

# CORPORATION TERRANUEVA

## ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

ON APRIL 14, 2022



# TERRANUEVA

## MANAGEMENT PROXY CIRCULAR

### SOLICITATION OF PROXIES

**This Management Proxy Circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of Corporation Terranueva (the “Corporation” or “Terranueva”) of proxies to be voted at the Annual and Special Meeting of the shareholders of the Corporation (the “Meeting”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting (the “Notice of Meeting”).** Solicitation of proxies will be accomplished by mail, but may also be by telephone, by Internet or verbal communication by the directors and officers of the Corporation, with no additional compensation. The cost of the solicitation of proxies will be paid by the Corporation.

Bank, brokers and other depositories, *prête-noms* or trustees shall forward the solicitation documents to their principals and obtain the authorizations required for the signature of the proxies. The Corporation may also reimburse brokers and other persons holding shares in their own name or in the names of their nominees for their proxy documents delivery costs to the beneficial owners, and in obtaining their proxies, but solicitations will not be made by employees hired for that purpose or by soliciting agents.

### APPOINTMENT AND REVOCATION OF PROXIES

An instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or agent thereof.

The persons designated as proxy holders in the instrument of proxy (the “**Proxy**”) accompanying the Notice of Meeting are officers and directors of the Corporation. A shareholder submitting a Proxy shall have the right to appoint a person to represent the shareholder at the Meeting other than the person or persons designated in the Proxy provided by the Corporation. To exercise this right, the shareholder must strike out said printed names and insert the name of his chosen proxyholder in the blank space provided for this purpose in the Proxy or submit another Proxy. An instrument of proxy will not be valid unless it is deposited at the offices To be valid, the revocation of a proxy must be deposited with the transfer agent and registrar, Computershare Investor Services Inc. (“**Computershare**”), 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec H3A 3S8, or 100 University Street, 8th Floor, Toronto, Ontario M5J 2Y1, not less than forty-eight (48) business hours prior to the Meeting.

A person giving a proxy has the power to revoke it. In addition to revocation in any other manner permitted by law, an instrument of proxy may be revoked in writing executed by the shareholder or by his authorized agent in writing or, if the shareholder is a corporation, by an officer or agent duly authorized, and delivered to the Corporation's head office, 1002-3030, Boulevard Le Carrefour, Laval, Québec, Canada, H7T 2P5, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which such Proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The Proxy shall be revoked upon such delivery.

## QUESTIONS AND ANSWERS ON PROXY VOTING

**Q:** *Who is entitled to vote?*

A: Each common share (a "**Common Share**") entitles its holder to exercise one vote on the matters specified in the Notice of Meeting. Registered shareholders as of March 14, 2022 (the "**Record Date**") (the "**Registered Shareholders**") are entitled to vote.

**Q:** *How do I vote?*

A: There are two ways you can vote your Common Shares if you are a Registered Shareholder. You may vote at the time of the Meeting or you may sign the enclosed Proxy appointing the named persons or such other person of your choice, who need not be a shareholder, to represent you as proxyholder and vote your shares at the Meeting.

**Q:** *What if I plan to attend the Meeting and vote in person?*

A: There is no need to complete and return the Proxy, if you are a Registered Shareholder with the transfer agent and plan to attend the Meeting to vote your Common Shares at the time of the Meeting. Your vote will be counted at the Meeting. Please register with the transfer agent on April 14, 2022, upon arrival at the Meeting.

**Q:** *Who is making the solicitation?*

A: The solicitation of proxies pursuant to the Proxy is being made by the Corporation and the associated cost will be paid by the Corporation. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by employees of the Corporation.

**Q:** *How does the Board of Directors recommend I vote?*

A: The Board of Directors of the Corporation (the "**Board**" or the "**Board of Directors**") unanimously recommends voting "FOR" each proposition. Please refer to the information included in this Circular regarding each item which is subject to shareholder approval at the Meeting.

**Q:** *What if I sign the Proxy enclosed with the Circular?*

A: Signing the enclosed Proxy gives authority to Jean-Luc Landry, Chairman and Chief Executive Officer of the Corporation or Sylvain Aird, Director and Secretary of the Corporation or such other person as you may appoint, to vote your Common Shares at the Meeting.

**Q:** *Can I appoint someone else than these directors to exercise the voting rights attached to my shares?*

A: YES. Insert the name of this person, who need not be a shareholder, in the blank space provided in the Proxy. It is important to ensure that any such person you appoint is attending the Meeting and

is aware that he or she has been appointed to exercise the voting rights attached to your Common Shares. Proxyholders should, upon arrival at the Meeting, register themselves with a representative of Computershare.

**Q: *What do I do with my completed Proxy?***

A: The Proxy has to be sent to the transfer agent, Computershare, in the enclosed prepaid mail envelope, no later than forty-eight (48) business hours preceding the Meeting or any adjournment thereof. Your vote will then be counted. The address of the transfer agent is: 1500 Robert-Bourassa Boulevard, Suite 700, Montréal, Québec H3A 3S8, or 100 University Street, 8th Floor, Toronto, Ontario M5J 2Y1.

**Q: *If I change my mind, can I revoke my Proxy once it has been given?***

A: YES. You may revoke your Proxy. In addition to revocation by any other manner permitted by law, a Proxy may be revoked in writing executed by the shareholder or by his authorized agent or, if the shareholder is a corporation, by an officer or agent duly authorized, and delivered to the Corporation's head office, 1002-3030, Boulevard Le Carrefour, Laval, Québec, Canada, H7T 2P5, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which such Proxy is to be used, or deposited with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The Proxy shall be revoked upon such delivery.

**Q: *How will my Common Shares be voted if I give my Proxy?***

A: The persons named on the Proxy must vote for or against or withhold from voting your shares on the matters to be acted upon at the Meeting in accordance with your instructions. **In the absence of such instructions, your Common Shares will be voted in favour of the proposals submitted herein.**

**Q: *What if amendments are made to these matters or if other matters are brought before the Meeting?***

A: The persons named in the Proxy will have discretionary authority with respect to amendments of the matters specified in the Notice of Meeting and with respect to other matters which may be brought at the Meeting. As of the date of this Circular, the management of the Corporation is not aware of any amendments or changes to the matters to be raised at the Meeting, other than those mentioned in the Notice of Meeting.

**Q: *How many Common Shares are entitled to vote?***

A: As of March 14, 2022, there were 45,969,961 outstanding Common Shares. Each Registered Shareholder has one vote for each Common Share held at the Record Date.

**Q: *Who are the Registered Shareholders?***

A: A shareholder is a Registered Shareholder if, at the Record Date, the shareholder appears on the list of shareholders held by the transfer agent and registrar of the Corporation regarding the Common Shares, in which case a share certificate has been issued to such shareholder, indicating the name and the number of shares held by such shareholder.

**Q: *What is the final date by which the Corporation must receive a proposal?***

A: The final date which the Corporation must receive a proposal from a shareholder entitled to vote at the annual meeting of the Corporation in 2023 is December 12, 2022.

**Q: *How will the votes be counted?***

A: Each matter brought at the Meeting is decided by a majority of shares voted thereupon.

#### **VALIDITY OF A PROXY**

The articles of the Corporation provide that a proxy or an instrument appointing a duly authorized representative of a corporation shall be made in writing, signed by the appointer or his or her attorney duly authorized in writing, or if such appointer is a corporation, under the corporate seal or signed by an officer or agent duly authorized for that purpose.

#### **VOTING BY PROXY AND EXERCISE OF THE DISCRETIONARY AUTHORITY**

Common Shares represented by a Proxy are to be voted or withheld from voting on any ballot by the proxy named in the enclosed Proxy in accordance with the instructions of the shareholders. The directors who are soliciting the proxy agree to respect the instructions given by the shareholders in the Proxy. IF NO INSTRUCTIONS ARE GIVEN, THE SHARES WILL BE VOTED IN FAVOUR OF THE ADOPTION OF THE RESOLUTIONS SET OUT IN THE NOTICE OF MEETING. The enclosed Proxy confers discretionary authority to the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting and which may be brought at the Meeting and on any amendments or variations to matters specified in the Notice of Meeting.

#### **NOTICE TO BENEFICIAL SHAREHOLDERS OR NON-REGISTERED SHAREHOLDERS**

The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders do not hold shares in their own name but via an intermediary (usually a bank, trust company, securities broker or other financial institution) or indirectly via a clearing institution. Shareholders who do not hold their shares in their own name (the “**Beneficial Shareholders**” or “**Non-Registered Shareholders**”) should note that only Proxies deposited by shareholders whose names appear on the records of the Corporation as the Registered Shareholders will be recognized and will be entitled to act upon at the Meeting. Even if the Common Shares are mentioned in an account statement provided to a shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Consequently, each Beneficial Shareholder must ensure that its voting instructions are transmitted to the appropriate person. The Beneficial Shareholder may attend the Meeting as a proxy holder to the Registered Shareholder and exercise, as such, the voting rights of such shares.

If you are not a Registered Shareholder, in order to vote you must obtain the materials relating to the Meeting from your broker or other intermediary, complete the request for voting instructions sent by the broker or other intermediary and follow the directions of the broker or other intermediary with respect to voting procedures.

In accordance with *National Instrument 54-101 on Communication with Beneficial Owners of Securities of a Reporting Issuer*, adopted by the Canadian securities regulatory authorities, the Corporation is distributing copies of the materials related to the Meeting to the clearing agencies and intermediaries for distribution to beneficial owners of shares of the Corporation. Intermediaries must forward the materials related to the Meeting to beneficial owners of Common Shares and often use a service company (such as Broadridge Investor Communications Solutions in Canada) to permit you, if you are not a Registered Shareholder, to direct the voting of the Common Shares which you beneficially own. Since the Corporation does not have access to the names of its Non-Registered Shareholders, those who wish to attend the Meeting and vote must write their own name in the blank space provided in the Proxy form in order to appoint themselves as a proxy and follow the instructions of their intermediary in order to return the form to it.

## SECURITIES HAVING A RIGHT TO VOTE AND PRINCIPAL HOLDERS

As of March 14, 2022, only 45,969,961 Common Shares from the Corporation's share capital were issued and outstanding, each carrying the right to one vote. Only Registered Shareholders at the close of business on the Record Date on March 14, 2022, are entitled to receive the Notice of Meeting and to vote at the Meeting. Nevertheless, if a shareholder transfers Common Shares after such date, the beneficiary who has received the Common Shares may, upon producing properly endorsed stock certificates evidencing ownership of such shares or otherwise establishing that he or she is the owner of such shares, request, up to ten (10) days prior to the date of the Meeting, that he or she be included on the list of shareholders eligible to vote at the Meeting and thereby be entitled to vote his or her Common Shares at the Meeting.

## OWNERSHIP OF THE CORPORATION'S SHARES

As of March 14, 2022, other than as disclosed in the table below, to the knowledge of the directors and executive officers of the Corporation and based on existing information, no person owns, directly or indirectly, as beneficial owner or as holder of record, more than 10% of the issued and outstanding Common Shares.

<b>Name of Shareholder</b>	<b>Number of Common Shares</b>	<b>Total Percentage of Common Share and Voting Rights</b>
Jean-Luc Landry	12,377,179 <sup>(1)</sup>	26.92%
Fiducie Castillo	7,464,818 <sup>(2)</sup>	16.24%
GMTN Inc.	4,818,838 <sup>(3)</sup>	10.48%

Note :

- 1) Jean-Luc Landry holds these Common Shares directly (11,981,000 Common Shares) and indirectly through AMAFLO (1999) Inc. (396,179 Common Shares) a corporation controlled by Mr. Landry. Mr. Landry is Director, Chairman of the Board and Chief Executive Officer of the Corporation.
- 2) One of the trustee of Castillo Trust is Francisco Jr. Perez, who is Director of the Corporation and hold directly 2,847,495 Common Shares (6.19%).
- 3) A minority shareholder and insider of GMTN Inc. is Francisco Jr. Perez, who thus indirectly owned 715,116 Common Shares (1.56%) through GMTN.

As at the date hereof, the directors and officers were, as a group, directly or indirectly, the beneficial owners of 26,805,745 Common Shares representing 58.31% of the currently issued and outstanding Common Shares.

### Interest of Certain Persons in Matters to be Acted Upon

Other than as specifically discussed in section “Matters to Be Acted Upon at the Meeting”, no director or officer of the Corporation, past or present, nor any associate or affiliate of such persons, or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, in any matter to be acted upon at the Meeting, other than in connection with the affairs of the Corporation and other than the fact that certain directors and officers have been granted stock options.

## COMPENSATION OF DIRECTORS AND NAMED EXECUTIVE OFFICERS

### Directors and Named Executive Officers Compensation, Excluding Compensation Securities

The following summary table sets forth selected compensation information for the years ended September 30, 2021 and 2020 for: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) the most highly compensated executive officer of the Corporation, other than the individuals listed above, whose total compensation for the most recent fiscal year was more than \$150,000 (“Named Executive Officers”); and (iv) the directors of the Corporation.

Table of compensation excluding compensation securities

Name and position	Year ended September 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$) <sup>(1)(2)</sup>	Value of all other compensation (\$) <sup>(2)</sup>	Total compensation (\$)
Jean-Luc Landry <sup>(3)</sup> Director, Chairman of the Board and Chief Executive Officer	2021	-	-	-	-	-	-
Peter Polatos <sup>(4)</sup> Interim President and Chief Executive Officer (former) and Director	2021	-	-	-	-	-	-
Dominique St-Louis Chief Financial Officer	2021	20,000	-	-	-	-	20,000
	2020	20,000	-	-	-	-	20,000

Table of compensation excluding compensation securities

<b>Name and position</b>	<b>Year ended September 30</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)<sup>(1)(2)</sup></b>	<b>Value of all other compensation (\$)<sup>(2)</sup></b>	<b>Total compensation (\$)</b>
<b>Gérard Landry</b> <sup>(3)</sup> Director and President of Operations	2021	37,499	-	-	-	-	37,499
<b>Francisco Jr. Perez</b> <sup>(5)</sup> Chief Operating Officer (former) and Director	2021	60,247	-	-	-	-	60,247
	2020	58,950	-	-	-	-	58,950
<b>Rafael Percopo</b> <sup>(6)</sup> Director (former), R&D and Quality Control Officer (former)	2021	-	-	-	-	-	-
	2020	91,320	-	-	-	-	91,320
<b>Louis Doyle</b> <sup>(7)</sup> Director (former) and Chief Security Officer (former)	2021	-	-	-	-	-	-
	2020	10,700	-	-	-	-	10,700
<b>Marc-André Aubé</b> Director	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
<b>Sylvain Aird</b> Director and Secretary	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
<b>Patrice Boily</b> <sup>(7)</sup> Director (former)	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
<b>Alain Bureau</b> <sup>(7)</sup> Director (former)	2021	-	-	-	-	-	-
	2020	-	-	-	-	-	-
<b>Sylvain Tremblay</b> <sup>(3)</sup> Director	2021	-	-	-	-	-	-

Notes :

- 1) The value of perquisites is disclosed only if such perquisites are not provided to all employees of the Corporation and their total value exceeds the following amounts for the year: a) \$15,000, if the total salary of the named executive officer or director does not exceed \$150,000; or b) 10% of the named executive officer's or director's salary, if the total salary of the named executive officer or director is greater than \$150,000 but less than \$500,000; or c) \$50,000, if the total salary of the named executive officer or director is \$500,000 or more.
- 2) The Corporation has not entered into any employment or consulting and management services agreement that provides for payment to a named executive officer or director in the event of termination, departure, constructive dismissal or change of control. In addition, the Corporation does not have a pension plan or any other plan that provides for the payment of pension benefits to Named Executive Officers and directors.
- 3) Messrs Gérard Landry, Jean-Luc Landry et Sylvain Tremblay has started their respective positions on April 26, 2021.
- 4) Mr. Polatos has started his position on October 30, 2020 and has ceased as Interim President and Chief Executive Officer on April 26, 2021. He remains a Director of the Corporation.
- 5) The position of Mr. Perez Jr. as Chief of Operations ceased as of April 30, 2021.
- 6) The ties between the Corporation and Rafael Percopo have ceased on July 6, 2021.
- 7) Messrs Doyle, Boily and Bureau have ceased their respective position on April 26, 2022.

### Stock Options and Other Compensation Securities

The following table sets forth all securities awarded as compensation that were granted to Named Executive Officers and directors of the Corporation during the year ended September 30, 2021.

<b>Compensation Securities</b>							
<b>Name and position</b>	<b>Type of compensation security<sup>(1)</sup></b>	<b>Number of compensation securities, number of underlying securities, and percentage of class<sup>(2)(3)</sup></b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of the security or underlying security on date of grant (\$)</b>	<b>Closing price of the security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Jean-Luc Landry</b> Director, Chairman of the Board and Chief Executive Officer	Stock Option	100,000 (100,000 Common Shares) (4.42%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Peter Polatos</b> Interim President and Chief Executive Officer (former) and Director	Stock Option	100,000 (100,000 Common Shares) (4.42%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Dominique St-Louis</b> Chief Financial Officer	Stock Option	100,000 (100,000 Common Shares) (4.42%)	2021-05-31	0.15	0.12	0.07	2026-05-30



## Compensation Securities

Name and position	Type of compensation security <sup>(1)</sup>	Number of compensation securities, number of underlying securities, and percentage of class <sup>(2)(3)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of the security or underlying security on date of grant (\$)	Closing price of the security or underlying security at year end (\$)	Expiry date
<b>Gérard Landry</b> Director and President of Operations	Stock Option	100,000 (100,000 Common Shares) (4.42%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Francisco Jr. Perez</b> Chief Operating Officer (former) and Director	Stock Option	50,000 (50,000 Common Shares) (2.21%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Rafael Percopo</b> Director (former), R&D and Quality Control Officer (former)	Stock Option	50,000 (50,000 Common Shares) (2.21%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Marc-André Aubé</b> Director	Stock Option	100,000 (100,000 Common Shares) (4.42%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Sylvain Aird</b> Director and Secretary	Stock Option	50,000 (50,000 Common Shares) (2.21%)	2021-05-31	0.15	0.12	0.07	2026-05-30
<b>Sylvain Tremblay</b> Director	Stock Option	100,000 (100,000 Common Shares) (4.42%)	2021-05-31	0.15	0.12	0.07	2026-05-30

## Notes :

- 1) Options to purchase Common Shares of the Corporation are granted pursuant to and in accordance with the terms and conditions set forth in the Corporation's stock option plan described under the heading "Stock Option Plan".
- 2) As of September 30, 2021, Jean-Landry held an aggregate of 100,000 options, Peter Polatos held an aggregate of 100,000 options, Dominique St-Louis held an aggregate of 100,000 options, Gérard Landry held an aggregate of 100,000 options, Francisco Jr. Perez held an aggregate of 500,000 options, Rafael Percopo held an aggregate of 290,000 options, Marc-André Aubé held an aggregate of 225,000 options, Sylvain Aird held an aggregate of 175,000 options and Sylvain Tremblay held an aggregate of 100,000 options. Patrice Boily, Louis Doyle and Alain Bureau, all former directors or officers of the Corporation, each held 125,000 options as of September 30, 2021.
- 3) All of these options vest on the date of grant.

During the Corporation’s most recent fiscal years ended September 30, 2020 and 2021, there were no exercises of securities granted as compensation by the directors and Named Executive Officers.

### Stock Option Plan

Ten percent (10%) of the Common Shares of the capital stock of the Corporation issued and outstanding at as of the date of the approval of the stock option plan is reserved for the issuance of stock options pursuant to the fix stock option plan of the Corporation adopted by its shareholders (the “**Stock Option Plan**”). This number is currently set at 3,166,329 Common Shares reserved.

Options are subject to the Stock Option Plan. Under the Stock Option Plan, options to purchase shares are granted to directors, officers, employees and consultants of Terranueva in order to encourage them to contribute in achieving its goal of increasing shareholder value. The Board of Directors determines which person is entitled to participate in the Stock Option Plan, the number of options granted, the date which each option is granted and the exercise price of such options.

The Board of Directors make these decisions subject to the Stock Option Plan and, where applicable, the policies of the exchange.

Under the Stock Option Plan, the number of shares reserved for issuance to an individual must not exceed 5% of the number of issued and outstanding shares of Terranueva share capital within a period of one year (on a non-diluted basis) less the aggregate number of shares already reserved for issuance to such person under any other stock option granted as an incentive or compensation.

The share purchase options are granted for a term determined by the board of directors at the time of the grant and in any event, such term couldn’t exceed 10 years from the date of the grant. See also section “Approval of the Stock Option Plan”.

### Equity Compensation Plan Information

The following chart sets forth, as of September 30, 2021, compensation plans under which equity securities of the Corporation can be issued:

<b>Equity Compensation Plan Information</b>			
<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity-based compensation plans approved by securityholders	2,260,000	\$0.38	906,329
Equity compensation plans not approved by security holders	N/A	N/A	N/A

## **Compensation Analysis**

### *General Principles of Executive Compensation*

Although the Corporation has not adopted a formal compensation program due to its current development stage, remuneration plays an important role to attract, motivate and retain key members of the management team required for its success and to drive strategic growth initiatives.

Compensation is designed so as to constitute adequate reward for services and incentive for the executive management team to implement strategies aimed at increasing share value and creating economic value. The compensation is also established according to the duties and responsibilities that rest on the individuals and their own level of performance. The compensation is designed to take into account the constraints of the Corporation's business due to the fact that it is a small company in the cannabis sector that does not have a history of profits.

The Corporation is committed to a total compensation that: (a) will be competitive with the compensation received by executives employed by other small cannabis corporations, without conducting formal benchmark with peers; (b) will link the executives' interests with those of the shareholders; and, (c) will reward superior performance. The Corporate Governance and Human Resources Committee did not consider the implications of the risks associated with the Corporation's compensation policies and practices.

### *Determining Compensation*

The compensation of the Named Executive Officers is established by the Board of Directors, upon the recommendation of the Corporate Governance and Human Resources Committee. As of the date hereof, Messrs. Gérard Landry and Sylvain Tremblay are the members of the Corporate Governance and Human Resources Committee.

The compensation of the Names Executive Officers, other than the President and Chief Executive Officer, is proposed by the President and Chief Executive Officer to the Corporate Governance and Human Resources Committee, which recommends its adoption by the Board of Directors after independent negotiations with each executive officer. The compensation of the President and Chief Executive Officer is established by the Corporate Governance and Human Resources Committee, which recommends the adoption by the Board of Directors. In all cases, any officer who is a member of the Corporate Governance and Human Resources Committee and in respect of whom the Corporate Governance and Human Resources Committee determines his or her compensation, will refrain from participating in discussions relating to the Corporate Governance and Human Resources Committee's recommendation for compensation.

### *Components of Overall Compensation*

When assessing total annual compensation, the Corporation focuses on four key components which are intended to collectively make up most of a executive total compensation opportunity, to reward past and current performance and to create incentives with respect to future performance. These four key components are comprised of fixed elements, namely base salary and variable compensation elements, namely incentive bonuses and grants of options to purchase Common Shares of the Corporation.

### *Base Salary*

For the fiscal year ended September 30, 2021, base salary is evaluated based on comparisons to the base salaries offered by small capital stock companies in the cannabis sector, as well as on more subjective

criteria such as internal equity and individual contributions to the Corporation's results during the last fiscal year. The Corporation's view is that a competitive base salary is a necessary element for retaining qualified executive officers. Base salaries are negotiated on an individual basis with each of the executive officers and are subject to an annual review.

Based on their respective experiences in the cannabis sector, the members of the Corporate Governance and Human Resources Committee continually reassess the base salary component of the Corporation's the Named Executive Officers to ensure that it reflects salaries offered for positions involving similar responsibilities and complexity, internal equity, as well as the skills and experience of the Corporation's Named Executive Officers. Accordingly, compensation paid in any given year will not necessarily be indicative of compensation to be paid in the future.

#### *Incentive Bonus*

The Corporation is currently in a growth period, and as such, incentive bonuses are being granted, based on the satisfactory work accomplished by the Named Executive Officers. The incentive bonuses are approved by the Corporate Governance and Human Resources Committee.

#### *Option-Based Award Plan*

The grant of stock options is part of the long-term incentive component of executive compensation and is an essential part of compensation. The Named Executive Officers may participate in the Corporation's Stock Option Plan, which is designed to encourage optionees to align their interests with those of shareholders, thereby enhancing shareholder value. In addition to complementing their compensation, the grant of stock options to the Named Executive Officers and directors of the Corporation is intended to encourage their participation in the growth and development of the Corporation by providing them with the opportunity through common share options to acquire or increase a financial stake in the Corporation and thereby motivate them to carry out the strategic growth initiatives of the Corporation. The number of options granted is determined following deliberations of the Board of Directors, upon the recommendation of the Corporate Governance and Human Resources Committee, and based on several factors, such as the investment in time and money, the functions and responsibilities of the position held, the level of responsibility and the overall contribution that an individual can bring to the Corporation in terms of professional experience, knowledge of the cannabis sector and other qualities of the individual, the whole, without taking into account previous grants. There is no specific weighting given to each of these criteria, which are considered as a whole. The terms of the plan are described in section "Stock Option Plan" of this Circular.

#### *Compensation and Risk Management*

Given the size of the Corporation and the fact that it has not implemented a formal compensation program, it is not possible for the Corporate Governance and Human Resources Committee, Audit Committee or the Board of Directors to take into consideration the risks associated with the Corporation's compensation program and practices.

### **INTEREST OF MANAGEMENT AND CERTAIN RELATIONSHIPS IN MATERIAL TRANSACTIONS**

Except as disclosed below and the compensation of directors and officers disclosed under the heading "Compensation of Directors and Named Executive Officers" of this Circular, no director, officer, insider, subsidiary, associate or affiliate has a material interest in any transaction entered into since the beginning

of the last financial year or an interest in any proposed transaction that has materially affected or could materially affect the Corporation or any of its subsidiaries and, except as disclosed, none of the transactions have special features or conditions and no guarantees have been given or received:

- Sylvain Aird, who is director and secretary of the Corporation, is a partner of the firm Langlois Attorneys (formerly Séguin Racine, Attorneys), which provided legal services to the Corporation in respect of several matters during the last financial year.
- the directors and officers at the time of the private placement of units closed on March 19, 2021, namely Peter Polatos and Dominique St-Louis, has subscribed to a gross proceeds of \$50,000, which represents 4.76% of that private placement. Each unit, at a subscription price of \$0.08 per unit, consists of (i) one Common Share; and (ii) one warrant. Each whole warrant entitles the holder thereof to purchase, for a period of 60 months from the closing date, one Common Share at a price of \$0.15 per Common Share.
- Terranueva has agreed to an on demand unsecured credit facilities of up to \$700,000 (thereafter increased to up to \$1,000,000 in February 2002), available in \$100,000 tranches, at an interest rate of 12% and refundable at any time without notice nor penalty. Jean-Luc Landry, directly or indirectly, offered all of the credit facility.
- Terranueva has agreed with AMAFLO (1999) Inc., which Jean-Luc Landry is controlling, to \$66,666,66 in principal amount of convertible debenture maturing on March 31, 2023, convertible into Common Shares at a conversion price of \$0.15 per share.

All those transactions are measured at the exchange value, that is, the amount of consideration established and agreed to by the related parties which approximates the arm's length equivalent value.

#### **INDEBTEDNESS OF OFFICERS AND DIRECTORS TO THE CORPORATION**

As of the date hereof, no director, officer, or any of their respective associates or affiliates is indebted to the Corporation.

#### **DIRECTORS AND OFFICERS INSURANCE**

Subject to the limitations of the *Canada Business Corporations Act*, a director or officer is entitled to claim from the Corporation his incurred costs, charges and expenses (including amounts paid to settle an action or satisfy a judgement) in respect of any action or proceeding to which he is a party by reason of being a director or officer of the Corporation.

#### **MATTERS TO BE ACTED UPON AT THE MEETING**

##### **PRESENTATION AND RECEIPT OF THE ANNUAL FINANCIAL STATEMENTS**

The management report, the audited financial statements, as well as the related auditors' report for the fiscal year ended September 30, 2021, 2020, 2019 will be presented to the shareholders at the Meeting, but no vote is required, nor will a vote be taken for their approval.

## ELECTION OF DIRECTORS

The Corporation’s articles provide that the Board of Directors shall be composed of a minimum of three (3) and a maximum of ten (10) directors as determined by the Board of Directors from time to time, which number is currently set at sept (7). The directors are elected every year. Each of the candidates named hereunder has advised the management of the Corporation that he would be willing to serve as a director if elected. **Management of the Corporation proposes the nomination of seven (7) directors for the current year, and the persons named in the accompanying Proxy annexed hereto intend to vote IN FAVOUR of the election of the persons named below as directors. The candidates registered on the following list are current members of the Board of Directors of the Corporation, except Marianne Fortier-Landry. Management of the Corporation does not contemplate that any of the candidates will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed Proxy reserve the right to vote for another nominee in their discretion.** Each nominee elected as a director will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless he ceases to hold office pursuant to the *Canada Business Corporations Act* or his office is earlier vacated pursuant to the by-laws of the Corporation.

**UNLESS INSTRUCTIONS ARE GIVEN TO ABSTAIN FROM VOTING ON THE ELECTION OF THE FOLLOWING CANDIDATES, THE PERSONS WHOSE NAMES APPEAR IN THE INSTRUMENT OF PROXY INTEND TO VOTE AT THE MEETING IN FAVOUR OF THE ELECTION OF THE FOLLOWING CANDIDATES.**

The *Canada Business Corporations Act* and the applicable securities laws require that the Corporation has an audit committee. The Corporation has thus created a permanent Audit Committee (the “**Audit Committee**”). The Board of Directors also created the Corporate Governance and Human Resources Committee, responsible for all nomination and compensation matters, as well as other corporate governance issues, the whole as more fully described in section “Statement of Corporate Governance Practices” of this Circular.

The following table sets forth, for each nominee for election as director of the Corporation, his or her name, place of residence, the year in which he or she became a member of the Board of Directors, his or her main functions and information concerning the Common Shares he or she owns, directly or indirectly, or over which he or she exercises control as of the date hereof.

<b>Name, City and Province of Residence</b>	<b>Office Held With the Corporation</b>	<b>Director Since</b>	<b>Number and Percentage of Common Shares Beneficially Owned, or Over Which Control or Direction Is Exercised, Directly or Indirectly <sup>(1)</sup></b>
<b>Sylvain Aird</b> Montréal, Québec	Director and Secretary	2018-12-14	219,092 0.48%
<b>Marc-André Aubé<sup>(2)</sup></b> Ville Mont-Royal, Québec	Director	2018-12-14	443,508 <sup>(4)</sup> 0.96%
<b>Gérard Landry<sup>(3)</sup></b> Magog, Québec	Director and President of Operations	2021-04-26	625 000 <sup>(5)</sup> 1.36%
<b>Marianne Fortier-Landry</b> Montréal, Québec	« Proposed Director »	-	-

<b>Name, City and Province of Residence</b>	<b>Office Held With the Corporation</b>	<b>Director Since</b>	<b>Number and Percentage of Common Shares Beneficially Owned, or Over Which Control or Direction Is Exercised, Directly or Indirectly <sup>(1)</sup></b>
<b>Jean-Luc Landry</b> <sup>(2)</sup> Outremont, Québec	Director, Chairman of the Board and Chief Executive Officer	2021-04-26	12,377,179 <sup>(6)</sup> 26.92%
<b>Peter Polatos</b> <sup>(2)</sup> Montréal, Québec	Director	2020-10-30	375,000 0.82%
<b>Sylvain Tremblay</b> <sup>(3)</sup> Québec, Québec	Director	2021-04-26	1,488,537 <sup>(7)</sup> 3.24%

Notes :

- 1) The foregoing candidates have themselves provided information regarding the Common Shares they own, directly or indirectly, or over which they exercise control.
- 2) Member of the Audit Committee.
- 3) Member of the Corporate Governance and Human Resources Committee.
- 4) Marc-André Aubé holds those Common Shares indirectly through Palmaco Trust of which Mr. Aubé is trustee.
- 5) Gérard Landry holds those Common Shares indirectly through Placements Gérard Landry Inc. which he controls.
- 6) Jean-Luc Landry holds those Common Shares directly (11,981,000 Common Shares) and indirectly through AMAFLO (1999) Inc. (396,179 Common shares), a corporation controlled by Mr. Landry.
- 7) Sylvain Tremblay holds those Common Shares indirectly through 10643777 Canada Inc. which he controls.

**Sylvain Aird** is a lawyer who has been acting as legal counsel for nearly 25 years, including 14 years with Boralex Inc. (TSX: BLX), a public renewable energy corporation with operations in North America and Europe. From September 2012 to June 2017, Mr. Aird served as Vice President Europe, Chief Legal Officer and Secretary at Boralex Inc. He also served as Vice President Business Development from June 2017 to March 2018. During his career, Mr. Aird has acted in multiple complex transactions and financings in Canada and abroad. Since April 2018, Mr. Aird has been working in securities for the firm Langlois Avocats for which he is a partner and sit on the board of directors of Geekco Technologies Corporation (TSX-V: GKO; OTC: GKOTF), a collaborative social media company aiming to promote local businesses thanks to the leverage of the community.

**Marc-André Aubé** holds since January 2017 the position of President and COO of Walter Surface Technologies, a leader in surface treatment technologies established in 7 countries in North America, South America and Europe. He oversees the company's strategic corporate direction with a focus on global expansion. Before joining Walter, Mr. Aubé was, from May 2007 to January 2017, President and Chief Operating Officer of GardaWorld Protective Services. He also has experience in various industry sectors including chemical products with Nalco Canada, oil and gas with Petro-Canada, and finance with the Caisse de dépôt et placement du Québec and Scotia Capital Inc. Mr. Aubé is a CFA and also holds an MBA from the HEC Montréal and an engineering degree from the Montréal Polytechnic School.

**Gérard Landry**, P.Eng. was vice-president, and then president and principal shareholder of the firm X-Per-X inc for 30 years, a company which has become internationally renowned specializing in surveillance, quality assurance and quality control of industrial products. He has been actively involved in management and business development for over thirty years, in a wide variety of fields, such as factory production supervision, metallurgy, non-destructive testing, welding inspection. Mr. Landry is currently vice-president of B2MA inc. and previously held the position of Director of sales and business development for the Québec division of the multinational SGS, two businesses also specializing in manufacturing monitoring and equipment and infrastructure inspection. Mr. Landry is also a specialist in ultrasonic monitoring of railway

tracks. In addition, he was regularly a consultant and speaker at seminars for renowned companies in non-destructive testing. Mr. Landry has also taught as a lecturer for many years at the École Polytechnique de Montréal in materials engineering and aerospace engineering. Mr. Landry holds a Bachelor's degree in Engineering Physics from École Polytechnique de Montréal and is a member of the Ordre des Ingénieurs du Québec.

**Jean-Luc Landry** serves as director of Garda World Security Corporation since July 2002 and currently serves as the Lead Director. He holds a bachelor of science degree in Economics from Collège Ste-Marie and pursued graduate studies in Economics at the University of Ottawa. Mr. Landry is a Partner and Vice-Chairman of Nymbus, a discretionary portfolio management company, and of Northstone Power Corp. a power generation company in Alberta. Until recently, he was also President of Landry Investment Management Inc. and Chairman of the Board of Technoparc Montréal. Mr. Landry began his career as an economic analyst at Sun Life of Canada. He then participated in the founding of Canagex Placements Ltée. where he managed the asset allocation and bond portfolios as Vice President. In 1978, he became responsible for government financing at Lévesque Beaubien, a securities brokerage firm. In 1981, he joined the Bolton Tremblay team as Vice President and Portfolio Manager and became its President in 1987. Following the merger of Bolton Tremblay and Montrusco & Associates, Mr. Landry became President and Chief Executive Officer of Montrusco Bolton from 1999 to May 2000.

**Marianne Fortier Landry** is Director of Finance for Moisson Montréal which is the Canada's largest food bank. From 2016 to 2018, she has been Controller for the Society for the Celebration of Montréal's 375th anniversary. Previously, she has been Chief Accountant for the sales division of TVA and Québecor Média. She has started her career at the audit services of KPMG in Montréal and has graduated from HEC Montréal in Accounting (CA).

**Peter Polatos** is President of IPC (Investments Polatos Corp), a firm specializing in alternative financing and corporate restructuring. He is also a founding member of the BTB Real Estate Investment Trust (BTB-Un.TO) and a member of the organization's Investment Committee where he previously served as Vice President, Acquisitions and Assistant Secretary until March 31, 2009. Until September 2005, he held the position of Assistant Vice President of Colliers International (Québec) Inc., following four years (November 2001 to July 2005) as Vice President, Business Development at Technoparc Saint-Laurent and five years (March 1996 to September 2001) as a senior consultant at the National Bank of Canada. Peter Polatos has extensive experience in the business world and the real estate industry, both in reorganization and restructuring, and the management, acquisition and sale of buildings. He holds a Master of Business Administration (MBA) from Concordia University, which he obtained in March 1997.

**Sylvain Tremblay** has over 30 years of experience in the construction industry, as President of Groupe Immobilier SMB Inc., Construction SMB Dallaire Inc. and Immeubles Locasa Inc. Mr. Tremblay is an experienced developer, property owner and builder. During his career, he has been actively involved in the construction of several thousand housing units. Mr. Tremblay has been very involved in the construction industry, particularly through his dedication of over a decade to the Québec Association of Construction and Housing Professionals Inc. ("APCHQ") which has 18,000 contractor members. He was, at one point or another, a director, the regional president of Québec City, a director of La garantie des bâtiments résidentiels neufs de L'APCHQ Inc. ("GMN"), director of La Garantie des immeubles résidentiels inc. (also doing business as "GIR"), president of the Governance and Ethics Committee and finally concluded this journey by holding the position of Provincial President of the APCHQ. His professional career led him to build homes in Germany and Japan between 1994 and 1997, where more than 50 homes were exported and built on foreign soil. Those years of experience, have given him an assured understanding of the business world, contractors, financing structures and boards.



To the knowledge of the Corporation, none of the above-mentioned candidates:

- a) is, or within the last ten (10) years, has been a director, chief executive officer or chief financial officer of any company, including the Corporation, that was the subject of a cease trade, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation and which, in all cases, was in effect for a period of more than thirty (30) consecutive days:
  - i) while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
  - ii) after the candidate 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 director, chief executive officer or chief financial officer;
- b) is, or within the last ten (10) years has been, a director or executive officer of any company, including the Corporation that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- c) has, within the last ten (10) years, 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 its assets.

Also, to knowledge of the Corporation, no candidate for election as director has been subject to :

- a) 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;
- b) 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.

#### **APPOINTMENT AND RATIFICATION RELATING TO AUDITORS**

At the Meeting, you will be asked to vote for the appointment of PricewaterhouseCoopers LLP, (“**PwC**”) as independent auditors of the Corporation for the fiscal year ending September 30, 2022 and the Board of Directors is authorized to establish its remuneration as well as to ratify their appointment for the fiscal years ending September 30, 2021, 2020 and 2019. PwC have been the auditors of the Corporation since November 23, 2018.

**UNLESS INSTRUCTIONS ARE GIVEN TO ABSTAIN FROM VOTING ON THE APPOINTMENT OF THE AUDITORS, THE PERSONS WHOSE NAME APPEAR IN THE INSTRUMENT OF PROXY INTEND TO VOTE AT THE MEETING IN FAVOUR OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP, AS AUDITORS OF THE CORPORATION AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION.**

Measures have been taken to assure that one or more representatives of PwC will be present at the Meeting. PwC representatives will have the opportunity to speak and answer pertinent questions.

In addition to performing the audit of the Corporation's financial statements, PwC provided other services to the Corporation and invoiced the following fees for the following fiscal years:

<b>Professional Fees</b>	<b>Fiscal Year Ended 30 septembre 2021 (S)</b>	<b>Fiscal Year Ended 30 septembre 2020 (\$)</b>
Audit Fees <sup>(1)</sup>	85,500	65,000
Audit-Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>	7,500	7,500
All other Fees <sup>(4)</sup>	-	-
<b>TOTAL</b>	<b>93,000</b>	<b>72,500</b>

Notes :

- 1) Refers to the aggregate professional fees invoiced by the Corporation's external auditor for audit services.
- 2) Refers to the aggregate professional fees invoiced for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under note (1) above, including professional services rendered by the Corporation's external auditor for accounting consultations on proposed transactions and consultations related accounting and reporting standards.
- 3) Refers to the aggregate professional fees invoiced for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning. These fees refer to various consultations with the external auditors relating to general taxation.
- 4) Refers to the aggregate professional fees invoiced for products and services provided by the Corporation's external auditor, other than the services reported under notes (1), (2) and (3) above, namely fees relating to translation services.

### **APPROVAL OF THE STOCK OPTION PLAN**

The current Stock Option Plan of the Corporation is dated November 23, 2018. At the Meeting, Shareholders of Terranueva will be called to adopt a resolution to reserve a number of Common Shares under the Stock Option Plan not exceeding ten percent (10%) of the issued and outstanding Common Shares at the Record Date in order to reflect real number of Options that may be granted at that date for future grant of as much Options. The Stock Option Plan is described at item "*Stock Option Plan*" of this Circular. Shareholders are therefore asked to consider and, if appropriate, approve the following resolution, by a simple majority:

**UNLESS INSTRUCTIONS ARE GIVEN TO DECLINE TO VOTE OR TO VOTE AGAINST CONCERNING THE FOLLOWING RESOLUTION, THE PERSONS WHOSE NAME APPEAR IN THE INSTRUMENT OF PROXY INTEND TO VOTE AT THE MEETING IN FAVOUR OF THE FOLLOWING RESOLUTION.**

“

WHEREAS Terranueva wishes to reserve a number of Common Shares under the Stock Option Plan not exceeding ten (10%) of the issued and outstanding Common Shares as at the Record Date in order to reflect the number of Options that may be granted according to the issued and outstanding Common Shares for future grant of as much Options under the Stock Option Plan;

WHEREAS there are currently 3 166 329 Common Shares reserved under the Stock Option Plan;

WHEREAS it is in the best interest of Terranueva to proceed with the said update;

BE IT RESOLVED:

1. to reserve a number of Common Shares under the Stock Option Plan not exceeding ten percent (10%) of the issued and outstanding Common Shares as at the Record Date, which means 4,596,996 Common Shares, in order to reflect the number of Options that may be granted according to the issued and outstanding Common Shares for future grant of as much Options under the Stock Option Plan, subject to regulatory approval;
2. The Stock Option Plan and all granting, cancellation and exercise of Options since the adoption of the Stock Option Plan are and they are hereby approved, ratified and confirmed according to the terms and conditions approved by the Board of Directors; and
3. Any director or officer is hereby authorized, for and on behalf of the Corporation, to execute and deliver any documents, instruments or other writings and to do all other acts as may be necessary or desirable to give effect to the foregoing resolution.

”

#### **AUDIT COMMITTEE**

The Audit Committee of the Corporation examines in a direct manner, with the assistance of the auditors, the financial statements of the Corporation and recommends their approval to the Board of Directors. The Audit Committee is currently composed of Marc-André Aubé, Jean-Luc Landry and Peter Polatos. Schedule B of this Proxy Circular contains the Audit Committee Charter.

#### **CORPORATE GOVERNANCE COMMITTEE**

The Board of Directors is committed to implementing a number of governance measures consistent with the Corporation's vision, principles and values, as set out below.

The Board of Directors of the Corporation has created the Corporate Governance and Human Resources Committee, which also oversees, as applicable, the compensation policies. The Corporate Governance and Human Resources Committee is currently composed of Gérard Landry and Sylvain Tremblay. The members of the Corporate Governance and Human Resources Committee have the skills and experience set forth in section “Statement of Corporate Governance Practices” which enable the Corporate Governance and Human Resources Committee to make decisions on the suitability of the Corporation’s compensation policies and practices. The Corporate Governance and Human Resources Committee is responsible for, among other things, reviewing corporate governance matters and making recommendations to the Board of Directors with respect to governance, compensation and evaluation practices, all in accordance with the Corporate Governance and Human Resources Committee Charter

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Board of Directors of the Corporation considers good corporate governance practices to be one of the important factors contributing to the overall success of the Corporation. In accordance with *National Instrument 58-101 Disclosure of Corporate Governance Practices* and *National Policy 58-201 Corporate Governance Guidelines*, the Corporation is required to disclose its corporate governance practices. A description of the Corporation's practices is included in Schedule A of this Proxy Circular.

## **ADDITIONAL INFORMATION**

Additional financial information relating to the Corporation is included in its comparative financial statements for the years ended September 30, 2021 2020, 2019, as well as in the document entitled *Management's Discussion and Analysis* for those years.

The Corporation will provide to any person, upon request to the Secretary of the Corporation, at 1002-3030 Le Carrefour Boulevard, Laval, Québec, Canada, H7T 2P5, the following documents: a copy of *Management's Discussion and Analysis* and of the financial statements of the Corporation for the fiscal years ended September 30, 2021 2020, 2019, together with the auditors' report thereon.

These documents and other information respecting the Corporation are also available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **BOARD OF DIRECTORS' APPROVAL**

The contents and the mailing of this Circular and have been approved by the Board of Directors of the Corporation.

Signed in L'Assomption, Québec, March 14, 2022

## **CORPORATION TERRANUEVA**

*(Signed) Jean-Luc Landry*

---

Jean-Luc Landry,  
Chairman of the Board of Directors

**SCHEDULE A**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Canadian Securities Administrators (the “**Authorities**”) adopted Regulation 52-110 *respecting Audit Committees*. (the “**Authorities’ Audit Committee Regulation**”). The Authorities’ Audit Committee Regulation include requirements regarding audit committee composition and responsibilities, as well as reporting obligations with respect to audit related matters. The Corporation complies with these rules and appropriate disclosure is made, where applicable, in connection therewith in the following table.

The Authorities also adopted Regulation 58-101 *respecting Disclosure of Corporate Governance Practices* (the “**Authorities’ Governance Disclosure Regulation**”) and Policy Statement 58-201 *to Corporate Governance Guidelines* (the “**Authorities’ Governance Policy**”). The Authorities’ Governance Policy provides guidance on corporate governance practices to Canadian issuers, while the Authorities’ Governance Disclosure Regulation requires issuers to make the prescribed disclosure regarding their corporate governance practices, if necessary. The disclosure made hereunder refers to the items of the Authorities’ Governance Disclosure Regulation as well as to the Authorities’ Governance Policy, where appropriate. The Corporation believes that its corporate governance practices meet the requirements of the Authorities’ Governance Disclosure Regulation and the Authorities’ Governance Policy, as reflected in the disclosure made hereunder.

The Corporation periodically reviews its corporate governance practices in order to respond to the evolution of best practices.

<b>AUTHORITY GUIDELINES</b>	<b>CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION</b>
<b>1. Board of Directors</b>	
<p>a) Disclose how the board of directors (the “<b>Board</b>”) facilitates its exercise of independent supervision over management, including (i) the identity of directors that are independent, and (ii) the identity of directors who are not independent, and the basis for that determination.</p>	<p>Of the seven (7) current members of the Board, four (4) directors are currently independent within the meaning of the Authority's regulations on corporate governance disclosure. They are Messrs Sylvain Aird, Marc-André Aubé, Peter Polatos and Sylvain Tremblay.</p> <p>The Board, after reviewing the relationships of each of its directors, has determined that the following directors are not independent: Jean-Luc Landry is a significant shareholder of the Corporation and serves as Chief Executive Officer; and Gérard Landry is the President of operations; and Jr. Perez is a previous officer during the las three years and significant shareholder of the Corporation. They therefore are not “independent” within the meaning of the Authorities’ Governance Disclosure Regulation.</p>

AUTHORITY GUIDELINES	CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION
	At all meetings of the Board and Board Committee, the independent directors may meet without any representative of management present.
b) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	No current director is currently also a member of the board of directors of another reporting issuer with the exception of Sylvain Aird (Corporation Geekco Technologies; TSX-V: GKO; OTCQB: GKOTF) and Jean-Luc Landry (Garda World Security Corporation).
<b>2. Orientation and Continuing Education</b>	
Describe what steps, if any, the Board takes to orient new Board members, and describe any measures to provide continuing education for directors.	<p>The Corporate Governance and Human Resources Committee is responsible for overseeing the Corporation's orientation and continuing education for new directors.</p> <p>The Corporation provides orientation and continuing education sessions for new directors that focus on key strategic objectives, financial reporting, human resources, including the roles, responsibilities and liabilities of directors.</p> <p>Presentations on the business of the Corporation are made by management at each Board meeting. As well, directors have access to the Corporation's legal counsel for all matters relating to their responsibilities as directors.</p>
<b>3. Ethical Business Conduct</b>	
Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	<p>The Board has adopted an internal confidentiality and disclosure policy, a securities trading policy and a whistleblower policy.</p> <p>The Board, through its Audit Committee and Corporate Governance and Human Resources Committee, is responsible for periodically reviewing the various corporate governance policies and management's compliance with them.</p> <p>The policies are available upon request from the Corporate Secretary.</p>

<p style="text-align: center;"><b>AUTHORITY GUIDELINES</b></p>	<p style="text-align: center;"><b>CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION</b></p>
	<p>In accordance with applicable law, in the event of a conflict of interest, a director is required to disclose his or her interest and abstain from voting on the matter. In practice, the Board asks each director to disclose any direct or indirect interest in an organization, company or association that could place him or her in a conflict of interest situation. In the event of discussions or decisions to be made regarding an organization, business or association in which a director has an interest, the Board would ask that director not to participate in such discussions or decision making.</p>
<p><b>4. Nomination of Directors</b></p>	
<p>Disclose what steps, if any, are taken to identify new candidates for Board nomination, including:</p> <p>(i) who identifies new candidates;</p>	<p>The Corporate Governance and Human Resources Committee is responsible for receiving and reviewing nominations and recommending either the hiring of executive officers or the appointment or election of directors of the Corporation.</p>
<p>(ii) the process of identifying new candidates.</p>	<p>The Corporate Governance and Human Resources Committee has the responsibility of recommending to the Board adequate procedures for the selection of new directors and to periodically review the criteria adopted by the Board. It also has the responsibility of recommending to the Board candidates who are deemed competent and capable of becoming members of the Board, in accordance with the criteria of the new directors adopted from time to time by the Board and established according to the Charter of the Corporate Governance and Human Resources Committee.</p> <p>In addition to receiving and to reviewing the applications of candidates and recommend the hiring, the Corporate Governance and Human Resources Committee considers and approves the requests to hire special counsels, recommends the opportunity to create new functions in the Corporation, analyses the needs of the Board if there are any vacancies and recommends the dismissal of a director or a member of the Executive Management, if necessary.</p>

AUTHORITY GUIDELINES	CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION
<b>5. Diversity</b>	
	<p>The Board has not adopted a formal policy on term limits for directors or other mechanisms for Board renewal, as it has not considered such mechanisms to be appropriate given the size and stage of development of the Corporation. The Board is of the view that term limits may result in a loss of beneficial contributions by directors and may be detrimental to the Corporation.</p> <p>The Board has not adopted a formal policy with respect to the nomination and appointment of directors or executive officers who are women, Aboriginal Peoples, persons with disabilities and members of visible minorities (collectively, the “<b>Designated Groups</b>”). The Board recognizes the benefits of diversity on its Board, at the senior management level and at all levels of the organization, but does not believe that the adoption of a formal policy would further increase the representation of the Designated Groups compared to the current recruitment and selection process. The Board has not established formal representation goals for designated group members on the Board or in senior management positions. The Corporation assesses the skills, abilities, experience and other necessary qualifications of each candidate as a whole, and representation of the designated groups is one of many factors considered in the recruitment and selection of candidates for the Board or senior management positions. Currently, no members of the Board or the senior management team of the Corporation are part of a Designated Group.</p>
<b>6. Compensation</b>	
<p>Disclose what steps, if any, are taken to determine compensation for the directors and Chief Executive Officer, including: (i) who determines the compensation; and (ii) the process of determining compensation.</p>	<p>The Corporation’s compensation program concerning directors and executive management is the responsibility of the Corporate Governance and Human Resources Committee.</p> <p>The Committee also approves the recruiting as well as the levels of compensation of all the members of</p>



<p><b>AUTHORITY GUIDELINES</b></p>	<p><b>CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION</b></p>
	<p>Executive Management and shares its decisions in this respect with the Board.</p> <p>The Corporate Governance and Human Resources Committee has the responsibility to periodically review the compensation of executive management.</p> <p>The Corporate Governance and Human Resources Committee is responsible for periodically reviewing and evaluating the performance and contribution of all directors and the effectiveness of the Board as a whole; and, annually reviewing the compensation of the directors in their capacity as directors and make recommendations to the Board.</p> <p>The Corporate Governance and Human Resources Committee has namely the responsibility of examining and approving the goals and objectives of the Corporation relating to the compensation of the President and Chief Executive Officer, to evaluate the performance of the President and Chief Executive Officer with respect to these goals and objectives, to account for the results of such an evaluation of the Board and to recommend to the Board the level of remuneration of the President and Chief Executive Officer according to this evaluation.</p>
<p><b>7. Other Board Committees</b></p>	
<p>If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has created the Corporate Governance and Human Resources Committee. The Corporate Governance and Human Resources Committee assists the Board within the exercise of its functions, supervises the Executive Management of the Corporation in order to improve the value of the securities of the Corporation in the long-run for the shareholders, guides the Board with respect to the policies and decisions regarding corporate governance, as well as the appointment and remuneration of both executive management and directors of the Corporation and its subsidiaries.</p> <p>The Corporate Governance and Human Resources Committee is currently composed of two (2) directors, namely Gérard Landry and Sylvain</p>

AUTHORITY GUIDELINES	CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION
	Tremblay, the latter is “independent” within the meaning of the regulations of the Authorities’ Governance Disclosure Regulation.
<b>8. Assessments</b>	
Disclose what steps, if any, the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	The Board has an informal process for assessing its effectiveness and that of its committees. The Chairman of the Board bears this responsibility along with the President of the Corporate Governance and Human Resources Committee. On an annual basis, each director and Corporate Governance and Human Resources Committee member evaluates the performance of the Board or Corporate Governance and Human Resources Committee of which he is a member, taking into account various criteria, namely the composition, functioning, responsibilities, surveillance activities and efficiency of the Board or Corporate Governance and Human Resources Committee, as well as the comprehension of the business and the remuneration of its members. The observations of each member are informally submitted to the Chairman of the Board or Corporate Governance and Human Resources Committee. They are discussed within the Corporate Governance and Human Resources Committee and are then presented to the Chairman of the Board.
<b>9. Audit Committee Charter</b>	
	The charter of the Audit Committee is attached as Schedule B hereto.
<b>10. Composition of the Audit Committee</b>	
	The Audit Committee is composed of three (3) directors, namely Marc-André Aubé, Jean-Luc Landry and Peter Polatos. The Board has determined that Marc-André Aubé and Peter Polatos are “independent” within the meaning of the rules of the authorities on Audit Committees. They are all financially literate within the meaning of <i>Regulation 52-110 respecting Audit Committees</i> (“ <b>Regulation 52-110</b> ”).

AUTHORITY GUIDELINES	CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION
<b>11. Relevant training and experience</b>	
	All members of the Audit Committee have acquired relevant experience through their work, education and other positions as directors and as members of senior management of various companies, all as more fully described in the “Election of Directors” section of this Circular.
<b>12. Supervision of the Audit Committee</b>	
	There has been no recommendation of the Audit Committee regarding the appointment or remuneration of the external auditor that has not been adopted by the Board of Directors at any time during the last two financial years of the Corporation.
<b>13. Prior Approval Policies and Procedures</b>	
	<p>The Audit Committee has not adopted specific policies and procedures for the award of contracts for non-audit services. Nevertheless, the Audit Committee Charter, attached as Appendix B to this Circular, provides that the Audit Committee is responsible for:</p> <ul style="list-style-type: none"> <li>(a) recommending to the Board of Directors the appointment of external auditors, taking into account their independence and effectiveness, and approving their compensation, salaries and other benefits to be paid;</li> <li>(b) periodically reviewing and discussing with the external auditors any relationship they have with the Corporation to assess their independence and objectivity</li> <li>(c) consulting, at least annually, with the Corporation’s external auditors, without the presence of senior management, to discuss the Corporation’s internal control systems and other matters of interest;</li> </ul>

<b>AUTHORITY GUIDELINES</b>	<b>CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION</b>
	<ul style="list-style-type: none"><li>(d) requiring the external auditors to make a declaration of independence at the time of issuance of their annual report and prior to each engagement</li><li>(e) evaluating the performance of the external auditors and proposing their replacement if the Audit Committee deems it advisable</li><li>(f) reviewing and approving the hiring policies with respect to partners and employees, past or present, of the issuer's external auditor, such auditor and its predecessor</li><li>(g) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters</li><li>(h) establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;</li><li>(i) reviewing the Corporation's annual and interim financial statements and any reports or other financial information that must be disclosed in accordance with disclosure requirements of applicable authorities or the Corporation's disclosure policy; and</li><li>(j) the Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements, other than the information referred to in the preceding paragraph, and shall periodically assess the adequacy of those procedures.</li></ul>

<b>AUTHORITY GUIDELINES</b>	<b>CORPORATE GOVERNANCE PRACTICES OF THE CORPORATION</b>
<b>14. Use of certain exemptions</b>	
	Since its last two fiscal years, the Corporation has not availed itself of any of the following exemptions from Regulation 52-110: (a) exemptions from section 2.4 (De Minimis Non-Audit Services); (b) exemptions from paragraphs (4), (5) or (6) of section 6.1.1 (Composition of Audit Committee); or (c) an exemption, in whole or in part, under part 8 of Regulation 52-110 (Exemptions).

## SCHEDULE B

### AUDIT COMMITTEE CHARTER



# TERRANUEVA

## 1. General Objectives

In accordance with its functions, the audit committee (hereinafter referred to as the “**Audit Committee**”), must encourage the continuous improvement and to see compliance with guidelines, procedures and financial practices of the Corporation Terranueva / Terranueva Corporation (formerly Axe Exploration Inc.) and its subsidiaries (collectively, the “**Corporation**”).

The primary and principal roles of the Audit Committee include acting as an independent and objective party so as to: (i) ensure an adequate financial reporting process of the Corporation as well as its internal control procedures; (ii) ensure an adequate reporting process of the Corporation’s external auditors; (iii) provide better communication between the Corporation’s external auditors and executive management (hereinafter referred to as “**Executive Management**”) and the board of directors (hereinafter referred to as the “**Board of Directors**”); and (iv) insure that the Corporation adopts appropriate disclosure and financial management policies.

The Audit Committee will act as to accomplish its responsibilities by executing the tasks enumerated in section 4.

## 2. Composition

The Audit Committee shall be composed of a minimum of three (3) directors of the Corporation of which a majority of the members must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation.

Even if it is an asset for an efficient and balanced Audit Committee to have diversification in competence and experience among its members, all members shall have basic knowledge of financial matters and at least one member of the Audit Committee shall have specialized knowledge in accounting or financial management.

The expression “basic knowledge of financial matters” shall mean the ability to read and understand basic financial statements, notably a balance sheet, a statement of earnings and a cash flows statement, as well as the ability to raise questions about the Corporation’s accounting and financial risks.

A member will be deemed to have “specialized knowledge” if he has professional experience in finance or accounting, a professional accreditation in that field or another experience or background that made him develop specialized knowledge in financial matters.

Members of the Committee will be appointed by the Board of Directors and will hold their function until the next meeting of the Board of Directors following the general meeting of shareholders or until their successors are duly appointed. Unless the President of the Audit Committee is appointed by all the members of the Board of Directors, members of the Committee will be entitled to appoint a President by way of a majority vote in the presence of all the members of the Audit Committee.

### **3. Organization**

Except as specifically provided herein, or adopted from time to time, the by-laws of the Corporation shall govern the meetings of the Audit Committee. In particular, it is agreed that the Audit Committee shall meet at least four (4) times per year or more if justified by the circumstances. In order to foster open and straightforward communications between key players, the Audit Committee shall meet, at least annually, with Executive Management and the external auditors of the Corporation. These meetings shall be held distinctively and privately in order to discuss any matter that the Audit Committee or each of these groups will consider important or useful.

### **4. Responsibilities and Duties**

In order to satisfy its duties and roles, the Audit Committee shall namely:

#### *External Auditors*

- 4.1. Recommend the appointment of the external auditors to the Board of Directors, who will consider their independence and performance and approve their remuneration, treatment and other compensation to be paid;
- 4.2. Review and discuss periodically with the external auditors the relationship between the Corporation and the external auditors in order to analyze the independence and objectivity of the external auditors;
- 4.3. Consult at least annually the external auditors, without the attendance of the Executive Management, in order to discuss the internal audit control process as well as all other matters of concern;
- 4.4. Require from the external auditors a declaration of independence while filing the annual report and preceding each mandate granted;
- 4.5. Evaluate the performance of the external auditors and recommend their replacement if the Audit Committee believe it advisable;
- 4.6. For the duration of the annual financial statements review process and before their filing, review independently with the Executive Management and the external auditors any important difficulties incurred during the review process, including any restrictions on the work load completed or the access to required information;
- 4.7. Resolve any important disagreements between the Executive Management and the external auditors regarding financial statements; and

- 4.8. Review and approve the hiring policies regarding partners, employees and former partners and employees of the present and former external auditor its predecessor.

#### *Financial Reporting and Disclosure of Documents*

- 4.9. Review the integrity of the financial disclosure process in consultation with the external auditors and the Executive Management of the Corporation;
- 4.10. Discuss the quality of the accounting principles with the external auditors of the Corporation, including accuracy of the financial information disclosure, highly judgmental areas such as reserves or estimates and the application of accounting principles by Executive Management;
- 4.11. In case of changes to accounting principles adopted by the Corporation as suggested by the Executive Management and endorsed by the external auditors, review and submit these changes for approval to the Board;
- 4.12. Review the annual and the three-monthly financial statements and the related report or any other financial information to be disclosed in compliance with the disclosure rules enacted by the competent authorities or the disclosure policy of the Corporation;
- 4.13. Ensure that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements and periodically review those procedures;
- 4.14. Review any certificate, report, opinion, letter or correspondence sent by the external auditors of the Corporation and, if applicable, any answers from the Executive Management to the said correspondence;
- 4.15. Review annually the mandates of the Audit Committee and recommend to the Board of Directors modifications to the mandates if thought necessary;
- 4.16. Prepare and recommend annually to the Board of Directors a “Summary of the Audit Committee Practices” to be included in the annual report or in the management proxy circular; and
- 4.17. Review and update, if applicable, this Charter periodically, at least annually.

#### *Disclosure Policy and other*

- 4.18. See to the establishment and respect by the Corporation’s Executive Management of the disclosure policy regarding; i) financial information; ii) operations, activities, facts or events having a material effect on the Corporation’s financial condition;
- 4.19. Ensure that the Executive Management acts in compliance with the Corporation’s disclosure policy; and
- 4.20. Establish procedures that ensure the confidential receipt, filing and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters. To maintain a process permitting the confidential, anonymous submission of information by employees regarding questionable auditing practices.





**TERRANUEVA**