Consolidation will be rounded down to the nearest whole share.

The effect of the Consolidation upon the market price of the Common Shares cannot be predicted with any certainty, and the history of similar consolidations for corporations in like circumstances is varied. It is possible that the share price of the Common Shares after the Consolidation will not rise in proportion to the reduction in the number of Common Shares outstanding resulting from the Consolidation.

The Corporation has an unlimited number of Common Shares available for issuance and the Consolidation will not have any effect on the number of Common Shares that remain available for future issuance. As of the date hereof, the number of post-Consolidation Common Shares issued and outstanding after giving effect to the Share Consolidation, will be approximately 23 million (assuming a 20 for 1 consolidation ratio). The Consolidation will lead to an increase in the number of Shareholders who will hold "odd lots"; that is, a number of shares not evenly divisible into board lots (a board lot is either 100, 500 or 1,000 shares, depending on the price of the shares). As a general rule, the cost to Shareholders transferring an odd lot of Common Shares is somewhat higher than the cost of transferring a "board lot". Nonetheless, the Board believes the Consolidation is in the best interest of all Shareholders despite the potential increased cost to Shareholders in transferring odd lots of post-Consolidation Common Shares.

The exercise or conversion price and the number of Common Shares issuable under any outstanding convertible securities of the Corporation, including outstanding incentive stock options, outstanding options issued to agents, and outstanding common share purchase warrants, will be proportionately adjusted if the Share Consolidation is effected.

A Shareholder will generally not be considered to have disposed of Common Shares as a result of the Consolidation, and will not recognize a capital gain or a capital loss as a result of the Consolidation. The aggregate adjusted cost base to a holder of Common Shares of all its Common Shares will be the same after the Consolidation as it was before the Consolidation. The aggregate adjusted cost base will be averaged across the total number of post-Consolidation Common Shares owned by the Shareholder immediately after the Consolidation.

The implementation of the Consolidation is conditional upon the Corporation obtaining the necessary regulatory consents including the CSE. In order to receive CSE approval, the Corporation must submit certain documentation including a new CUSIP number for the post-Consolidation Common Shares and a new form of share certificate. **In order to be effective, approval of the Consolidation requires approval by a special resolution passed by the Shareholders of the Corporation. A special resolution is a resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy.**

If the Consolidation Resolution is passed by the requisite number of Shareholders at the Meeting and receives the required regulatory approvals, and if the directors do not revoke the Consolidation Resolution before it is acted upon, then upon filing the Articles of Amendment to implement the consolidation, the pre-

Consolidation Common Shares will be consolidated into Post-Consolidation Common Shares. Provided the Corporation obtains the requisite shareholder approval at the Meeting, the Consolidation will be effective on the date on which the Board determines to carry out the Consolidation, as approved by the TSXV.

#### *Mechanics of the Consolidation*

Following an announcement of the effective date of the Consolidation, it is anticipated that a letter of transmittal containing instructions with respect to the surrender of share certificates representing the pre-Consolidation Common Shares will be furnished to Registered Shareholders. This letter of transmittal will contain instructions on how to surrender the certificates representing the pre-Consolidation Common Shares in order to receive certificates representing the post-Consolidation Common Shares.

Following the return of a properly completed and executed letter of transmittal, together with the share certificates for the pre-Consolidation Common Shares, the certificates for the appropriate number of post-Consolidation Common Shares will be issued.

#### *Non-Registered Shareholders*

Non-registered Shareholders holding their Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Corporation for Registered Shareholders. Following implementation of the Consolidation, Shareholders holding Common Shares with such a bank, broker or other nominee are encouraged to contact the nominee holding the shareholder's Common Shares.

Even if the Share Consolidation Resolution is approved, the Board retains the power to revoke it at all times without any further approval by the Shareholders. The Board will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation.

The following is the text of the Share Consolidation Resolution which will be put forward at the Meeting:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Subject to the Corporation first receiving any required regulatory approvals, the articles of the Corporation be amended to consolidate (the "Share Consolidation") all of the issued and outstanding common shares ("Common Shares") of the Corporation on the basis of up to twenty (20) old Common Shares for one (1) new Common Share at the discretion of the Board.
2. Any fractional Common Shares arising from the Share Consolidation be rounded down to the nearest whole Common Share.
3. Any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized, instructed and empowered, acting for, in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all such documents and instruments, including, without limitation, to execute (under the corporate seal of the Corporation or otherwise) and deliver Articles of Amendment of the Corporation, in duplicate, to the Director under the *Canada Business Corporations Act* (the "CBCA"), and to do or to cause to be done all such other acts and things as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of this resolution.

4. The board of directors of the Corporation, in its sole and complete discretion, may act upon this resolution to effect the Share Consolidation, or if deemed appropriate and without any further approval from the shareholders of the Corporation, may choose not to act upon this resolution notwithstanding shareholder approval of the Share Consolidation and are authorized to revoke this resolution in their sole discretion at any time prior to the endorsement by the Director appointed under the CBCA, of a certificate of amendment of the articles in respect of the Share Consolidation.
5. Any one director or officer of the Corporation is authorized to cancel (or cause to be cancelled) any certificates evidencing the existing Common Shares and to issue (or cause to be issued) certificates representing the new Common Shares to the holders thereof."

**THE CORPORATION'S MANAGEMENT DESIGNEES, IF NAMED AS PROXY, INTEND TO VOTE FOR THE SHARE CONSOLIDATION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN ITS PROXY THAT ITS COMMON SHARES ARE TO BE VOTED AGAINST THE SHARE CONSOLIDATION RESOLUTION.**

**THE CURRENT BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE SPECIAL RESOLUTION, THE FULL TEXT OF WHICH IS SET FORTH ABOVE, APPROVING THE SHARE CONSOLIDATION.**

#### **AUDIT COMMITTEE**

The Corporation's audit committee (the "**Audit Committee**") is responsible for the Corporation's financial reporting process and quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors. The full text of the charter of the Corporation's Audit Committee is attached hereto as Schedule "A".

#### *Composition of the Audit Committee*

The Audit Committee is comprised of the following:

<b>Name</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
Adam Szweras	No	Yes
Brian Presement (Chair)	Yes	Yes
Dr. Jason Dyck	Yes	Yes

Notes:

- (1) A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.



***Relevant Education and Experience***

<b>Name of Member</b>	<b>Relevant Experience and Qualifications</b>
<b>Adam Szweras</b>	<p>Mr. Szweras is counsel with Fogler, Rubinoff LLP in Toronto, Ontario and is the Chairman of the Foundation Markets Group, a Toronto-based merchant bank and brokerage firm. His law practice focuses on financings and going public transactions, and in his banking practice, he works closely to build, invest in, and develop emerging business. Mr. Szweras represents and sits on the boards of several mid-market public companies and assists companies in listing on the Toronto Stock Exchange, the Toronto Venture Exchange, and the CSE including Aurora Cannabis Inc., Harborside Inc., SustainCo Inc. and other entities involved in cannabis and other industries. He has particular expertise with cross border mid-market transactions and often acts as a strategic advisor to his clients. Mr. Szweras works with public and private companies active in marijuana markets in Canada and the US as well as companies with businesses in energy transmission, oil and gas and alternative energy, technology, and food producers. Mr. Szweras has experience in representing clients in Canada and the United States, as well as South America, China and South Asia. Mr. Szweras joined Fogler, Rubinoff LLP and founded the Foundation Markets Group in 2006. He was called to the Ontario Bar in 1996 and has authored numerous papers and articles relating to Canadian and foreign securities and corporate law.</p>
<b>Brian Presement</b>	<p>Brian Presement has been the President and CEO of UNiTE since its inception in 2001. Under his leadership, UNiTE has grown from a regional telecom provider offering a narrow set of services to a full scale telecom provider offering services to companies of all sizes all across Canada. Mr. Presement has over 25 years of telecommunications experience. Prior to UNiTE, Mr. Presement served as the Vice President Business Development of VOXX Corporation, a telecom company. Mr. Presement is currently and a director of Sagittarius Capital Corp. since January 2013, as well as a Director of Plexus Cybermedia. In addition, he is a director and is the Secretary of Clarico Centre of York Region, a non-profit organization for developmentally challenged youth and adults. He served as a director of Aurelio Resource Corp. from February 2012 to August 2013. From 2004 to 2007 Mr. Presement served as a General Manager of a Mailgate Corp. Mr. Presement holds an Honours Bachelor of Arts Degree from York University with a double major in Mass Communications and Political Science.</p>
<b>Dr. Jason Dyck</b>	<p>Dr. Dyck has extensive experience in the field of drug discovery and commercialization. He received a PhD in Medical Sciences from the University of Alberta in 1995 and trained at Dartmouth Medical School (Hanover, New Hampshire) and Baylor College of Medicine (Houston, Texas). Additionally, he sits on the board of CTT Pharmaceutical Holdings, Inc., a corporation listed on the OTC, and Aurora Cannabis Inc., a corporation listed on the TSX and NYSE. Additionally, he is the co-Chairman, National Research Council at Diabetes Canada and was an alumnus of Canada's Top 40 Under 40.</p>

***Audit Committee Oversight***

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor with was not adopted by the Board.

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

In the event that the Corporation wishes to retain the services of the Corporation's external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

***Audit Fees***

The following table provides details in respect of audit, audit related, tax and other fees billed to the Corporation by the external auditors for professional services.

	<b>Year ended July 31, 2019</b>	<b>Year ended July 31, 2018</b>
Audit fees	\$260,000	\$209,500
Audit related fees	\$3,172	\$4,190
Tax fees	Nil	\$6,600
All other fees	Nil	Nil

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

The Compensation Discussion and Analysis section sets out the objectives of the Corporation's executive compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Board made in fiscal 2020 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Compensation and Nominating Committee considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. See "*Compensation Governance*" below for a discussion on the Compensation and Nominating Committee.

For the purposes of this Circular "Named Executive Officer" is defined by Form 51-102F6V - *Statement of Executive Compensation* to mean: (i) each of the Chief Executive Officer and the Chief Financial Officer of the Corporation, (ii) the Corporation's next most highly compensated executive officer, other than the Chief Executive Officer and the Chief Financial Officer, who was serving as executive officer at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

The Corporation's Named Executive Officers for fiscal year ended July 31, 2020 were: Adam Szweras, former CEO and current chairman, John Durfy, present CEO, Robert Wilson, CFO and Taif Amhed, Senior Vice President of Corporate Development.

## ***Benchmarking***

The Compensation and Nominating Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of the Corporation. The Board typically does not position executive pay to reflect a single percentile within the industry for each executive. Rather, in determining the compensation level for each executive, the Compensation and Nominating Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the other companies in medicinal and recreational marijuana industry, and pay equity considerations.

## ***Elements of Named Executive Officer Compensation***

The compensation paid to the Corporation's Named Executive Officers generally consists of two primary components:

- a. a base salary; and
- b. long-term incentives in the form of restricted stock units ("**RSUs**") granted under the Corporation's RSU plan (the "**RSU Plan**") and stock options granted under the stock option plan (the "**Option Plan**").

The key features of these two primary components of compensation are discussed below:

### 1. Base Salary

Base salary recognizes the value of an individual to the Corporation based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which the Corporation competes for talent. Base salaries for the Named Executive Officers are reviewed annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation (in particular, companies in the marijuana industry) and a review of the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

### 2. Long-Term Incentives

The Corporation provides long-term incentives to its Named Executive Officers in the form of RSUs and stock options as part of its overall executive compensation strategy. The Compensation and Nominating Committee believes that RSUs and stock options grants serve the Corporation's executive compensation philosophy in several ways, including: by helping to attract, retain, and motivate talent; aligning the interests of the Named Executive Officers with those of Shareholders by linking a specific portion of the officer's total pay opportunity to the share price; and by providing long-term accountability for its Named Executive Officers.

## ***Compensation of Directors and Officers***

The Compensation and Nominating Committee makes recommendations to the Board as to the appropriate level of remuneration for the directors and officers of the Corporation. The Board as a whole makes the final determination in respect of compensation matters. Remuneration is assessed and determined by taking

into account such factors as the size of the Corporation and the level of compensation earned by directors and officers of companies of comparable size and industry.

The only arrangements the Corporation has, standard or otherwise, pursuant to which directors are compensated by the Corporation for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts for the financial year ended July 31, 2020, are through the issuance of stock options and RSUs. The number of options or RSUs to be granted from time to time is determined by the Board in its discretion. There was no additional compensation paid to the Chairman of the Board.

### ***Risks Associated with Compensation Policies and Practices***

The oversight and administration of the Corporation's executive compensation program requires the Compensation and Nominating Committee to consider risks associated with the Corporation's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation and Nominating Committee.

The Corporation's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its Shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include: (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements, and (iii) spreading compensation across short and long-term programs.

### ***Compensation Governance***

The Compensation and Nominating Committee intends to conduct an annual review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation. Director compensation is currently limited to the grant of stock options pursuant to the Option Plan and RSUs pursuant to the RSU Plan. It is anticipated that the Chief Executive Officer will review the compensation of officers of the Corporation for the prior year and in comparison to industry standards via information disclosed publicly and obtained through copies of surveys. The Board expects that the Chief Executive Officer will also make recommendations relating to compensation to the Compensation and Nominating Committee. The Compensation and Nominating Committee will review and make suggestions with respect to compensation proposals and then makes a recommendation to the Board. The Compensation and Nominating Committee is comprised of Brian Presement and Aaron Johnson.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and officers of the Corporation. Without limiting the generality of the foregoing, the Compensation and Nominating Committee has the following duties:

- (a) to review the compensation philosophy and remuneration policy for officers of the Corporation and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate officers;
- (b) to review and recommend to the Board the retainer and fees, if any, to be paid to directors of the Corporation;

- (c) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to the directors of the Corporation with respect to) the Chief Executive Officer's compensation level based on such evaluation;
- (d) to recommend to the directors of the Corporation with respect to executive officer (other than the Chief Executive Officer) and director compensation including reviewing management's recommendations for proposed stock options and other incentive-compensation plans and equity-based plans, if any, for non-Chief Executive Officer and director compensation and make recommendations in respect thereof to the Board;
- (e) to administer the RSU Plan and Option Plan approved by Board in accordance with its terms, including the recommendation Board of the grant of RSUs or stock options in accordance with the terms thereof; and
- (f) to determine and recommend for the approval of the Board bonuses to be paid to officers and employees of the Corporation and to establish targets or criteria for the payment of such bonuses, if appropriate. Pursuant to the mandate and terms of reference of the Compensation and Nominating Committee, meetings of the committee are to take place at least once per year and at such other times as the Chair of the Compensation and Nominating Committee may determine.

### Director and Named Executive Officer Compensation

The following table sets forth compensation for each Named Executive Officer and director of the Corporation for the three (3) most recently completed financial years, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year Ended July 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>John Durfy</b> Director and CEO	2020	100,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	100,000 <sup>(1)</sup>
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Robert Wilson</b> CFO	2020	70,000	Nil	Nil	Nil	10,000 <sup>(2)</sup>	80,000
	2019	25,000	Nil	Nil	Nil	Nil	25,000
<b>Taif Amhed</b> Senior VP Corp Development	2020	142,500	Nil	Nil	Nil	Nil	142,500
	2019	12,500	6,500	Nil	Nil	Nil	19,000
<b>Mike DiNapoli</b> Former CFO	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	164,731	Nil	Nil	Nil	Nil	164,731

Table of compensation excluding compensation securities							
Name and position	Year Ended July 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Vernon Jim Frazier</b> Former President and CEO	2020	201,677	Nil	Nil	Nil	Nil	201,677
	2019	136,395	Nil	Nil	Nil	Nil	136,395
<b>Tom Siciliano</b> Former President	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	165,816	Nil	Nil	Nil	Nil	165,816
<b>Andres Tinajero</b> Former Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sonia Agustina</b> Former VP Finance and CFO	2020	135,035	Nil	Nil	Nil	Nil	135,035
	2019	193,346	Nil	Nil	Nil	Nil	193,346
<b>Brian Presement</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Billy A. Morrison</b> Director and Chief Technology Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	65,729	Nil	Nil	Nil	Nil	65,729
<b>Aaron Johnson</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>David Posner</b> Former Chairman and Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	52,240	Nil	Nil	Nil	Nil	52,240
<b>Tom Kruesopon</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Dr. Jason Dyck</b> Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
<b>Adam Szweras<sup>(4)</sup></b> Chairman, Director, Former CEO	2020	201,090 <sup>(3)</sup>	Nil	Nil	Nil	Nil	201,090 <sup>(3)</sup>
	2019	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) 50% deferred.  
(2) \$10,000 in accrued salary for December and January was converted to 2020 Secured Notes. See "Interests of Informed Persons in Material Transactions".  
(3) 100% deferred.  
(4) See "Interest of Informed Persons in Material Transactions".

## Stock Options and Other Compensation Securities

The following table sets out all of the compensation securities granted or issued to each Named Executive Officer and director by Corporation, pursuant to the RSU Plan and Option Plan, for services provided or to be provided, directly or indirectly, to the Corporation in the most recently completed financial year:

Compensation Securities							
Name and position	Type of compensation security <sup>(1) (2)</sup>	Number of compensation securities, number of underlying securities, and percentage of class issued in current fiscal year	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>John Durfy</b> Director and CEO	RSU	5,000,000 29.5%	25-Feb-2020	\$0	\$0.035	\$0.025	16-Dec-2022
<b>Robert Wilson</b> CFO	RSU	2,000,000 11.8%	25-Feb- 2020	\$0	\$0.035	\$0.025	16-Dec-2022
<b>Taif Amhed</b> Senior VP Corporate Development	Stock option	500,000 5.7%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	3,000,000 17.7%	22-Apr-2020	\$0	\$0.020	\$0.025	16-Dec-2022
	RSU	150,000 0.9%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
<b>Brian Presement</b> Director	Stock option	400,000 3.9%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	953,806 5.6%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
<b>Billy A. Morrison</b> Director and Chief Technology Officer	Stock option	200,000 2.0%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
<b>David Posner</b> Director	Stock option	400,000 3.9%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	544,000 3.2%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022

Compensation Securities							
Name and position	Type of compensation security <sup>(1) (2)</sup>	Number of compensation securities, number of underlying securities, and percentage of class issued in current fiscal year	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Adam Szweras Director	Stock option	2,500,000 24.5%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	2,129,032 12.5%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
Aaron Johnson Director	Stock option	400,000 3.9%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	953,806 5.6%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
Loreto Grimaldi Former Director	Stock option	400,000 3.9%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	114,968 0.7%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
Tom Siciliano Former President	Stock option	650,000 6.4%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	150,000 0.9%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
Mike DiNaoli Former CFO	Stock option	1,500,000 14.7%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	350,000 2.1%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022
Andres Tinajero Former Director	Stock option	400,000 3.9%	12-Aug-2019	\$0.20	\$0.16	\$0.025	12-Aug-2024
	RSU	1,124,130 6.6%	12-Aug-2019	\$0	\$0.16	\$0.025	12-Aug-2022

Notes:

- (1) All stock options issued under the Corporation's Option Plan are exercisable on a one-for-one basis into Common Shares and are subject to vesting whereby 1/4 of such options vest immediately and 1/4 of such options vest every six (6) months until fully vested.
- (2) All RSUs issued under the Corporation's RSU Plan are exercisable on a one-for-one basis into Common Shares, are subject to the achievement of specific performance conditions, and vest on the latter or on that date upon which the relevant performance conditions are met. See "- RSU Plan"



## Exercise of Compensation Securities by Directors and NEOs

The following table provides a summary of each exercise of compensation securities granted pursuant to the RSU and Option Plan, and by each Named Executive Officer and director of the Corporation for the fiscal year ended July 31, 2020:

Exercise of Compensation Securities by Directors and Named Executive Officers							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Robert Wilson CFO	RSU	2,000,000	N/A	July 20, 2020	\$0.02	\$0.00	\$40,000

## Stock Option Plans and Other Incentive Plans

The Option Plan authorizes the Board to grant stock options to the Corporation's officers, directors, employees and consultants on the following terms:

- The number of Common Shares subject to each option is determined by the Board provided that the Option Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12-month period, result in:
  - the number of Common Shares reserved for issuance pursuant to stock options granted to any one (1) person exceeding 5% of the issued Common Shares of the Corporation;
  - the issuance, within a one year period, to insiders of the Corporation of a number of Common Shares exceeding 10%, or to one insider of a number exceeding 5%, or to a consultant of a number exceeding 2%; or to employees or consultants (as defined by the Exchange) who provides investor relation services of a number exceeding 2% (in the aggregate for all such employees or consultants) of the issued Common Shares of the Corporation.
- The aggregate number of Common Shares which may be issued pursuant to options granted under the Option Plan may not exceed 10% of the issued and outstanding Common Shares of the Corporation as at the date of the grant.
- The exercise price of an option may not be set at less than the discounted market price (as provided in the Exchange regulations) for the trading day immediately preceding the date of grant of the option.
- The options may be exercisable for a period of up to five (5) years.
- The options are non-assignable, except in certain circumstances. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Option Plan or

within a period of not more than 90 days (30 days for providers of investor relations services) after ceasing to be an eligible optionee or, if the optionee dies, within one (1) year from the date of the optionee's death.

On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

## **RSU Plan**

The purpose of the RSU Plan is to attract and motivate directors, officers, employees or consultants, and thereby advance the Corporation's interests, by affording such persons with an opportunity to acquire an equity interest in the Corporation, through the issuance of RSUs.

The RSU Plan contains the following principal provisions:

1. the maximum number of Common Shares reserved for issuance under the RSU Plan will be 46,150,000, provided that Common Shares reserved for issuance under the RSU Plan in combination with the aggregate number of Common Shares issuable under all of the Corporation's other equity incentive plans in existence from time to time, including the Corporation's Option Plan, shall not exceed 10% of the issued and outstanding Common Shares;
2. the maximum number of Common Shares which may be reserved for issuance to related persons (as a group) under the RSU Plan, together with any other share compensation arrangement, may not exceed 10% of the issued Common Shares;
3. the aggregate number of RSUs which may be granted to any one (1) person (and companies wholly-owned by that person) in a 12 month period must not exceed 5% of the issued Common Shares, calculated on the grant date;
4. the aggregate number of RSUs granted to any one consultant in a 12 month period must not exceed 2% of the issued Common Shares, calculated at the grant date;
5. the aggregate number of RSUs granted to all persons retained to provide investor relations activities must not exceed 2% of the issued Common Shares in any 12 month period, calculated at the grant date;
6. at the time a grant of a RSU is made, the Board may, in its sole discretion, establish performance conditions for the vesting of RSUs (the "**Performance Conditions**"). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions and may exercise its discretion to reduce the amounts payable under any award subject to Performance Conditions. The Board may determine that an award shall vest in whole or in part upon achievement of any one performance condition or that two (2) or more Performance Conditions must be achieved prior to the vesting of an award. Performance Conditions may differ for awards granted to any one recipient or to different recipients;
7. in the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off or other distribution of Corporation assets to Shareholders, or any other change in the capital of the Corporation affecting Common Shares, the Board, in its sole and absolute discretion, will make, with respect to the number of RSUs outstanding under the RSU Plan, any proportionate adjustments as it considers appropriate to reflect that change; and

8. the Corporation, in its discretion and as may be determined by the Board, will pay out vested RSUs issued under the RSU Plan and credited to the account of a recipient by paying or issuing (net of any applicable withholding tax) to such recipient, on or subsequent to the trigger date but no later than the expiry date of such vested RSU, an award payout of either:
  - a) subject to receipt of the required approvals, one (1) Common Share for such whole vested RSU, or
  - b) a cash amount equal to the vesting date value as at the trigger date of such vested RSU.

The foregoing is only a summary of the salient features of the RSU Plan, and is qualified in its entirety by reference to the actual terms and conditions of the RSU Plan.

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

As at July 31, 2020, there were no written contracts or agreements that provide for payment to a director or Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a director or Named Executive Officer's responsibilities other than below.

#### ***Durfy Agreement***

In accordance with the employment agreement between the Corporation and Mr. Durfy dated March 2, 2020, and in the event that the Corporation terminates Mr. Durfy without cause: after one (1) year of employment, Mr. Durfy shall be entitled to six (6) months' of severance pay; after two (2) years, Mr. Durfy shall be entitled to one (1) year of severance pay; and after three (3) years and for any time thereafter, a maximum of 18 months' of severance pay. In the event that a change of control occurs, Mr. Durfy may terminate his employment agreement and all options then held by him shall become fully vested and exercisable and Mr. Durfy shall be entitled to severance pay as set forth above. In the event of a successful take-over bid, Mr. Durfy shall be entitled to an amount equal to two times time his annual salary plus the amount of his prior year's bonus (if any).

### **CORPORATE GOVERNANCE**

#### ***Board of Directors***

The Board currently consists of seven (7) directors. The Board has concluded that Tom Kruesopon, Dr. Jason Dyck and Brian Presement are "independent" for purposes of Board membership, as defined in National Instrument 58-101 - *Disclosure of Corporate Governance Practices*. By virtue of their past or current management positions or their status as promoter of the Corporation, each of John Durfy, Aaron Johnson, Billy Morrison, and Adam Szweras are not considered to be "independent".

A member of the Board is considered to be independent if the member has no direct or indirect material relationship with the issuer. A material relationship means a relationship which could, in the view of the reporting issuer's Board, reasonably interfere with the exercise of a member's independent judgment.

#### ***Directorships***

The following table provides a list of the Corporation's Named Executive Officers and directors who have held officer or director positions with reporting issuers over the past five (5) years:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name or Exchange or Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
<b>Adam Szweras</b>	Petrolympic Ltd.	TSXV	Secretary	June 2008	Present
	Quinsam Capital Corp	CSE	Director	October 2017	August 2020
	Strata Minerals Inc.	TSXV	Director	December 2015	July 2017
	Mahdia Gold Corp.	CSE	Director, Secretary	April 2016	May 2018
	SustainCo Inc.	TSXV	Director	March 2017	Present
	Water Ways Technologies Inc.	TSXV	Corporate Secretary, Director	April 2014	August 2020
	The Tinley Beverage Company Inc.	CSE	Director, Corporate Secretary	December 2010	September 2016
	Aurora Cannabis Inc.	CSE	Director	August 2015	Present
	Harborside Inc.	CSE	Director	May 2019	Present
<b>John Durfy</b>	Cannabis Growth Opportunity Corp.	TSXV	Chief Investment Officer and Director	January 2018	October 2019
<b>Brian Presement</b>	Sagittarius Capital Corporation	NEX	Director	January 2013	Present
<b>Robert Wilson</b>	Valencia Capital Corp	TSXV	Director	August 2020	Present
	A-Labs Capital IV Corp	TSXV	Director	July 2019	Present
	Gourmet Ocean Products Inc.	TSXV	Director	February 2014	January 2019
	Benchmark Botanics Inc.	TSXV	Executive VP	November 2017	January 2018
<b>Sonia Agustina</b>	Jubilee Gold Exploration Inc.	TSXV	CFO	September 2017	January 2019
	Pure Nickle Inc.	TSXV	CFO	March, 2018	Present
<b>Dr. Jason Dyck</b>	Aurora Cannabis Inc.	TSX NYSE	Director	March 2015	Present
	CTT Pharmaceutical Holdings, Inc.	OTC	Director	July 2018	Present

### ***Orientation and Continuing Education***

The Board is comprised of individuals with either prior experience as a director or publicly listed issuer or a private entity or with significant business experience as a senior business manager. While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as annual reports, prospectuses, proxy solicitation materials, budgets and operations reports) is provided to new Board members to ensure that each new director is familiar with the business of the Corporation and the functions of the Board. In addition, new directors are encouraged to meet with senior management.

### ***Ethical Business Conduct***

Ethical business conduct and behaviour is of great importance to the Board and management of the Corporation. The Corporate Governance Committee and the Board have discussed the adoption of a written

code of conduct, but it has not yet adopted a written code. The Corporation does expect that each of the directors, officers and employees conduct themselves ethically and within the confines of professional behaviour, including the avoidance of conflicts of interest, protection and proper use of Corporation information, compliance with laws, rules and regulations and reporting of illegal or unethical behaviour.

Any director or officer of the Corporation shall disclose in writing or request to have it entered into the minutes of Board's meeting or any of the committees of the directors the nature and extent of any interest in a material contract or a material transaction, whether made or proposed, as soon as the director or officer becomes aware of such a contract or transaction. In such a case, the director shall abstain from voting on any resolution to approve such a contract or transaction.

### ***Nomination of Directors***

The Board is entrusted with reviewing on a periodic basis the composition of the Board and, when appropriate, with maintaining a list of potential candidates for Board membership and interviewing potential candidates for Board membership.

### ***Compensation***

At present, no compensation other than the grant of options is paid to the Corporation's directors, in such capacity. For a description of the process by which the Corporation determines compensation for its directors and officers, see "*Executive Compensation – Compensation of Directors*".

### ***Other Board Committees***

Other than the Audit Committee, the Corporation's Board has a Compensation and Nominating Committee and a Corporate Governance Committee.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the directors of the Corporation in respect of compensation issues relating to directors and officers of the Corporation. The Compensation and Nominating Committee is comprised of Brian Presement (Chair) and Aaron Johnson. See "*Executive Compensation – Compensation Governance*".

The Corporate Governance Committee's responsibility is to assist the Board in fulfilling its oversight responsibilities in the following principal areas: (i) developing a set of corporate governance rules; (ii) reviewing and recommending the compensation of the Corporation's directors; (iii) facilitating the evaluation of the Board and committees of the Board. The Corporate Governance Committee is comprised of Aaron Johnson (Chair), Brian Presement and Adam Szweras.

### ***Assessments***

The Board does not formally review the contribution and effectiveness of the Board, its members or committees. The Board believes that its size facilitates an informal review process through discussion and evaluation between the Chairman of the Board, the Chief Executive Officer and the Chair of the Corporate Governance Committee.

### ***Pension Plan Benefits***

The Corporation does not have a pension plan for its Named Executive Officers and directors.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at fiscal year ended July 31, 2020, information with respect to the Corporation's compensation plans under which equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights  (a)	Weighted-average exercise price of outstanding options, warrants and rights  (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))  (c)
Option plan approved by securityholders	17,380,000	\$0.225	28,770,001
RSU Plan approved by securityholders	12,186,644	N/A	33,963,357
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>29,566,644</b>	<b>\$0.225</b>	<b>62,733,358</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below, none of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time since the commencement of the Corporation's most recently completed fiscal year, the proposed nominees for election to the board of directors of the Corporation, any person or Corporation who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of any such person, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction, or has any such interest in any proposed transaction, which has materially affected or would materially affect the Corporation.

The following sets forth the related party transactions for the fiscal year ending July 31, 2020:

- a. Incurred professional fees from Branson Corporate Services ("BCS") and consulting fees from FMI

Capital Advisory Inc. ("**FMICA**"). BCS is a company in which Foundation Financial Holdings Corp. ("**FFHC**") and Adam Szweras have a 60% and 15% ownership interest respectively. FMICA is a subsidiary of FFHC, an entity in which Adam Szweras is a director and whereas his children hold an indirect interest.

- b. Incurred marketing expenses from Plexus Cybermedia Ltd., a company in which a director, Brian Presement, has a 33% ownership interest in.
- c. Included in professional fees charged from Johnson, Rovella, Retterer, Rosenthal & Gilles LLP, a law firm in which a director, Aaron Johnson, is a partner.
- d. In November 2019, Adam Szweras, Chairman of the Board, assumed a secured obligation of the Corporation in the principal amount of USD\$300,000 (the "**Loan Note**"). In January of 2020, an additional US\$200,513 was advanced under the Loan Note together by Adam Szweras and Brian Presement. In February of 2020, the Loan Note was converted into a secured convertible note ("**2020 Secured Notes**"). The 2020 Secured Notes are: for a term of 36 months, subject to an interest rate of 12% per annum, payable semi-annually in cash, and are secured by a senior lien on the Corporation's property. The 2020 Secured Notes are also convertible at the option of each lender at a price of \$0.05 per Common Share. Other Named Executive Officers and directors also participated in the 2020 Secured Notes offering, including John Durfy, CEO (\$92,000), Robert Wilson, CFO (\$10,000), and Sonia Augustina, former Vice President of Finance and CFO (\$18,000).
- e. In connection with the unsecured convertible debenture offering that closed on March 15, 2018, \$16,000 and \$20,000 of convertible debentures were issued to Adam Szweras and, Brian Presement, respectively.
- f. In connection with the Corporation's secured convertible debentures offering that closed on August 23, 2019, \$250,000 of debentures were issued to Adam Szweras and \$100,000 of debentures were issued to Brian Presement.
- g. On August 17, 2020 the Corporation completed its acquisition of Psychedelic Science Corp. Mr. Kruesopon is director of the Corporation and a partial owner of Psychedelic Science Corp. As such, the acquisition was considered to be a "related party transaction", as defined by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Subsequent to July 31, 2020, the Corporation entered into agreements with several related parties to settle amounts owed into units at a deemed price of \$0.025 per unit (each a "**Unit**"). Each Unit is comprised of one (1) Common Share and one (1) Common Share purchase warrant (each a "**Warrant**"), with each whole Warrant entitling the holder thereof to acquire one (1) Common Share at any time on or before December 31, 2020 at a price of \$0.05 per Common Share. The amounts converted are: Branson Corporate Services \$70,153; Plexus Cybermedia \$176,982; and Johnson, Rovella, Retterer, Rosenthal & Gilles LLP \$372,339. Securities issued as a result of these Unit issuances are subject to a four (4) month hold period.

#### **ADDITIONAL INFORMATION**

Financial information is provided in the Corporation's comparative annual financial statements and management's discussion and analysis. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Upon request to the Chief Financial Officer of the Corporation, it will provide (to any person) a copy of the comparative financial statements of the Corporation filed with the applicable securities regulatory

authorities for the Corporation's most recently completed financial year, together with the report of the auditor, related management's discussion and analysis, and any interim financial statements of the Corporation filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements. To obtain paper copies of Proxy-Related Material free of charge by calling AST at 1-888-433-6443 or by emailing [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com).

## **OTHER MATTERS**

As of the date of this Circular, the Board and management of the Corporation are not aware of any matters to come before the Meeting other than those matters specifically identified in the accompanying Notice of Meeting. However, if such other matters properly come before the Meeting or any adjournment(s) thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

## **BOARD APPROVAL**

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

DATED this 8th day of September, 2020.

## **BY ORDER OF THE BOARD OF DIRECTORS**

/s/ *"Adam Szweras"*

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Adam Szweras  
Chairman of the Board



## **SCHEDULE "A"**

### **NUTRITIONAL HIGH INTERNATIONAL INC. AUDIT COMMITTEE CHARTER**

The purpose of the Audit Committee of the Board (the "**Board**") of Nutritional High International Inc. (the "**Corporation**") is to assist the Board in fulfilling its responsibility for overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Corporation, and such other duties as directed by the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders, on the Corporation's processes to manage business and financial risk, and on compliance with significant applicable legal, ethical and regulatory requirements.

#### **MEMBERSHIP**

The membership of the Audit Committee shall consist of at least two directors who are generally knowledgeable in financial and auditing matters, including at least one member with accounting or related financial management expertise. A majority of the members of the Audit Committee must be financially literate, that is having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The Chair of the Audit Committee shall be appointed by the full Board.

#### **COMMUNICATIONS AND REPORTING**

The Audit Committee is expected to maintain free and open communication with the external auditors, the internal accounting staff, and the Corporation's management. This communication shall include private executive sessions, at least annually, with each of these parties. The Audit Committee chairperson shall report on Audit Committee activities to the full Board.

#### **AUTHORITY**

In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other advisors and experts for this purpose. The Audit Committee shall be empowered to set and pay the compensation for any such advisors employed by the Audit Committee. The Audit Committee shall have the authority to communicate directly with the external auditors of the Corporation.

#### **RESPONSIBILITIES**

##### **Oversight**

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting.

## **Recommend Auditor**

The Audit Committee must recommend to the Board the external auditor to be nominated (subject to shareholder approval) for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the compensation of the external auditor.

## **Pre-Approve Non-Audit Services**

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation by the Corporation's external auditor.

## **Review Financial Disclosure**

The Audit Committee must review the Corporation's financial statements, management's discussion and analysis (MD&A) and annual and interim financial press releases, if any, before the Corporation publicly discloses this information.

The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must periodically assess the adequacy of those procedures.

## **Reliance on Management and Auditors**

The Audit Committee relies on the expertise and knowledge of management, the internal auditors, and the external auditor in carrying out its oversight responsibilities. Management of the Corporation is responsible for determining that the Corporation's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing the Corporation's financial statements. The Audit Committee should assure itself that the Corporation's internal policies, procedures and controls are adequate and are being implemented and followed.

## **Relationship with Auditors**

The Audit Committee is also responsible for ensuring that the Corporation's external auditors submit on a periodic basis to the Committee a formal written statement delineating all relationships between the external auditors and the Corporation and actively engaging in a dialogue with the external auditors with respect to any disclosure relationships or services that may impact the objectivity and independence of the external auditors and for taking appropriate action to ensure the independence of the external auditors within the meaning of applicable Canadian law.

## **Guidelines for Audit Committee**

With respect to the exercise of its duties and responsibilities, the Audit Committee should, among other things:

1. report regularly to the Board on its activities, as appropriate;
2. exercise reasonable diligence in gathering and considering all material information;
3. remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;
4. understand and weigh alternative courses of conduct that may be available;

5. focus on weighing the benefit versus harm to the Corporation and its Shareholders when considering alternative recommendations or courses of action;
6. if the Audit Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining independent counsel, accountants or others to assist the Audit Committee in fulfilling its duties and responsibilities; and
7. provide management and the Corporation's independent auditors with appropriate opportunities to meet privately with the Audit Committee.

## **MEETINGS**

The Audit Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. As part of its purpose to foster open communications, the Audit Committee shall meet at least annually with management and the Corporation's external auditors to discuss any matters that the Audit Committee or each of these groups or persons believe should be discussed privately. In addition, the Audit Committee should meet or confer with the external auditors and management to review the Corporation's interim consolidated financial statements and related filings prior to their filing with any regulatory body. The Chairman should work with the Chief Financial Officer and management to establish the agendas for Audit Committee meetings. The Audit Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Audit Committee shall maintain minutes of its meetings and records relating to those meetings and the Audit Committee's activities and provide copies of such minutes to the Board to be included in the minute books of the Corporation.