



# AYURCANN

**ANNUAL GENERAL MEETING**

**OF THE SHAREHOLDERS**

**OF**

**AYURCANN HOLDINGS CORP.**

**TO BE HELD ON WEDNESDAY, DECEMBER 21, 2022**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF AYURCANN HOLDINGS CORP. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDNESDAY, DECEMBER 21, 2022.*

**TO BE HELD AT:**

**1 ADELAIDE STREET EAST, 8<sup>th</sup> FLOOR, SUITE 801, TORONTO, ONTARIO M5C 2V9**

**AT 10:00 A.M. (TORONTO TIME)**

**DATED: NOVEMBER 21, 2022**



**AYURCANN HOLDINGS CORP.**  
1080 Brock Road, Unit 6  
Pickering, Ontario L1W 3H3

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL MEETING** of holders (the “**Shareholders**”) of common shares (“**Common Shares**”) of Ayurcann Holdings Corp. (the “**Corporation**”) will be held at the offices of Garfinkle Biderman LLP, at 1 Adelaide Street East, 8<sup>th</sup> Floor, Suite 801, Toronto, Ontario M5C 2V9, and broadcast via teleconference at (416) 874-8100, conference code 5640789 on Wednesday, December 21, 2022 at 10:00 a.m. (Toronto time) (the “**Meeting**”) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial years ended June 30, 2022 and 2021 and the auditor’s report thereon (the “**Annual Financial Statements**”);
2. to elect the directors of the Corporation for the ensuing year, as more particularly set forth in the accompanying proxy and management information circular dated November 21, 2022, prepared for the purpose of the Meeting (the “**Management Information Circular**”);
3. to re-appoint Clearhouse LLP as the auditors of the Corporation for the ensuing year and to authorize the audit committee of the board of directors of the Corporation to fix the auditor’s remuneration, as more particularly set forth in the Management Information Circular; and
4. to transact such other business as may be properly brought before the Meeting or any adjournment(s) thereof.

This notice of meeting (this “**Notice of Meeting**”) should be read together with the Management Information Circular and form of proxy (the “**Form of Proxy**”) or voting instruction form (“**VIF**”), as applicable.

The Management Information Circular and all additional materials have been posted under the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com). **Shareholders are reminded to carefully review the Management Information Circular and any additional materials prior to voting on the matters being transacted at the Meeting.** Copies of: (i) this Notice of Meeting; (ii) the Management Information Circular; (iii) the Form of Proxy and VIF; and (iv) the Annual Financial Statements and accompanying management’s discussion and analysis, may be obtained free of charge by contacting Odyssey Trust Company at 67 Yonge Street, Suite 702, Toronto, Ontario M5E 1J8. In order to ensure that a paper copy of the Management Information Circular and additional materials can be delivered to a Shareholder in time for such Shareholder to review the Management Information Circular and return a Form of Proxy (or a VIF) prior to the deadline to receive proxies, it is strongly suggested that Shareholders ensure their request is received no later than December 2, 2022.

Shareholders may attend the Meeting in person, by teleconference, or may be represented by proxy. Shareholders unable to attend the Meeting or any adjournment(s) thereof in person are requested to date, sign and return the enclosed Form of Proxy to the Corporation’s registrar and transfer agent, Odyssey Trust Company, located at 67 Yonge Street, Suite 702, Toronto, Ontario M5E 1J8. To be effective, a proxy must be received not later than 10:00 a.m. (Toronto time) on December 21, 2022, or in the event that the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) immediately preceding any adjournment(s) or postponement(s) thereof.

**COVID-19**

Due to the ongoing concerns related to the spread of COVID-19 and in order to protect to the health and safety of our communities, Shareholders, employees and other stakeholders, **we strongly recommend that you DO NOT attend the Meeting in person, particularly if you are experiencing any COVID-19**

**symptoms or if you or someone with whom you have been in close contact has travelled to/from outside Ontario within the 14 days prior to the Meeting.** We intend to quickly deal with the business at hand and there will be no refreshments or additional presentations at the Meeting. COVID-19 is causing unprecedented social and economic upheaval, and we want to ensure that no one is unnecessarily exposed to any risks.

**Public health restrictions and recommendations in place at the time of the Meeting may require the Corporation to restrict the number of people in attendance at the Meeting and therefore physical attendance by a Shareholder or appointed proxyholder may not be possible. If a Shareholder wishes to attend the Meeting in person, they will be required to produce valid proof of vaccination prior to attendance.**

The board of directors of the Corporation has fixed the close of business on November 21, 2022 as the record date (the "**Record Date**") for the determination of the Shareholders entitled to notice of, and to vote at, the Meeting, and any adjournment(s) or postponement(s) thereof. Only Shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting at their discretion. The Chairman is under no obligation to accept or reject any late proxy. Non-registered Shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a VIF.

**DATED** this 21<sup>st</sup> day of November 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

*/s/ "Igal Sudman"*

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Igal Sudman  
*Chairman, Chief Executive Officer and Corporate  
Secretary*

**AYURCANN HOLDINGS CORP.**  
1080 Brock Road, Unit 6  
Pickering, Ontario L1W 3H3

## **MANAGEMENT INFORMATION CIRCULAR**

### **SOLICITATION OF PROXIES**

This management information circular (this “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Ayurcann Holdings Corp. (the “**Corporation**” or “**we**”) to be voted at the annual general meeting of holders of common shares (“**Common Shares**”) of the Corporation (the “**Shareholders**”) to be held at the offices of the Corporation’s legal counsel Garfinkle Biderman LLP, located at 1 Adelaide Street East, Suite 801, Toronto, Ontario, Canada M5C 2V9 and broadcast via teleconference at (416) 874-8100, conference code 5640789 on Wednesday, December 21, 2022, at 10:00 am (Toronto time) (the “**Meeting**”), and at any adjournment(s) or postponement(s) thereof.

In this Circular, (i) all information provided is current as of November 21, 2022, unless otherwise indicated, (ii) references to “\$” are to Canadian dollars, (iii) “**Beneficial Shareholders**” means Shareholders who do not hold Common Shares in their own name, and (iv) “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

This Circular is furnished in connection with the solicitation, by or on behalf of the management of the Corporation, of proxies to be used at the Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers and employees of the Corporation without special compensation, or by the Corporation’s registrar and transfer agent, Odyssey Trust Company (the “**Transfer Agent**”), at nominal cost. Arrangements have been made with brokerage houses and other Intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the Beneficial Shareholders of record as of the Record Date (as defined below).

The Corporation will not cause its Transfer Agent to deliver copies of the proxy-related materials to the non-objecting Beneficial Owners and does not intend to pay for the Intermediaries to deliver to objecting Beneficial Owners the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”).

Any Shareholder who wishes to receive a paper copy of this Circular free of charge must contact the Transfer Agent at 67 Yonge Street, Suite 702, Toronto, Ontario M5E 1J8. In order to ensure that a paper copy of the Circular can be delivered to a requesting Shareholder in time for such Shareholder to review the Circular and return a form of proxy (the “**Form of Proxy**”) or voting instruction form (“**VIF**”), as applicable, prior to the deadline to receive proxies, it is strongly suggested that Shareholders ensure their request is received no later than December 2, 2022.

### **COVID-19**

Due to the ongoing concerns related to the spread of COVID-19 and in order to protect to the health and safety of our communities, Shareholders, employees and other stakeholders, **we strongly recommend that you DO NOT attend the Meeting in person, particularly if you are experiencing any COVID-19 symptoms or if you or someone with whom you have been in close contact has travelled to/from outside Ontario within the 14 days prior to the Meeting.** We intend to quickly deal with the business at hand and there will be no refreshments or additional presentations at the Meeting. COVID-19 is causing unprecedented social and economic upheaval, and we want to ensure that no one is unnecessarily exposed to any risks.

We may take additional precautionary measures in relation to the Meeting in response to further

developments of COVID-19. In the event it is not possible or advisable to hold the Meeting in person, we will announce alternative arrangements for the Meeting as promptly as practicable, which may include delaying the Meeting or holding the Meeting entirely by electronic means, telephone or other communication facilities. **If you are a Registered Shareholder (as defined below) or appointed proxyholder and are planning to attend the Meeting, please notify the Corporation within a minimum of five business days' in advance of the Meeting by either (i) emailing Adam Fishman at afishman@garfinkle.com or (ii) telephone at (416) 869-7660.**

**Public health restrictions and recommendations in place at the time of the Meeting may require the Corporation to restrict the number of people in attendance at the Meeting and therefore physical attendance by a Shareholder or appointed proxyholder may not be possible. If a Shareholder wishes to attend the Meeting in person, they will be required to produce valid proof of vaccination prior to attendance.**

### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Circular includes certain statements and information that constitute “forward-looking statements”, and “forward-looking information” under applicable securities laws (collectively, “**forward-looking statements**”). Forward-looking statements appear in a number of places in this Circular and include statements and information regarding the intent, beliefs or current expectations of the Corporation’s officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Corporation’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Circular, words such as “believe”, “anticipate”, “estimate”, “project”, “intend”, “expect”, “may”, “will”, “plan”, “should”, “would”, “contemplate”, “possible”, “attempts”, “seeks” and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements may relate to the Corporation’s future outlook and anticipated events or results and may include statements regarding the Corporation’s future business strategy, plans and objectives. The Corporation has based these forward-looking statements largely on its current expectations and projections about future events. These forward-looking statements were derived utilizing numerous assumptions, and while the Corporation considers these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, you are cautioned to not put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future events or results.

Forward-looking statements speak only as of the date such statements are made. Except as required by applicable law, the Corporation assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If the Corporation updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. You should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this Circular are expressly qualified in their entirety by this cautionary statement.

### **REGISTERED SHAREHOLDERS**

A Shareholder is a registered Shareholder (a “**Registered Shareholder**”) if shown on the register of holders of Common Shares at the close of business on November 21, 2022 (the “**Record Date**”). All references to Shareholders in this Circular, the Form of Proxy and the notice of meeting (the “**Notice of Meeting**”) are to Registered Shareholders of record on the Record Date, unless specifically stated otherwise.

#### **Appointment of Proxy**

Regardless of whether you expect to attend the Meeting, please exercise your right to vote. Shareholders who have voted by proxy may still attend the Meeting. Please complete and return the Form of Proxy in the

envelope provided. The Form of Proxy must be dated and executed by the Registered Shareholder or attorney of such Shareholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the Transfer Agent in the envelope provided or otherwise to 67 Yonge Street, Suite 702, Toronto, Ontario M5E 1J8, **no later than 10:00 a.m. (Toronto time) on December 19, 2022, or 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment(s) or postponement(s) thereof.**

**The persons named in the Form of Proxy are directors and officers of the Corporation. A Shareholder may appoint as proxyholder a person or company (who need not be a Shareholder), other than those persons named in the Form of Proxy, to attend and act on such Shareholder's behalf at the Meeting or at any adjournment(s) or postponement(s) thereof. Such right may be exercised by either inserting such other desired proxyholder's name in the blank space provided on the Form of Proxy or by completing another proper form of proxy.**

#### Revocation of Proxy

A Registered Shareholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by the Shareholder or by the attorney of such Shareholder, duly authorized in writing, or if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either with: (i) the Transfer Agent, on or before the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof at which the Form of Proxy is to be used, (ii) the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (iii) in any other manner permitted by law.

#### **NON-REGISTERED SHAREHOLDERS**

Only Registered Shareholders or their duly appointed proxyholders are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares or a clearing agency or other securities Intermediary. More particularly, a person is not a Registered Shareholder if Common Shares are held on behalf of that person (the "**Non-Registered Shareholder**") and are registered either: (a) in the name of an Intermediary that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency, such as the Canadian Depository for Securities Limited, of which the Intermediary is a participant. In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the proxy-related materials to the Transfer Agent for onward distribution to Non-Registered Shareholders.

Intermediaries are required to forward the proxy-related materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the proxy-related materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive proxy-related materials will either:

- (i) be given a Form of Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder, but which is otherwise not completed. Because the Intermediary has already signed the Form of Proxy, the Form of Proxy is not required to be signed by the Non-Registered Shareholder when submitting the Form of Proxy. In this case, the Non-Registered Shareholder who wishes to submit an instrument of proxy should otherwise properly complete the Form of Proxy and deposit it with the Corporation as provided above; or

- (ii) more typically, be given a VIF which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. Typically, the VIF will consist of a one-page, pre-printed form. Sometimes, instead of the one-page, pre-printed form, the VIF will consist of a regular printed Form of Proxy accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the Form of Proxy to validly constitute a proxy authorization form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the Form of Proxy, properly complete and sign the Form of Proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Shareholder should strike out the names of management's representatives named in the Form of Proxy and insert the Non-Registered Shareholder's name in the blank space provided.

The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the VIFs or Forms of Proxy to the Non-Registered Shareholders and asks the Non-Registered Shareholders to return the VIFs or Forms of Proxy to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions with respect to the voting of Common Shares to be represented at the Meeting by such Intermediary. A Non-Registered Shareholder receiving a VIF from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted. If you have any questions with respect to the voting of Common Shares held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

**Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. Non-Registered Shareholders should carefully follow the instructions on the Form of Proxy or VIF that they receive from their Intermediary in order to vote the Common Shares that are held through that Intermediary.**

#### Revocation of Voting Instructions

A Non-Registered Shareholder giving voting instructions may revoke such voting instructions by contacting their Intermediary in respect of such voting instructions and complying with any applicable requirements imposed by such Intermediary. An Intermediary that has submitted a Form of Proxy based on voting instructions received from a Non-Registered Shareholder may not be able to revoke a Form of Proxy if it receives insufficient notice of revocation.

### **VOTING OF PROXIES**

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the persons designated by management of the Corporation in the Form of Proxy will be voted or withheld from voting in accordance with the instructions given on the Form of Proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of such instructions, such Common Shares will be voted FOR the approval of all resolutions in this Circular.**

**The Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.** As of the date of this Circular, management of the Corporation is not aware of any such amendments or any other matters to come before the Meeting. However, if any amendments to matters



identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the Common Shares represented by properly executed proxies given in favour of the persons designated by management of the Corporation in the Form of Proxy will be voted on such matters in accordance with the best judgment of the named proxies.

## **VOTING OF COMMON SHARES AND PRINCIPAL SHAREHOLDERS THEREOF**

### Record Date

The Record Date for the purpose of determining the Shareholders entitled to receive notice of and vote at the Meeting has been fixed as November 21, 2022. All Shareholders of record at the close of business on the Record Date are entitled to vote the Common Shares registered in such Shareholder's name, at that date, on each matter to be acted upon at the Meeting.

### Description of Voting Securities

As of the Record Date, the Corporation has 155,556,863 Common Shares issued and outstanding. Each Common Share carries the right to one vote. The outstanding Common Shares are listed and posted for trading on the Canadian Securities Exchange (the "CSE").

No other voting securities are issued and outstanding as of the Record Date.

### Quorum

A quorum will be present at the Meeting if any two Shareholders holding 5% of the Common Shares entitled to vote at the Meeting, whether present in person or represented by proxy, are present at the opening of the Meeting.

### Principal Shareholders

Other than described below, to the knowledge of the directors and officers of the Corporation, as at the date hereof, no person, firm or company beneficially owns, controls, or directs, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to all issued and outstanding Common Shares:

<b>Name of Insider</b>	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares</b>
Igal Sudman	26,895,424 <sup>(1)</sup>	17.28%
Roman Buzaker	26,603,142 <sup>(2)</sup>	17.10%
Tetra Oils Inc.	35,577,637	22.87%
Weed Me Inc.	15,837,781	10.18%

**Notes:**

1. Mr. Sudman holds 12,963,322 Common Shares through 2388765 Ontario Inc., an entity controlled by Mr. Sudman ("238 Ontario").
2. Mr. Buzaker holds 12,963,322 Common Shares through IIPAC Inc., an entity controlled by Mr. Buzaker ("IIPAC").

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

No (a) director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year; (b) proposed nominee for election as a director of the Corporation; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than their respective appointment to the board of directors of the Corporation (the "Board").

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Financial Statements

The audited consolidated financial statements of the Corporation for the years ended June 30, 2022 and 2021, together with the report of the auditors thereon (the “**Annual Financial Statements**”), are available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). At the Meeting, the Corporation will submit to Shareholders the Annual Financial Statements. No formal action will be taken at the Meeting to approve the Annual Financial Statements.

### 2. Election of Directors

The Corporation currently has five directors, and it is intended that such five directors be re-elected for the ensuing year. The Board has determined that a board of five members will continue to be effective in the governance and supervision of the Corporation’s business and affairs for the ensuing year. The following five persons whose names are set out below (the “**Nominees**”) have been nominated by the Board for election as directors at the Meeting.

The term of each of the Corporation’s present directors expires at the close of the Meeting and unless the director’s office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (Ontario) (“**OBCA**”) or removed in accordance with the by-laws of the Corporation, each director elected at the Meeting or any adjournment(s) or postponement(s) thereof will hold office until the conclusion of the next annual meeting of the Shareholders. Where directors fail to be elected at any such meeting of Shareholders, the incumbent directors shall continue in office until their successors are elected. The number of directors to be elected at any such meeting shall be the greater of the number (or the minimum number, as the case may be) of directors provided for in the Articles and the number of directors then in office unless the directors or the Shareholders otherwise determine.

The following table sets forth the names and jurisdictions of residence of the Nominees for election as directors of the Corporation, the offices in the Corporation, if any, held by them, their principal occupations (for the past five years) and the number of Common Shares beneficially owned, or over which control or direction is exercised. If any such individual should be unable or unwilling to serve, an event not presently anticipated, the persons named in the Form of Proxy or VIF will have the right to vote, at their discretion, for another nominee, unless a proxy withholds authority to vote for the election of directors:

Name, Province / State, Country of Residence and Position with the Corporation	Present Principal Occupation If Different from Office Held & Principal Occupation for The Past 5 Years	Date Elected / Appointed	Common Shares Owned or Over Which Control or Direction is Exercised <sup>(1)</sup>
<b>Igal Sudman</b> <sup>(2)(4)</sup> <i>Chairman, Chief Executive Officer and Corporate Secretary</i> Maple, Ontario, Canada	Chief Executive Officer of Ayurcann Inc. (June 2018-Present); Chief Compliance Officer at Z Block Chain (November 2016-November 2017); Principal at Sudman Industries (1987-2020)	March 26, 2021	26,895,424 (17.28%)
<b>Roman Buzaker</b> <sup>(3)</sup> <i>President, Chief Financial Officer, Chief Operating Officer, Responsible Person in Charge, Head of Security and Director</i> Toronto, Ontario, Canada	President and Chief Operating Officer of Ayurcann Inc. (June 2018-Present); COO and Director at Z Block Chain (November 2016-November 2017); President at Online Partners Ltd. (2009-2017)	March 26, 2021	26,603,142 (17.10%)
<b>Maor Shayit</b> <sup>(2)(3)(4)</sup> <i>Director</i> Vaughan, Ontario, Canada	Director of Ayurcann Inc. (January 2020-Present); Chief Operating Officer at Weed Me Inc.	March 26, 2021	409,421 (0.26%)
<b>David Hackett</b> <sup>(2)(4)</sup> <i>Director</i> Toronto, Ontario, Canada	Director of Ayurcann Inc. (January 2020-Present); Chief Financial Officer of Wake Network, Inc. (June 2021-2022); Chief Financial Officer of The Tinley Beverage Company Inc. (March 2021-September	March 26, 2021	442,846 (0.28%)

	2021); Chief Financial Officer of 48North Cannabis Corp. (April 2018--January 2021); Chief Financial Officer of Mavencare Inc. (September 2017-April 2018); Chief Financial Officer and Corporate Secretary of Coupgon Inc. (October 2014-January 2017).		
<b>Alison Gordon</b> <sup>(3)</sup> <i>Director</i> <i>Toronto, Ontario, Canada</i>	Director of Ayurcann Inc. (January 2020-Present) Founder, Chief Executive Officer and Director of 48North Cannabis Corp. (January 2017-March 2020)	March 26, 2021	409,421 (0.26%)

**Notes:**

1. The number of Common Shares beneficially owned, or over which control or direction is exercised, not being within the direct knowledge of the Corporation, has been furnished by the respective Nominee or obtained from the System for Electronic Disclosure by Insiders and may include Common Shares owned or controlled by their spouses and/or children and/or companies controlled by them or their spouses and/or children.
2. Member of the audit committee of the Corporation (the "**Audit Committee**"). Mr. Hackett is the chair of the Audit Committee.
3. Member of the compensation committee of the Corporation (the "**Compensation Committee**"). Ms. Gordon is the chair of the Compensation Committee.
4. Member of the corporate governance committee of the Corporation (the "**Governance Committee**"). Mr. Shayit is the chair of the Governance Committee.

As of the Record Date, the directors and senior officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly, approximately 54,760,254 Common Shares, representing approximately 35.20% of the issued and outstanding Common Shares.

**At the Meeting, Shareholders will be entitled to cast their votes for, or withhold their votes from, the election of each Nominee. Unless the Shareholder directs that their Common Shares are to be withheld from voting in respect of any particular Nominee(s), the persons named in the Form of Proxy intend to vote FOR the election of each of the five Nominees as directors of the Corporation.**

The following are brief biographies of the Nominees:

*Igal Sudman – Chairman, Chief Executive Officer and Corporate Secretary*

Mr. Sudman is a business development specialist who brings over 20 years of experience in a range of industries from real estate development to technology and cannabis. Mr. Sudman understands the objectives and requirements needed to scale companies from seed to exit having founded and developed businesses which have been featured on the Canadian Profit 50.

*Roman Buzaker – President, Chief Financial Officer, Chief Operating Officer, Responsible Person in Charge, Head of Security and Director*

Mr. Buzaker is a corporate strategist with specialty in management and operational engineering. He has experience in industries such as logistics, digital marketing, and consulting. Mr. Buzaker managed the expansion and the development of various online and brick and mortar companies from single location operations to multi-locational franchises nationwide.

*Maor Shayit – Director*

Mr. Shayit is a professional executive who brings over 15 years of experience in a wide range of industries from communications, and transportations, to beauty, and cannabis. Mr. Shayit has an extensive and successful experience in this emerging cannabis industry. As the Chief Operating Officer of Weed Me Inc., Mr. Shayit is responsible for developing and executing best practices in accordance with the regulator's guidelines, to assure high quality product, increasing yields, and effective allocation of funds.

*David Hackett – Director*

Mr. Hackett brings more than 20 years of financial and management leadership. He has overseen the growth of a number of start-up companies, including dealing with operations, technology, regulatory

reporting (in Canada and the United States of America), corporate governance, public financing (in Canada and the United States of America) and mergers and acquisitions activity. Mr. Hackett is a Certified Public Accountant and Chartered Accountant, and holds a Masters of Business Administration from the Richard Ivey School of Business at the Western University.

#### Alison Gordon – Director

A veteran of the cannabis industry, Ms. Gordon has worked in all verticals of this emerging market. As the Founder of 48North Cannabis Corp., Ms. Gordon was the first female Chief Executive Officer of public cannabis company. Ms. Gordon's extensive network and profile in the industry has been a game changer for 48North Cannabis Corp. and the various companies that she advises.

#### Cease Trade Orders

As at the date of this Circular, no Nominee of the Corporation is, or was within 10 years prior to the date of this Circular, a director, chief executive officer or chief financial officer of any company that:

- (i) was subject to a cease trade order (“**CTO**”), an order similar to a CTO or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director, executive officer or promoter was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company; or
- (ii) was subject to a CTO, an order similar to a CTO or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director, executive officer or promoter 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.

#### Penalties or Sanctions

As at the date of this Circular, no Nominee of the Corporation, is or has been, within 10 years prior to the date of this Circular, subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a Nominee.

#### Bankruptcies

As of the date of this Circular, no Nominee of the Corporation:

- (i) is, at the date of this Circular, or has been within 10 years prior to 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; or
- (ii) has, within 10 years prior to 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 that person.

### **3. Re-Appointment of Auditor**

Clearhouse LLP has acted as the Corporation's auditor since March 26, 2021. At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass, with or without variation, an ordinary resolution re-appointing Clearhouse LLP as the auditors of the Corporation, subject to such amendments, variations, or additions as may be approved at the Meeting.

The Board recommends that Shareholders vote for the re-appointment of Clearhouse LLP as auditors of the Corporation. To be effective, the resolution requires the affirmative vote of at least a majority of the votes cast by the Shareholders present in person, or represented by proxy, and entitled to vote at the Meeting. **Unless the Shareholder directs that their Common Shares are to be voted against the resolution, the persons named in the Form of Proxy intend to vote FOR the re-appointment of Clearhouse LLP as auditors of the Corporation.**

### **4. Other Matters**

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting and this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Form of Proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's philosophy, objectives and processes regarding executive compensation. This disclosure is intended to communicate the compensation provided to "**Named Executive Officers**" or "**NEOs**" of the Corporation, meaning the following individuals: (i) the Chief Executive Officer of the Corporation, (ii) the Chief Financial Officer of the Corporation, (iii) each of the three most highly compensated executive officers of the Corporation, if any, whose individual total compensation was more than \$150,000 for the year ended June 30, 2022 and (iv) each individual who satisfies the criteria under paragraph (iii) but for the fact the individual was not an executive officer of the Corporation, nor acting in a similar capacity, as at June 30, 2022.

For the year ended June 30, 2022, the Corporation's NEOs consisted of:

1. Igal Sudman – Chairman, Chief Executive Officer and Corporate Secretary; and
2. Roman Buzaker – President, Chief Financial Officer, Chief Operating Officer, Responsible Person in Charge and Head of Security.

### **Compensation Philosophy and Objectives**

The compensation of the Corporation's NEOs and Board is determined by the Board based on recommendations from the Compensation Committee. The general objectives of the Corporation's compensation decisions are:

- to encourage the management of the Corporation to achieve a high level of performance and results with a view to increasing long-term shareholder value;
- to align the interests of the management of the Corporation with the long-term interest of

shareholders;

- to provide compensation commensurate with peer companies in order to attract and retain highly qualified executives; and
- to ensure that total compensation paid takes into account the Corporation's overall financial position

The Corporation's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing Shareholder value. The Corporation recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

### **Elements of Compensation**

The Corporation's compensation program during the year ended June 30, 2022, consisted of four principal components: (i) base compensation; (ii) long-term compensation in the form of stock options ("**Options**") issuable under the stock option plan of the Corporation (the "**Stock Option Plan**"); (iii) long-term compensation in the form of restricted shares units ("**RSUs**") issuable under the restricted share unit award plan of the Corporation (the "**RSU Plan**"); and (iv) a discretionary bonus. For the year ended June 30, 2022, compensation was determined and administered by the Board based on recommendations from the Compensation Committee.

### Compensation Committee

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board established the Compensation Committee and approved the charter of the Compensation Committee. The Compensation Committee is composed of Roman Buzaker, Maor Shayit and David Hackett. Messrs. Shayit and Hackett are "independent" as such term is defined in National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), while Mr. Buzaker is not due to his officer roles within the Corporation.

The Compensation Committee meets on compensation matters as and when required with respect to management compensation. The primary goal of Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to management is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of management is aligned with the financial interest of Shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

To determine compensation payable, the Compensation Committee reviews compensation paid to management of companies of similar size and stage of development in comparable industries and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by management while taking into account the financial and other resources of the Corporation.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee to make informed decisions on the suitability of the Corporation's compensation policies and practices.

### Base Compensation

Base compensation for the Corporation's management is designed to provide income certainty and to

attract and retain executives. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience and expertise. Subjective factors such as leadership, commitment and attitude are also considered. The Compensation Committee has generally considered publicly available information regarding the compensation levels of executives of similarly sized companies within the industry in setting compensation but has not established a benchmark group of peers. Although the Corporation strives to compensate its management within industry expectations, the base compensation may, from time to time, be reviewed depending on the results of operations.

#### Stock Option Plan and RSU Plan

To provide a long-term component to the compensation program, the Corporation adopted the Stock Option Plan, a 10% “rolling” stock option plan, and RSU Plan, a fixed 10% RSU plan. The maximization of Shareholder value is encouraged by granting Options and RSUs to eligible participants. Recommendations for Options and RSUs have historically taken into account factors such as awards made in previous years, the number of Options and RSUs outstanding per individual and the individual’s level of responsibility.

Other than the Stock Option Plan and RSU Plan, the Corporation does not currently have any other long-term incentive or other plans pursuant to which cash or non-cash compensation has been or will be paid or distributed to any director or executive officer.

#### ***Stock Option Plan***

The Corporation adopted the Stock Option Plan and pursuant to the terms of the Stock Option Plan, the Board may from time to time, in its discretion, in accordance with applicable stock exchange rules, grant to directors, officers, employees, management company employees and consultants of the Corporation and its affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant.

The purpose of the Stock Option Plan, pursuant to which the Corporation may grant Options, is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages ownership of the Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Common Shares. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of the grant.

Options may be exercised until the earlier of: (a) the expiry time of such Option; and (b) 90 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Corporation or its affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option. Notwithstanding the foregoing, in the event of termination for cause, all Options held by such terminated optionee will be cancelled immediately. In the term of any Option expires within or immediately following a “blackout period” imposed by the Corporation, the Option shall expire on the date that is ten business days following the end of such blackout period. In the event that the Corporation becomes listed on the Toronto Stock Exchange, the Stock Option Plan provides that the Board may grant Options which allow an optionee to elect to exercise its Option on a “cashless basis”, whereby the optionee, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate fair market value of the Common Shares underlying the Option and

the aggregate exercise price of such Option is divided by (ii) the fair market value of each Common Share. The Stock Option Plan contains a detailed amending provisions which set out circumstances where stock exchange and Shareholder approval will be required and those circumstances where stock exchange and Shareholder approval will not be required.

### ***RSU Plan***

On April 1, 2021, the Board adopted the RSU Plan. The RSU Plan provides that the Board and/or Compensation Committee may from time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and consultants to the Corporation, non-transferable RSUs awards to receive Common Shares. The principal features of the RSU Plan are summarized below:

#### *Purpose*

The purpose of the RSU Plan is promote the interests and long-term success of the Corporation by: (i) furnishing certain directors, officers, employees and consultants of the Corporation with greater incentive to develop and promote the business and financial success of the Corporation; (ii) aligning the interests of persons to whom RSUs may be granted with those of Shareholders generally through a proprietary ownership interest in the Corporation; and (iii) assisting the Corporation in attracting, retaining and motivating its directors, officers, and employees.

#### *Eligibility*

RSU grants may be made under the RSU Plan to directors, officers, employees, and consultants of the Corporation or of any affiliate of the Corporation (each an “**Eligible Person**”), excluding individuals or consultants engaging in Investor Relations Activities (as such term is defined in the policies of the CSE). Any Eligible Person shall be designated a participant for the purposes of the RSU Plan (a “**Participant**”). The Corporation and Participant shall be required to confirm that any Eligible Person that is an employee is a bona fide employee of the Corporation or its affiliates for the purposes of participating in the RSU Plan. In determining whether an Eligible Person shall receive an RSU and the terms thereof, the Board or Compensation Committee may take into account the nature of the services rendered by the Eligible Person, his or her present and potential contributions to the success of the Corporation, and such other relevant factors.

#### *Administration*

The RSU Plan will be administered by the Board and Compensation Committee to, among other things, interpret, administer and implement the RSU Plan on behalf of the Board. The Compensation Committee is authorized, subject to the provisions of the RSU Plan, to establish such rules and regulations as it deems necessary for the proper administration of the RSU Plan, and to make determinations and take such other action in connection with or in relation to the RSU Plan as it deems necessary or advisable.

#### *Common Shares Available for Awards*

The maximum number of Common Shares that may be issuable pursuant to RSU Plan may not exceed in the aggregate, that number of Common Shares which is equal to 10% of the issued and outstanding Common Shares as at the effective date of the RSU Plan, being 10,097,383 Common Shares as of April 1, 2021. The number of Common Shares covered by a grant of RSUs will be counted on the date of grant of such RSUs against the aggregate number of Common Shares available under the RSU Plan. Fractional RSUs are permitted under the RSU Plan.

#### *Grant of Awards*

The Compensation Committee may from time-to-time grant to any Eligible Person one or more RSUs as



the Compensation Committee deems appropriate, provided that:

- (a) the number of Common Shares reserved for issuance to any Participant combined with all of the Corporation's other security-based arrangements within any one-year period shall not, in aggregate, exceed 5% of the total number of Common Shares, or in the case of consultants, 2% of the issued and outstanding Common Shares to each consultant in any one year period, unless disinterested shareholder approval is obtained for such issuances;
- (b) the number of Common Shares reserved for issuance to any one Participant within any one-year period shall not, in aggregate, exceed 1% of the total number of Common Shares, unless disinterested shareholder approval is obtained for such issuance;
- (c) the maximum number of Common Shares which may be reserved for issuance to a related group of persons, together with any other security-based compensation agreements, may not exceed 10% of the issued and outstanding Common Shares at any given time;
- (d) the number of Common Shares (i) issuable, at any time, to Participants that are insiders; and (i) issued to Participants that are Insiders (as such term is defined in the RSU Plan) within any one-year period when combined with all of the Corporation's other security based compensation arrangements that provide for the issuance from treasury or potential issuance from treasury of Common Shares shall not, in aggregate, exceed 5% of the total number of Common Shares at any given time; and
- (e) the number of Common Shares reserved for issuance to Participants that are Insiders pursuant to the RSU Plan within any one-year period shall not, in aggregate, exceed 2% of the total number of Common Shares, unless disinterested shareholder approval is obtained for such issuances.

Each RSU grant will be evidenced by an Award Agreement (as such term is defined in the RSU Plan) which incorporates such terms and conditions, including all vesting conditions, as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of the RSU Plan.

#### *Termination of Services*

Upon the termination of a Participant's employment (as determined under criteria established by the Compensation Committee), including by way of death, retirement, disability, termination without cause and termination for cause during the term of an RSU, all unvested RSUs held by the Participant shall be forfeited and cancelled; provided, however, that the Compensation Committee may, if it determines that a waiver would be in the best interest of the Corporation, waive in whole or in part any or all remaining restrictions or conditions with respect to any such RSU grant.

#### *Vesting*

RSUs granted pursuant to the RSU Plan will vest, and the corresponding Common Shares will be issued, no later than December 15 of the third calendar year following the end of the Service Year (as defined herein) in respect of each such RSU grant. For the purposes of determining the Service Year: (i) where an RSU is granted within the first half of a calendar year, the "**Service Year**" in respect of such RSU shall be the immediately preceding year; and (ii) where an RSU is granted within the second half of a calendar year, the "**Service Year**" in respect of such RSU shall be the year of grant.

Each vested, whole RSU granted is payable in Common Shares and confers on the holder thereof the right to receive one Common Share from treasury immediately upon the completion of certain conditions during such periods as the Compensation Committee may establish. The conditions to be completed during any period, the length of any period, the amount of any RSUs granted, the number of Common Shares receivable pursuant to any RSU and any other terms and conditions of the RSU are to be determined by the Compensation Committee at the time of grant.

### *Amendments to the RSU Plan*

The following amendments to the RSU Plan will require the prior approval of disinterested shareholders:

- (a) increasing the maximum number of Common Shares reserved for issuance under the RSU Plan;
- (b) extending the term of an RSU beyond its original expiry time; or
- (c) any amendment that results in a modification to the section of the RSU Plan that deals with the maximum number of Common Shares available for issuance under the RSU Plan.

The Compensation Committee may make any other amendment to the RSU Plan not set out above, including the following:

- (a) amendments of a clerical or housekeeping nature, including but not limited to the correction of grammatical or typographical errors or clarification of terms;
- (b) amendments to reflect any requirements of any regulatory authorities to which the Corporation is subject, including the CSE;
- (c) amendments to any vesting provisions of an RSU, provided that such amendments shall not extend vesting beyond December 15 of the third calendar year following the end of the Service Year in respect of such RSU; and
- (d) amendments to the expiration date of an RSU that does not extend the term of an RSU past the original date of expiration for such RSU.

### *Adjustments*

In the event of any share distribution, share split, combination or exchange of shares, merger, consolidation, spin-off or other distribution of the Corporation's assets to the Shareholders, or any other change affecting the Common Shares, the outstanding RSUs shall be adjusted in such manner, if any, as the Compensation Committee may in its discretion deem appropriate to reflect the event, provided that no amount will be paid to a Participant and no additional RSUs will be granted to such Participant to compensate for a downward fluctuation in the market price of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of a Participant for such purpose.

In the event of a Merger and Acquisition Transaction (as such term is defined the RSU Plan), the Compensation Committee will determine any adjustment to the number and type of Common Shares (or other securities) that shall thereafter underlie the then outstanding, and any future, RSUs and determine the manner in which all unvested RSUs granted will be treated including, without limitation, requiring the acceleration of the time for the vesting of such RSUs by the Participants, the time for the fulfilment of any conditions or restrictions on such vesting, and the time for the expiry of such RSUs. Notwithstanding anything to the contrary in the RSU Plan, any unvested RSUs issued to a Participant at the time of a Merger and Acquisition Transaction shall immediately vest if either (i) the Participant is either terminated without cause or resigns with good reason (as such term has been defined under common law, including any reason that would be considered to amount to constructive dismissal by a court of competent jurisdiction) from their position with the Corporation within the period ending 12 months from the date of the completion of the Merger and Acquisition Transaction, or (ii) the Compensation Committee, acting reasonably, determines that an adjustment to the number and type of Common Shares (or other securities) resulting from a Merger and Acquisition Transaction is impractical or impossible.

### *Withholding Tax*

Each Participant in the RSU Plan is responsible for all applicable withholding taxes in respect the issuance,

transfer, amendment or vesting of an RSU or the issuance of Common Shares thereunder in order to satisfy any applicable withholding taxes, the Corporation is entitled to, among other things, withhold or offset such amounts from any salary or other amounts otherwise due or to become due from the Corporation to the Participant, or may require that a Participant pay such amounts to the Corporation.

#### *RSUs Non-Transferable*

Each RSU granted is non-transferrable or assignable except to (i) an executor or administrator for the estate of the Participant upon the death of the Participant, or (ii) a committee or duly appointed attorney of the Participant, upon the Participant becoming incapable, by reason of physical or mental infirmity, of managing his or her affairs. A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the RSU was granted to such Participant will not result in the termination of the RSU granted to such Participant provided that such Participant remains an Eligible Person.

#### Discretionary Cash Bonus

The compensation program includes eligibility for discretionary incentive cash bonuses. The bonuses are awarded based on objectives set by the Compensation Committee and its assessment of the Corporation and its executive's performance and contribution. Objectives may include strategic, financial and operational performance goals, as well as personal performance objectives, including implementation of new strategic initiatives, the development of innovations, organizational development and other factors. The resulting bonus entitlements, if any, will therefore vary between members of management.

#### Risk Analysis

The Board and Compensation Committee considered risks associated with executive compensation and do not believe that the Corporation's executive compensation policies and practices encourage its executive officers to take inappropriate or excessive risks. Aside from a fixed base salary, management is compensated through grants under the Corporation's equity compensation plans, namely the Stock Option Plan and RSU Plan, which is compensation that is both "at risk" and associated with long-term value creation. The value of such compensation is dependent upon Shareholder return over the corresponding Option and RSU vesting period which reduces the incentive for management to take inappropriate or excessive risks as their long-term compensation is at risk.

Management is not permitted to purchase financial instruments (including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by management.

#### **Summary of Director and Named Executive Officer Compensation, Excluding Compensation Securities**

The following table sets forth the compensation paid by the Corporation to each NEO and director for the two most recently completed financial years of the Corporation, excluding compensation securities:

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Igal Sudman</b> <i>Chairman, Chief Executive Officer and Corporate Secretary</i>	2022	187,500.00	Nil	Nil	Nil	Nil	187,500.00
	2021	120,000.00	Nil	Nil	Nil	Nil	120,000.00
<b>Roman Buzaker</b> <i>President, Chief Financial Officer, Chief Operating Officer,</i>	2022	183,542.21	Nil	Nil	Nil	Nil	183,542.21
	2021	120,000.00	Nil	Nil	Nil	Nil	120,000.00

<i>Responsible Person in Charge, Head of Security and Director</i>							
<b>Maor Shayit</b> <i>Director</i>	2022	30,000.00	Nil	Nil	Nil	Nil	30,000.00
	2021	15,000.00	Nil	Nil	Nil	Nil	15,000.00
<b>David Hackett</b> <i>Director</i>	2022	34,000.00	Nil	Nil	Nil	Nil	34,000.00
	2021	15,000.00	Nil	Nil	Nil	Nil	15,000.00
<b>Alison Gordon</b> <i>Director</i>	2022	30,000.00	Nil	Nil	Nil	Nil	30,000.00
	2021	15,000.00	Nil	Nil	Nil	Nil	15,000.00

## Compensation Securities

During the most recently completed financial year, the following Options and RSUs were issued to each NEO and director of the Corporation:

<b>Name and position</b>	<b>Type of Compensation Security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of Issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Igal Sudman<sup>(2)</sup></b> <i>Chairman, Chief Executive Officer and Corporate Secretary</i>	RSUs	150,000	October 8, 2021	0.21	0.20	0.10	N/A
	RSUs	166,665	December 29, 2021	0.18	0.18	0.10	N/A
	RSUs	176,470	April 11, 2022	0.17	0.17	0.10	April 11, 2024
<b>Roman Buzaker<sup>(1)</sup></b> <i>President, Chief Financial Officer, Chief Operating Officer, Responsible Person in Charge, Head of Security and Director</i>	RSUs	150,000	October 8, 2021	0.21	0.20	0.10	N/A
	RSUs	166,665	December 29, 2021	0.18	0.18	0.10	N/A
	RSUs	176,470	April 11, 2022	0.17	0.17	0.10	April 11, 2024
<b>Maor Shayit</b> <i>Director</i>	RSUs	37,500	October 8, 2021	0.21	0.20	0.10	N/A
	RSUs	41,665	December 29, 2021	0.18	0.18	0.10	N/A
	RSUs	44,117	April 11, 2022	0.17	0.17	0.10	April 11, 2024
<b>David Hackett</b> <i>Director</i>	RSUs	37,500	October 8, 2021	0.21	0.20	0.10	N/A
	RSUs	41,665	December 29, 2021	0.18	0.18	0.10	N/A
	RSUs	53,125	April 11, 2022	0.17	0.17	0.10	April 11, 2024
<b>Alison Gordon</b> <i>Director</i>	RSUs	37,500	October 8, 2021	0.21	0.20	0.10	N/A
	RSUs	41,665	December 29, 2021	0.18	0.18	0.10	N/A
	RSUs	44,117	April 11, 2022	0.17	0.17	0.10	April 11, 2024

### Notes:

1. RSUs were issued to IIPAC.
2. RSUs were issued to 238 Ontario.

## Exercise of Compensation Securities

The following table sets forth the Options and RSUs exercised by each NEO and director of the Corporation:

<b>Name and position</b>	<b>Type of security or other instrument</b>	<b>Number of securities exercised</b>	<b>Exercise price per security (\$)</b>	<b>Date of exercise</b>	<b>Closing price per security on date of exercise (\$)</b>	<b>Difference between exercise price on date of exercise (\$)</b>	<b>Total (\$)</b>
<b>Igal Sudman<sup>(1)</sup></b> <i>Chairman, Chief Executive Officer</i>	RSUs	150,000	0.21	October 8, 2021	0.20	0.01	\$31,500
	RSUs	625,000	0.16	October 13, 2021	0.19	(0.03)	\$100,000
	RSUs	166,665	0.18	December 29, 2021	0.18	0	\$29,999.70

<i>and Corporate Secretary</i>	RSUs	176,470	0.17	April 11, 2022	0.17	0	\$29,999.90
<b>Roman Buzaker</b> <sup>(2)</sup> <i>President, Chief Financial Officer, Chief Operating Officer, Responsible Person in Charge, Head of Security and Director</i>	RSUs	150,000	0.21	October 8, 2021	0.20	0.01	\$31,500
	RSUs	625,000	0.16	October 13, 2021	0.19	(0.03)	\$100,000
	RSUs	166,665	0.18	December 29, 2021	0.18	0	\$29,997.70
	RSUs	176,470	0.17	April 11, 2022	0.17	0	\$29,999.90
<b>Maor Shayit</b> <i>Director</i>	RSUs	37,500	0.21	October 8, 2021	0.20	0.01	\$7,875
	RSUs	46,875	0.16	October 13, 2021	0.19	(0.03)	\$7,500
	RSUs	41,665	0.18	December 29, 2021	0.18	0	\$7,499.70
	RSUs	44,117	0.17	April 11, 2022	0.17	0	\$7,499.89
<b>David Hackett</b> <i>Director</i>	RSUs	37,500	0.21	October 8, 2021	0.20	0.01	\$7,875
	RSUs	46,875	0.16	October 13, 2021	0.19	(0.03)	\$7,500
	RSUs	41,665	0.18	December 29, 2021	0.18	0	\$7,499.70
	RSUs	53,125	0.17	April 11, 2022	0.17	0	\$9,031.25
<b>Alison Gordon</b> <i>Director</i>	RSUs	37,500	0.21	October 8, 2021	0.20	0.01	\$7,875
	RSUs	46,875	0.16	October 13, 2021	0.19	(0.03)	\$7,500
	RSUs	41,665	0.18	December 29, 2021	0.18	0	\$7,499.70
	RSUs	44,117	0.17	April 11, 2022	0.17	0	\$7,499.89

**Notes:**

1. RSUs were exercised by 238 Ontario.
2. RSUs were exercised by IIPAC.

## Employment, Consulting and Management Agreements

Other than as disclosed below, there are no contracts, agreements, plans or arrangements that provide for payments to an individual at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in their responsibilities.

### Igal Sudman – Chairman, Chief Executive Officer and Corporate Secretary

Effective October 1, 2021, 238 and the Corporation entered into a management services agreement, pursuant to which 238 provides Chief Executive Officer services to the Corporation (the “**238 Agreement**”). Under the 238 Agreement, 238 is entitled to: (i) a consulting fee of \$5,000 per month plus applicable tax for services rendered to the Corporation; (ii) grants of RSUs equivalent to \$10,000 per month, issuable quarterly; and (iii) a discretionary cash bonus in the amount of up to 200% of the total compensation received by 238 for the applicable year (together, the “**238 Consulting Fee**”). In the event of termination upon a change of control or termination without cause, 238 is entitled to be paid a lumpsum payment equal to five times the amount of the 238 Consulting Fees for the prior completed financial year. The Corporation may terminate the 238 Agreement with cause by providing two weeks’ notice to 238. Any unvested Options granted to 238 pursuant to the terms of the Stock Option Plan will vest immediately and remain exercisable for two years from the earlier of: (a) the date of termination and (b) the original expiration date of such grant, and any unvested RSUs granted to 238 pursuant to the terms of the RSU Plan will vest immediately and remain exercisable for two years from the earlier of: (x) the date of termination and (y) the original expiration date of such grant.

Effective October 1, 2021, 238 and Ayurcann Inc., a wholly owned subsidiary of the Corporation, entered into a management services agreement, pursuant to which 238 provides Chief Executive Officer services to Ayurcann Inc. In consideration for such services, 238 is entitled to a consulting fee of \$150,000 per annum.

### Roman Buzaker – President, Chief Financial Officer, Chief Operating Officer, Responsible Person in Charge, Head of Security and Director

Effective October 1, 2021, IIPAC and the Corporation entered into a management services agreement, pursuant to which IIPAC provides Chief Financial Officer services to the Corporation (the “**IIPAC**”).

**Agreement**"). Under the IIPAC Agreement, IIPAC is entitled to: (i) a consulting fee of \$5,000 per month plus applicable tax for services rendered to the Corporation; (ii) grants of RSUs equivalent to \$10,000 per month, issuable quarterly; and (iii) a discretionary cash bonus in the amount of up to 200% of the total compensation received by IIPAC for the applicable year (together, the "**IIPAC Consulting Fee**"). In the event of termination upon a change of control or termination without cause, IIPAC is entitled to be paid a lumpsum payment equal to five times the amount of the IIPAC Consulting Fees for the prior completed financial year. The Corporation may terminate the IIPAC Agreement with cause by providing two weeks' notice to IIPAC. Any unvested Options granted to IIPAC pursuant to the terms of the Stock Option Plan will vest immediately and remain exercisable for two years from the earlier of: (a) the date of termination and (b) the original expiration date of such grant, and any unvested RSUs granted to IIPAC pursuant to the terms of the RSU Plan will vest immediately and remain exercisable for two years from the earlier of: (x) the date of termination and (y) the original expiration date of such grant.

Effective October 1, 2021, Roman Buzaker and Ayurcann Inc., a wholly owned subsidiary of the Corporation, entered into an employment agreement pursuant to which Mr. Buzaker is employed as the Chief Operating Officer of Ayurcann Inc. Mr. Buzaker is paid \$150,000 per annum pursuant to the employment agreement.

Maor Shayit – Director

Effective January 1, 2021, Maor Shayit and the Corporation entered into a consulting agreement, pursuant to which Mr. Shayit provides services to the Corporation in connection with his directorship. In consideration for such services, Mr. Shayit is entitled to: (i) a consulting fee of \$2,500 per month, payable quarterly; and (ii) grants of RSUs equivalent to \$2,500 per month, issuable quarterly.

David Hackett – Director

Effective January 1, 2021, David Hackett and the Corporation entered into a consulting agreement, pursuant to which Mr. Hackett provides services to the Corporation in connection with his directorship. In consideration for such services, Mr. Hackett is entitled to: (i) a consulting fee of \$2,500 per month, payable quarterly; and (ii) grants of RSUs equivalent to \$2,500 per month, issuable quarterly.

On July 1, 2021, Mr. Hackett's consulting agreement was amended to increase his consulting fee and RSU entitlement to \$2,833.33 per month.

Alison Gordon – Director

Effective January 1, 2021, Alison Gordon and the Corporation entered into a consulting agreement, pursuant to which Mr. Gordon provides services to the Corporation in connection with her directorship. In consideration for such services, Mr. Gordon is entitled to: (i) a consulting fee of \$2,500 per month, payable quarterly; and (ii) grants of RSUs equivalent to \$2,500 per month, issuable quarterly.

**Pension Plan Benefits**

The Corporation does not have any pension plans that provide for payments of benefits at, following or in connection with, retirement or provide for retirement or deferred compensation plans for the NEOs or directors.

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

The following table sets forth securities of the Corporation that are authorized for issuance, under equity compensation plans of the Corporation, as at June 30, 2022, the Corporation's most recently completed fiscal year:

Plan Category	Number of Securities to be Issued upon Exercise of	Weighted-average Exercise Price of Outstanding	Number of Securities remaining available for Future
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	Outstanding Options, Warrants and Rights (#)	Options, Warrants and Rights (\$)	Issuance under Equity Compensation Plans (#)
Equity compensation plans approved by securityholders	2,438,380 <sup>(1)</sup>	0.19	9,756,601 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil <sup>(2)</sup>	N/A	4,591,796 <sup>(2)</sup>
<b>Total</b>	2,438,380 <sup>(1)(2)</sup>	0.19	14,348,397 <sup>(3)</sup>

**Notes:**

1. As at June 30, 2022, the Corporation had 2,438,380 Options issued and outstanding and 9,756,601 Options remaining authorized for issuance under the Stock Option Plan.
2. As at June 30, 2022, the Corporation had Nil RSUs issued and outstanding and 4,591,796 RSUs remaining authorized for issuance under the RSU Plan. During the year ended June 30, 2022, the Corporation issued an aggregate of 2,860,030 RSUs, which vested and were exercised immediately.
3. As at June 30, 2022, the Corporation had 120,857,317 Common Shares issued and outstanding. The Stock Option Plan is a 10% rolling plan, while the RSU Plan is fixed at 10,097,383 RSUs.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no current executive officer, director or employee or former executive officer, director or employee of the Corporation or of any of its subsidiaries is indebted to the Corporation or any of its subsidiaries or any other entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the knowledge of the directors and executive officers of the Corporation, since the commencement of the Corporation's last completed financial year and the commencement of the preceding financial year, no "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, any Nominee, or any associate or affiliate of an informed person, has or had any material interest, direct or indirect, in any transaction or any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries.

## AUDIT COMMITTEE

Pursuant to National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), the Corporation is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or an affiliate of the Corporation. NI 52-110 requires the Corporation to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

### Mandate and Charter

The Board is responsible for reviewing and approving the unaudited interim financial statements, and audited annual financial statements, together with other financial information of the Corporation and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee meets with the Board to assist the Board in fulfilling this responsibility and reports to the Board their findings.

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee, among other responsibilities, reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its Shareholders and reviews the Corporation's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas, for the selection of the Corporation's independent auditors and for the approval of all non-audit services for which its auditors may be engaged.

Pursuant to NI 52-110, the Audit Committee is required to have a charter, a copy which is attached hereto as Schedule "A".

### **Composition of the Audit Committee**

The Audit Committee is comprised of three members: Igal Sudman, Maor Shayit and David Hackett. Maor Shayit and David Hackett are "independent" within the meaning of NI 52-110, while Mr. Sudman is not due to his officer roles within the Corporation. All the members of the Audit Committee are financially literate as defined by NI 52-110.

### **Relevant Education and Experience**

**Igal Sudman** – Mr. Sudman is a business development specialist who holds a bachelor's degree from York University and Real Estate Council of Ontario license. Mr. Sudman brings over 20 years of experience in a range of industries from real estate development to technology and cannabis, where he founded and developed several businesses that featured on the Canadian Profit 50. Mr. Sudman is currently the Chief Executive Officer of Ayurcann Inc. (June 2018), an Advisor of Amuka Esports (Sept 2019) and the Founder of Sudman Industries. In addition, Mr. Sudman served as the Chief Compliance Officer at Z Block Chain (November 2016 – November 2017), the Principal at Sudman Industries (1987 – 2020), and co-founded Simcoe Canada Lands (January 2005 – January 2010) and Cupps Coffee Houses (January 1998 – July 2004).

**Maor Shayit** – Mr. Shayit is a professional executive who holds a bachelor's degree in Business and Managerial Economics from the Peres Academic Centre and brings over 15 years of experience in a wide range of industries, including communications, transportation, beauty and cannabis. Mr. Shayit is a Chief Operating Officer and Chief Marketing Officer of Weed Me, where he is responsible for developing and executing best practices in accordance to the regulator's guidelines. In addition, Mr. Shayit co-founded SIMPER (March 2017 – January 2019) and served as the Vice President of Sales of Metropolitan Movers (November 2011– February 2018).

**David Hackett, CPA** – Mr. Hackett is a professional executive who holds a Certified Public Accountant and Chartered Accountant designation and holds a bachelor's degree in Economics from Queen's University and Master of Business Administration degree from the Richard Ivey School of Business at the Western University. Mr. Hackett brings over 20 years of financial and management leadership experience. He has overseen the growth of a number of start-up companies, including dealing with operations, technology, regulatory reporting (in Canada and the U.S.), corporate governance, public financing (in Canada and the U.S.) and mergers and acquisitions activity. In addition, Mr. Hackett served as the Chief Financial Officer of 48North Cannabis Corp. (April 2018 – January 2022), Chief Financial Officer of Mavencare Inc. (2017 - 2018), Diversinet Corp. (March 2002 – January 2014) and Chief Financial Officer and Corporate Secretary of Coupgon Inc. (October 2014 – January 2017).

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's most recently completed fiscal year, the Corporation has relied upon the exemption mentioned in Section 6.1 of NI 52-110, the exemption for venture issuers in relation to the requirement that every Audit Committee member be independent. As a "venture issuer", the Corporation is also exempt from Part 5 (*Reporting Obligations*) of NI 52-110.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed fiscal year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.



## Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of the Corporation's auditors to provide non-audit services, as and when required.

## External Auditor Fees

The following table summarizes the fees billed to the Corporation for services provided by its external auditors during the fiscal years ended June 30, 2022 and 2021:

Fiscal Year	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	Other Fees <sup>(4)</sup>	Total Fees
2022	\$65,000	\$6,539	\$2,500	Nil	\$74,039
2021	\$31,500	Nil	Nil	Nil	\$31,500

### Notes:

1. Aggregate fees billed for the Annual Financial Statements and services normally provided by the external auditor in connection with the Corporation's statutory and regulatory filings.
2. Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit fees."
3. Aggregate fees billed in each of the last two fiscal years for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, tax planning and assistance with tax for specific transactions.
4. All other fees.

## CORPORATE GOVERNANCE

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

Pursuant to NI 58-101, the Corporation is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

### Board

The Board facilitates its exercise of independent supervision over the Corporation's management through frequent meetings of the Board.

The Board is currently composed of five directors:

1. Igal Sudman;
2. Roman Buzaker;
3. Maor Shayit;
4. Alison Gordon; and
5. David Hackett.

NP 58-201 suggests that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors, within the meaning set out under NI 52-110,

which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Corporation. “Material relationship” is defined as a relationship which could, in the view of a company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. In assessing NP 58-101 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

David Hackett, Maor Shayit and Alison Gordon are independent directors as they do not have a direct or indirect material relationship with the Corporation, are independent of management and are free from any direct or indirect interest and business relationship with the Corporation.

Igal Sudman and Roman Buzaker are not independent directors as they are the Chief Executive Officer and Chief Financial Officer of the Corporation, respectively, and as such are involved in the management and the day-to-day operations of the Corporation.

The Board has a majority of independent directors, and takes the following additional steps to facilitate its independence:

1. The Corporation established the Compensation Committee, which is comprised of a majority of independent directors;
2. The Compensation Committee sets the compensation of the management of the Corporation; and
3. On operational matters of the Corporation involving the performance of certain members of management who are also Board members, such Board member abstains from participating in said meeting.

In addition, in the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his or her fiduciary obligations as a director of the Corporation, disclose the nature and extent of his or her interest to the meeting and abstain from voting on or against the approval of such participation.

### **Governance Committee**

The Corporation adopted a Governance Committee to assist the Board in fulfilling its oversight responsibilities with respect to:

1. developing corporate governance guidelines and principles for Corporation;
2. identifying individuals qualified to be nominated as members of the Board;
3. structure and composition of Board committees;
4. evaluating the performance and effectiveness of the Board; and
5. executive management succession and development.

The Governance Committee is composed of Igal Sudman, Maor Shayit and David Hackett. Messrs. Shayit and Hackett are “independent” as such term is defined in NI 58-101, while Mr. Sudman is not due to his officer roles within the Corporation.

### **Directorships**

None of the current directors of the Corporation presently serve on the board of directors of any other reporting issuers (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction.

## **Board Mandate**

The Board has not developed a written mandate. The Board is satisfied that roles and responsibilities are delineated in a satisfactory matter, having regard to various considerations such as (but not limited to) the particular expertise of the directors, their respective availability and independence.

## **Orientation and Continuing Education**

New directors are briefed on the role of the Board and its directors and on the strategic plan, annual and long-term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing corporate policies. Board members are encouraged to meet and communicate with management and the auditors to keep themselves current with the Corporation, industry trends and developments and changes in legislation, with management's assistance. Board members have access to the Corporation's records.

## **Ethical Business Conduct**

Ethical business behavior is of great importance to the Board and management of the Corporation. The Corporation has not formally instituted policies such as a policy on insider trading and a comprehensive code of business ethics and conduct. Board members are required to comply with the conflict-of-interest provisions of the OBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Each director is required to declare the nature and extent of his interest and is not entitled to vote at meetings that involve such conflicts.

The members of the Board understand their responsibility to encourage and promote a culture of ethical and honest business conduct and recognize the importance of:

- (a) the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) promoting avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- (c) promoting full, fair, accurate, timely and understandable disclosure in reports and documents that the Corporation files with, or submits to, the securities regulators and in other public communications made by the Corporation;
- (d) promoting compliance with applicable governmental laws, rules and regulations;
- (e) promoting accountability for adherence to honest and ethical conduct; and
- (f) helping to foster a culture of honesty and accountability.

## **Nomination of Directors**

The Board and Governance Committee are responsible for the nomination of directors. With respect to the nomination of directors, the Board and Governance Committee are responsible for establishing the qualifications and skills necessary for members of the Board and procedures for identifying possible nominees who meet this criterion. The Board and Governance Committee are also responsible for establishing an appropriate review and selection process for new nominees to the Board as well as analyzing the needs of the Board relating to current or future vacancies on the Board and identifying and recommending nominees who meet such needs. The identification and recruitment of new directors is carried on informally through business and industry contacts of the Corporation's directors and officers.

## **Director Term Limits**

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

## **Compensation of Officers and Directors**

The Compensation Committee is responsible for assisting the Board in reviewing and approving compensation for the directors and senior management team, as well as reviewing their respective responsibilities, time commitment and risks involved in being an effective director. The Compensation Committee also administers the Corporation's compensation plans, discretionary bonuses and such other compensation plans or structure as adopted by the Corporation from time-to-time, researching and identifying trends in employment benefits as well as establishing and conducting periodic reviews of the Corporation's policies in the area of management benefits and perquisites.

## **Other Board Committees**

Other than the Audit Committee, Governance Committee and Compensation Committee, the Board has no other committees. The directors are regularly informed of or are actively involved in the operations of the Corporation. The scope and size of the Corporation's operations and development does not currently warrant an increase in the size of the Board or the formation of additional committees, however, the Board periodically examines its size and constitution and may from time to time establish ad hoc committees to deal with specific situations.

## **Assessments**

The Board and Governance Committee are responsible for assessing the effectiveness and contributions of the Board as a whole, its committees and individual directors. The Board and Governance Committee's effectiveness assessments are done on an informal basis and are determined by examining a number of factors including, but not limited to, attendance at and participation in meetings, meeting preparedness, ability to communicate ideas clearly and overall contribution to effective Board performance.

## **ADDITIONAL INFORMATION**

Shareholders may obtain additional information in connection with the Corporation on SEDAR at [www.sedar.com](http://www.sedar.com). Alternatively, Shareholders may contact the Corporation by mail at: 1080 Brock Road, Unit 6, Pickering, Ontario L1W 3H3, Attention: Chief Executive Officer to request copies of the Annual Financial Statements and accompanying management's discussion and analysis free of charge.

Financial information regarding the Corporation is provided in the Annual Financial Statements and accompanying management's discussion and analysis.

## CERTIFICATION

The undersigned hereby certifies that the contents and the mailing of this Circular to Shareholders has been approved by the Board.

**DATED** at Toronto, Ontario, this 21<sup>st</sup> day of November 2022.

**BY ORDER OF THE BOARD**

/s/ "Igal Sudman"

Igal Sudman  
*Chairman, Chief Executive Officer and Corporate  
Secretary*

**SCHEDULE "A"**

**AUDIT COMMITTEE CHARTER**

*(See attached)*

**AYURCANN HOLDING CORP.  
AUDIT COMMITTEE CHARTER**

This charter ("Charter") sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee ("Committee") of the Board of Directors ("Board") of Ayurcann Holding Corp. ("Corporation").

**1. PURPOSE**

- 1.1 The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:
- (a) financial reporting and disclosure requirements;
  - (b) ensuring that an effective risk management and financial control framework has been implemented by management of Corporation; and
  - (c) external audit processes.

**2. COMPOSITION AND MEMBERSHIP**

- 2.1 The Board will appoint the members ("Members") of the Committee after the annual general meeting of shareholders of Corporation. The Members will be appointed to hold office until the next annual general meeting of shareholders of Corporation or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.
- 2.2 The Committee will consist of at least three directors, all of who meet the criteria for financial literacy and a majority of who meet the criteria for independence established by applicable laws and the rules of the stock exchange upon which Corporation's securities are listed, including *Multilateral Instrument 52-110 - Audit Committees*. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- 2.3 The Board will appoint one of the Members to act as the Chair of the Committee. The secretary of Corporation ("Corporate Secretary") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the Corporate Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

**3. MEETINGS**

- 3.1 Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.
- 3.2 At the request of the external auditors of Corporation, the Chief Executive Officer or the Chief Financial Officer of Corporation or any member of the Committee, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- 3.3 The Chair, if present, will act as the Chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee, then the Members present may select one of their number to act as Chair of the meeting.
- 3.4 Two Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- 3.5 The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee may meet in camera without management at each meeting of the Committee.
- 3.6 In advance of every regular meeting of the Committee, the Chair, with the assistance of the Corporate Secretary, will prepare and distribute to the Members and others, as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and

employees of Corporation to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **4. DUTIES AND RESPONSIBILITIES**

##### **4.1 Financial Reporting and Disclosure**

- (a) Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, guidance with respect to earnings per share, any public release of financial information through press release or otherwise, and similar disclosure documents with such documents to indicate whether such information has been reviewed by the Board or the Committee;
- (b) Review with management of Corporation and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Corporation's financial position and the results of its operations in accordance with IFRS, as applicable; and,
- (c) Review the minutes from each meeting of the disclosure committee, established pursuant to Corporation's corporate disclosure policy, since the last meeting of the Committee.

##### **4.2 Internal Controls and Audit**

- (a) Review and assess the adequacy and effectiveness of Corporation's system of internal control and management information systems through discussions with management and the external auditor to ensure that Corporation maintains:
  - (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Corporation's transactions;
  - (ii) effective internal control systems; and
  - (iii) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud.
- (b) Satisfy itself that management has established adequate procedures for the review of Corporation's disclosure of financial information extracted or derived from Corporation's financial statements;
- (c) Satisfy itself that management has periodically assessed the adequacy of internal controls, systems and procedures in order to ensure compliance with regulatory requirements and recommendations;
- (d) Review and discuss Corporation's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (e) Review and assess, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Corporation's risk management policies and procedures with regard to identification of Corporation's principal risks and implementation of appropriate systems to manage such risks, including an assessment of the adequacy of insurance coverage maintained by Corporation; and
- (f) Review and assess annually, and in the Committee's discretion make recommendations to the Board regarding Corporation's investment policy.

##### **4.3 External Audit**

- (a) Recommend to the Board a firm of external auditors to be engaged by Corporation;
- (b) Ensure the external auditors report directly to the Committee on a regular basis;
- (c) Review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (d) Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
- (e) Establish and maintain a direct line of communication with Corporation's external and internal auditors;
- (f) Meet in camera with only the auditors, with only management, and with only the members of the Committee;
- (g) Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditor's team;
- (h) Oversee the work of the external auditors appointed by the shareholders of Corporation with respect to preparing and issuing an audit report or performing other audit, review or attest services for Corporation, including the resolution of issues between management of Corporation and the external auditors regarding financial disclosure;
- (i) Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial



- information that have been discussed with management of Corporation, and the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;
- (j) Discuss with the external auditors their perception of Corporation's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review, and availability of records, data and other requested information and any recommendations with respect thereto;
  - (k) Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board; and
  - (l) Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors.

#### 4.4 Associated Responsibilities

- (a) Monitor and periodically review the whistleblower policy and associated procedures for:
  - (i) the receipt, retention and treatment of complaints received by Corporation regarding accounting, internal accounting controls or auditing matters;
  - (ii) the confidential, anonymous submission by directors, officers and employees of Corporation of concerns regarding questionable accounting or auditing matters; and
  - (iii) any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of Corporation's Code of Business Conduct & Ethics or governance policies;
- (b) Review and approve Corporation's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditor of Corporation.

#### 4.5 Non-Audit Services

Pre-approve all non-audit services to be provided to Corporation or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full audit committee at its first scheduled meeting following such pre-approval.

#### 4.6 Oversight Function

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Corporation's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the external auditors. The Committee, the Chair and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Corporation, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Corporation's financial information or public disclosure.

### 5. REPORTING

- 5.1 The Chair will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Corporate Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

**6. ACCESS TO INFORMATION AND AUTHORITY**

6.1 The Committee will be granted unrestricted access to all information regarding Corporation and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at Corporation's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with internal and external auditors.

**7. REVIEW OF CHARTER**

7.1 The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.



