



**MEDCOLCANNA ORGANICS INC.**  
Cra 49b, #93-62, Bogotá, Colombia

**MANAGEMENT INFORMATION CIRCULAR**

(containing information as at May 27, 2021 unless otherwise stated)

**For the Annual General and Special Meeting  
to be held on Wednesday, July 7, 2021**

**SOLICITATION OF PROXIES**

This Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management (the “**Management**”) of Medcolcanna Organics Inc. (the “**Company**”), for use at the annual general and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of the Company to be held on Wednesday, July 7, 2021, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

The enclosed form of proxy (the “**Proxy**”) is solicited by Management. The solicitation will be primarily by mail; however, proxies may be solicited personally or by telephone or other electronic means by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

**APPOINTMENT OF PROXYHOLDERS**

The persons named in the Proxy are representatives of the Company.

**A Shareholder entitled to vote at the Meeting has the right to appoint a person (who need not be a Shareholder) to attend and act on the Shareholder’s behalf at the Meeting other than the persons named in the accompanying form of proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the accompanying form of proxy and insert the name of the Shareholder’s nominee in the blank space provided, or complete another suitable form of proxy.**

**VOTING BY PROXYHOLDER**

**Manner of Voting**

The Class “A” shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice on the Proxy with respect to any matter to be acted upon, the shares will be voted accordingly. On any poll, the persons named in the Proxy (the “**Proxyholders**”) will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the Proxyholder will do so in accordance with such direction.

The Proxy, when properly signed, confers discretionary authority on the Proxyholder with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Circular, Management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the Proxyholder.

**In the absence of instructions to the contrary, the Proxyholders intend to vote the shares represented by each Proxy, properly executed, in favour of the motions proposed to be made at the Meeting as stated under the headings in this Circular.**

### **Revocation of Proxy**

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer and deposited by hand with the Company's registrar and transfer agent, TSX Trust Company ("**TSX Trust**") by hand or mail at 301-100 Adelaide St. West Toronto, Ontario, M5H 4H1 or by fax at 1 (416) 361-0470, at any time up to and including the second last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **Voting Thresholds Required for Approval**

In order to approve a motion proposed at the Meeting, a majority of not less than one-half of the votes cast will be required (an "**Ordinary Resolution**") unless the motion requires a special resolution (a "**Special Resolution**"), in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, common shares held by Shareholders of the Company who are also "insiders", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

### **ADVICE TO REGISTERED SHAREHOLDERS**

Shareholders whose names appear on the records of the Company as the registered holders of common shares in the capital of the Company (the "**Registered Shareholders**") may choose to vote by proxy whether or not they are able to attend the Meeting in person.

Registered Shareholders who choose to submit a Proxy may do so by completing, signing, dating and depositing the Proxy with TSX Trust by hand or mail at 301-100 Adelaide St. West Toronto, Ontario, M5H 4H1 or by fax at 1 (416) 361-0470, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. The Proxy may be signed by the Shareholder or by his or her attorney in writing, or, if the Registered Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold shares in their own name.**

Shareholders who do not hold their shares in their own name (the "**Beneficial Shareholders**") should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting.

If shares are listed in an account statement provided to a Shareholder by an intermediary, such as a brokerage firm, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder's intermediary or an agent of that intermediary, and consequently the Shareholder will be a Beneficial Shareholder. In Canada, the vast majority of such shares are registered under the name CDS & Co. (being the registration name for the Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). The shares held by intermediaries or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, an intermediary and its agents are prohibited from voting shares for the intermediary's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person.

These proxy-related materials are being sent to both Registered Shareholders and Beneficial Shareholders of the Company. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on

your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a Proxyholder for a Registered Shareholder and vote their shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as Proxyholder for a Registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their shares as a Proxyholder.

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities that they own (“**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (“**NOBOs**” for Non-Objecting Beneficial Owners).

### **Non-Objecting Beneficial Owners**

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs. This year, the Company will rely on those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”) from the Company’s transfer agent, TSX Trust. These VIFs are to be completed and returned to TSX Trust in the envelope provided or by facsimile. In addition, TSX Trust provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. TSX Trust will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

If you are a Beneficial Shareholder and the Company or its agent has sent these proxy-related materials to you directly, please be advised that your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding your securities on your behalf. By choosing to send these proxy-related materials to you directly, the Company (and not the intermediaries holding securities your behalf) has assumed responsibility for (i) delivering the proxy-related materials to you and (ii) executing your proper voting instructions as specified in the VIF.

### **Objecting Beneficial Owners**

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their shares are voted at the Meeting.

Applicable regulatory rules require intermediaries to seek voting instructions from OBOs in advance of Shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by OBOs in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to an OBO by its broker, agent or nominee is limited to instructing the registered holder of the shares on how to vote such shares on behalf of the OBO.

The form of proxy provided to OBOs by intermediaries will be similar to the Proxy provided to Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote your shares on your behalf. The majority of intermediaries now delegate responsibility for obtaining instructions from OBOs to Broadridge Investor Communications (“**Broadridge**”). Broadridge typically supplies voting instruction forms, mails those forms to OBOs, and asks those OBOs to return the forms to Broadridge or follow specific telephonic or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the meeting. **An OBO receiving a voting instruction form from Broadridge cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure that such shares are voted.**

## **BENEFICIAL SHAREHOLDER VOTING**

### **Notice and Access**

The Company has elected to use the notice-and-access model to deliver the Meeting materials to Beneficial Shareholders. Under Notice-and-Access, Beneficial Shareholders still receive a proxy or voting instruction form enabling them to vote at the Meeting. However, instead of a paper copy of this Information Circular and other Meeting materials, Beneficial Shareholders receive a notice with information on how they may access such materials electronically. To deliver the materials in this manner, the Company has provided all of the Beneficial Shareholders with a Notice-and-Access Notice and has posted the Meeting materials with its public filings on SEDAR at [www.sedar.com](http://www.sedar.com) and at [www.medcolcanna.com/en/investors](http://www.medcolcanna.com/en/investors). The Company will mail paper copies of the Meeting materials to any shareholder who previously requested paper copies. Requests should be submitted as set out below.

The Company's annual report for its 2020 fiscal year contains the Company's audited annual consolidated financial statements and management's discussion and analysis ("MD&A") for the fiscal year ended December 31, 2020. The Company will provide copies of all proxy-related materials, including its annual report and/or this Information Circular, free of charge, to any shareholder, upon request.

**Any Beneficial Shareholder who wishes to receive a paper copy of the proxy-related materials should contact the Company's Transfer agent, TSX Trust Company by calling 1.866.393.4891 ext. 205 or 416.361.0930 ext. 205 or by emailing Investor Services at [tmxinvestorservices@tmx.com](mailto:tmxinvestorservices@tmx.com).** If materials are requested before the Meeting, the Information Circular will be sent at no charge within 3 business days of receiving the request. To receive the Information Circular before the voting deadline for the Meeting of 4:00 p.m. (Bogota time) on Monday, July 5, 2021, the request must be received no later than Monday, June 28, 2021. Please note that another form of proxy or voting instruction form will not be sent, so Shareholders are requested to keep the form received with the Notice. In order to ensure that a paper copy of the proxy-related materials can be delivered to a requesting shareholder in time for such shareholder to review the proxy-related materials and return a form of proxy or voting instruction form prior to the deadline, it is strongly suggested that shareholders ensure their requests are received no later than Monday, June 28, 2021.

The proxy-related materials will be available on the TSX Trust Company's website at <https://docs.tsxtrust.com/2168>, on or about June 1, 2021, and will remain on the website for one full year thereafter. The proxy-related materials will also be available under the Company's public filings on SEDAR at [www.sedar.com](http://www.sedar.com).

If you have questions or require assistance with voting, please contact the Company's transfer agent:

**TSX Trust Company**  
301-100 Adelaide St. West Toronto, Ontario, M5H 4H1  
[tmxinvestorservices@tmx.com](mailto:tmxinvestorservices@tmx.com)  
Toll Free: 1.866.393.4891  
T:416.361.0930 F:416.361.0470

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

Except as otherwise disclosed herein, none of the directors ("**Directors**") or officers ("**Officers**") of the Company, at any time since the beginning of the Company's last financial year, nor any proposed nominee for election as a Director, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

### **RECORD DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

A Shareholder of record at the close of business on May 24, 2021 (the "**Record Date**") who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting, or any adjournment thereof.

The Company's authorized capital consists of an unlimited number of Class "A" shares (the "Common Shares") without par value, and an unlimited number of Class "B" preferred shares (the "Preferred Shares") without par value. As at the Record Date, the Company has 105,721,957 Common Shares issued and outstanding, each share carrying the right to one vote. There are no Preferred Shares outstanding.

To the knowledge of the directors and senior officers of the Company, Felipe de la Vega, the current Chief Executive Officer of the Company ("CEO") holds 10.63% of the issued and outstanding Common Shares and Morsevo Trade Inc. holds 11.03% of the issued and outstanding Common Shares. No other person owns, directs, or controls, directly or indirectly, 10% or more of the issued and outstanding Common Shares.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation*, and sets forth compensation for each of Felipe de la Vega, the current Chief Executive Officer of the Company ("CEO"), Christopher Reid, the Chief Financial Officer ("CFO") of the Company, Nicolas Rodriguez, Chief Operating Officer of the Company ("COO") and Daniel Herrera, Chief Corporate Development Officer of the Company ("CCDO") (collectively, the "NEOs").

### **Director and NEO Compensation, Excluding Compensation Securities**

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each NEO and director, in any capacity, for the three most recently completed financial years.

<b>Name and principal position</b>	<b>Year<sup>(1)</sup></b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Felipe de la Vega <sup>(2)</sup> CEO and Director	2020	265,636	Nil	Nil	35,789	Nil	301,425
	2019	145,655	Nil	Nil	Nil	Nil	145,655
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Christopher Reid <sup>(2)</sup> CFO	2020	221,286	Nil	Nil	Nil	Nil	221,286
	2019	115,587	Nil	Nil	Nil	Nil	115,587
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Nicolas Rodriguez <sup>(2)</sup> COO	2020	190,498	Nil	Nil	Nil	Nil	190,498
	2019	107,467	606	Nil	Nil	Nil	108,073
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Daniel Herrera <sup>(3)</sup> CCDO	2020	196,049	Nil	Nil	Nil	Nil	196,049
	2019	21,000	Nil	Nil	Nil	Nil	21,000
	2018	Nil	Nil	Nil	Nil	Nil	Nil

(1) Financial year ended December 31.

(2) Messrs. De la Vega, Reid and Rodriguez were all appointed to their current positions with the Company on May 17, 2019. Figures in the table above represent the salaries for the 2019 fiscal year represent amounts received from this date until December 31, 2019. See below under the heading "Employment, Consulting and Management Agreements" for details of the annual compensation paid to these individuals. From January 1, 2019 to May 16, 2019, Felipe de la Vega received \$84,502, Christopher Reid \$33,003, and Nicolas Rodriguez \$70,625 in salaries from Medcolcanna (BVI) Inc., a subsidiary of the Company and the company that was the reverse take-over acquiror of the Company prior to closing of the restructuring transaction. From the date of incorporation of Medcolcanna (BVI) Inc. on July 10, 2018 until December 31, 2018, Felipe de la Vega received \$83,643, Christopher Reid \$45,739, and Nicolas Rodriguez \$31,341 for salaries from that entity. Commencing in July 2019, the salary of Mr. de la Vega was increased to USD195,000 and the salary of Mr. Reid was increased to USD\$165,000.

(3) Mr. Herrera was appointed to his current position on November 19, 2019 with an annual salary of CAD\$180,000. Figures in the table above for the 2019 fiscal year represent the salaries received from this date until December 31, 2019.

## Stock Options and Other Compensation Securities

### Compensation Securities

The following table (presented in accordance with Form 51-102F6) sets forth for each director and NEO all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name and Position	Type of compensation security <sup>(2)</sup>	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Felipe de la Vega <sup>(1)</sup> CEO and Director	Stock Options	1,350,000 Class "A" Common Shares (1.28%)	May 23, 2019	\$0.40	\$0.28	\$0.105	May 23, 2024
Christopher Reid <sup>(1)</sup> CFO	Stock Options	700,000 Class "A" Common Shares (0.66%)	May 23, 2019	\$0.40	\$0.28	\$0.105	May 23, 2024
Nicolas Rodriguez <sup>(1)</sup> COO	Stock Options	700,000 Class "A" Common Shares (0.66%)	May 23, 2019	\$0.40	\$0.28	\$0.105	May 23, 2024
Robert Metcalfe, Director	Stock Options	1,125,000 Class "A" Common Shares (1.06%)	May 23, 2019	\$0.40	\$0.28	\$0.105	May 23, 2024
Abba Vieira, Director	Stock Options	750,000 Class "A" Common Shares (0.71%)	May 23, 2019	\$0.40	\$0.28	\$0.105	May 23, 2024
Jose Mora Hernandez	Stock Options	700,000 Class "A" Common Shares (0.66%)	July 25, 2019	\$0.40	\$0.175	\$0.105	July 25, 2024
Thor Borresen, Director	Stock Options	750,000 Class "A" Common Shares (0.71%)	May 23, 2019	\$0.40	\$0.28	\$0.105	May 23, 2024
Daniel Herrera CCDO	Stock Options	Nil	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Daniel Herrera CCDO <sup>(3)</sup>	Common Shares	720,000 Class "A" Common Shares (0.68%)	April 29, 2020	Not applicable	\$0.075	\$0.105	Not applicable

Notes:

- (1) Messrs. De la Vega, Reid and Rodriguez were all appointed to their current positions on May 17, 2019.
- (2) All stock options vest as to one third immediately, one third on the first anniversary of the date of grant and the remainder on the third anniversary of the date of grant.
- (3) Mr. Herrera was granted 720,000 common shares in the capital of the Company when he was appointed to his current position on November 19, 2019. On this date, the price of the underlying security was \$0.075 per share. On April 29, 2020, the shares were officially issued to Mr. Herrera. Mr. Herrera resigned from his position with the Company on March 31, 2021.

### Exercise of Compensation Securities by Directors and NEOs

None of the directors or NEOs exercised any compensation securities during the most recent financial year of the Company. Further, none of the compensation securities vested during the most recent financial year would have had any value as the exercise price of all options is above the market trading price for the Common Shares during fiscal 2020.

### Pension Plans

The Company does not have any pension plan or any other form of benefits plan for its directors or officers.

## **Stock Option Plans and Other Incentive Plans**

The Company has adopted a stock option plan (the “**Option Plan**”) pursuant to which the Board may grant options (the “**Options**”) to purchase Common Shares of the Company to NEOs, directors and employees of the Company or affiliated corporations and to consultants retained by the Company. The Option Plan was approved by the Shareholders on February 21, 2019 and is required to be approved annually pursuant to the applicable policies of the Neo Exchange Inc. (“**NEO**”).

The Option Plan provides for the acquisition of Common Shares by directors, officers, employees or Consultants (as defined in the Option Plan) of the Company, or any affiliated entity of the Company, for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key employees and directors and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees and directors, it being generally recognized that stock option plans can aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in such company.

A description of the Option Plan currently in effect is attached to and is described in the management information circular for the most recently held meeting of Shareholders held on May 21, 2020. The following information is intended to be a brief description of the Option Plan which is proposed to be adopted at the Meeting, contains several amendments to the existing Option Plan and is qualified in its entirety by the full text of the Option Plan as set out in Schedule “A”, subject to any revisions or amendments deemed necessary by the board of directors of the Company:

- (a) The aggregate number of Common Shares which may be issued under the Option Plan shall not exceed 10% (the “**Plan Maximum**”) of the aggregate number of the Common Shares then issued and outstanding (calculated on a non-diluted basis) LESS the aggregate number of Common Shares then reserved for issuance pursuant to any other share compensation arrangement. At the Meeting, Shareholders will also be asked to approve an amendment to the proposed Option Plan to give the Board the flexibility to increase the Plan Maximum to 25% to permit the Company flexibility to award Options to various individuals or entities to facilitate corporate transactions and permit the Company to issue Options to conserve cash for its operations and such matter will be voted on as a separate matter of business at the Meeting. If this amendment is not approved but the initial resolution adopting the Option Plan is approved, the Plan Maximum will remain at 10%.
- (a) The maximum number of Common Shares which may be reserved for issuance to insiders of the Company pursuant to the Option Plan and any other share compensation arrangement at any given time shall not exceed 10% of the total number of the Common Shares then outstanding.
- (b) The maximum number of Common Shares which may be issued to any one person or entity pursuant to the Option Plan, within any one-year period shall not exceed 5% of the total number of Common Shares then outstanding without Disinterested Shareholder Approval.
- (c) The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under the Option Plan and any other share compensation arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (d) The number of Common Shares reserved for issuance to all persons employed to provide investor relations activities in any 12 month period under the Option Plan and any other share compensation arrangement shall not exceed an aggregate of 2% of the outstanding Common Shares at the time of the grant.
- (e) Any Common Share subject to an option which has been granted under the Option Plan and which has been cancelled, repurchased, expired or terminated in accordance with the terms of the Option Plan without having been exercised will again be available under the Option Plan. No fractional Common Shares shall be issued, and the board of directors of the Company may determine the manner in which fractional share value shall be treated.

- (f) The option price of any Common Shares in respect of which an option may be granted shall be fixed by the board of directors of the Company but shall be in accordance with the rules and policies of the NEO. In no event shall the Option Price be less than the pricing permitted by the policies of the NEO.
- (g) Options granted under the Option Plan may be exercisable over a period not exceeding ten (10) years.
- (h) In the event of a termination with cause of an employee optionee, each option held by such optionee will cease to be exercisable on the earlier of the day on which the optionee ceases to be an employee. In the event of the termination without cause, or the retirement of an optionee, each option held by such optionee will cease to be exercisable within a period of 90 days after the date of the termination or retirement date, as the case may be.
- (i) In the event of death of an optionee, the legal representative of the optionee may exercise the option at any time during the one year period following the death of the optionee.
- (j) Options are non-assignable.
- (k) The Option Plan does not provide for any financial assistance upon the exercise of options.
- (l) The Board may amend any Option with the consent of the affected participant and the Exchange, including any shareholder approval required by the Exchange. Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the participant is an Insider at the time of the proposed amendment. If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given. Subject to applicable regulatory requirements and approval, the Board may reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by a participant who is an Insider at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as required by the NEO.
- (m) The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate the Option Plan or any portion thereof and/or securityholder approval where required. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of the applicable participant. If the Option Plan is suspended or terminated, the provisions of the Option Plan and any administrative guidelines, rules and regulations relating to the Option Plan shall continue in effect for the duration of such time as any Option remains outstanding. Notwithstanding the forgoing, any amendment to the Plan or any outstanding Option is subject to the receipt of shareholder approval where required by the policies of the NEO.
- (n) Security holder approval, excluding security holders that would receive, or would be eligible to receive, a material benefit resulting from the following actions, is required for any of the following (capitalized terms have the meaning set forth in the applicable policies of the NEO):
  - (i) an increase to the maximum number of securities issuable where, following the increase, the total number of securities issuable under all Security Based Compensation Plans of the Corporation is equal to or greater than 10% of the securities of the Corporation (calculated on a non-diluted basis) outstanding as of the date the Security Based Compensation Arrangement was last approved by security holders;
  - (ii) a re-pricing of an Award benefiting a Related Person of the Corporation;
  - (iii) an extension of the term of an Award benefiting a Related Person of the Corporation;



- (iv) an extension of the term of an Award, where the exercise price is lower than the prevailing market price;
- (v) any amendment to remove or to exceed the limits set out in a Security Based Compensation Arrangement on Awards available to Related Persons of the Corporation; or
- (vi) amendments to an amending provision within a Security Based Compensation Arrangement.

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

Management functions of the Company are not, to any substantial degree, performed other than by directors or NEOs of the Company and are not performed by any company of which any director or NEO has direct or indirect control thereover.

#### *Termination and Change of Control Benefits*

On November 26, 2018, Medcolcanna (BVI) Inc. entered into a contract with Felipe de la Vega in which Mr. de la Vega agreed to provide the services of Chief Executive Officer for the Company and its subsidiaries. His annual salary is US\$150,000 and the contract has an indefinite term, but may be terminated by Mr. de la Vega upon 60 days' notice. If the contract is terminated without cause or upon a change of control, severance in the amount of 24 months of salary is to be paid. If termination without cause happens before 24 full months of service have occurred, then the severance is paid *pro-rata* up to amount earned at that time. His salary was increased to US\$195,000 effective July 1, 2019. If his employment had been terminated without cause on December 31, 2020, his severance payment would have been a cash amount equal to twice the Annual Compensation, being US\$390,000.

On November 26, 2018, Medcolcanna (BVI) Inc. entered into a contract with Chris Reid in which Mr. Reid agreed to provide the services of Chief Financial Officer for the Company and its subsidiaries. His annual salary is US\$60,000 and the contract has an indefinite term, but may be terminated by Mr. Reid upon 60 days' notice. If the contract is terminated without cause or upon a change of control, severance in the amount of 24 months of salary is to be paid. If termination without cause happens before 24 full months of service have occurred, then the severance is paid *pro-rata* up to amount earned at that time. His salary was increased to US\$165,000 effective July 1, 2019. If his employment had been terminated without cause on December 31, 2020, his severance payment would have been a cash amount equal to twice the Annual Compensation, being US\$330,000.

On November 26, 2018, Medcolcanna S.A.S. entered into a contract with Nicolas Rodriguez in which Mr. Rodriguez agreed to provide the services of Chief Operating Officer for the Company and its subsidiaries. His annual salary is US\$132,000 and the contract has an indefinite term, but may be terminated by Mr. Rodriguez upon 60 days' notice. If the contract is terminated without cause or upon a change of control, severance in the amount of 24 months of salary is to be paid. If termination without cause happens before 24 full months of service have occurred, then the severance is paid *pro-rata* up to amount earned at that time. If his employment had been terminated without cause on December 31, 2020, his severance payment would have been a cash amount equal to twice the Annual Compensation, being US\$264,000.

On November 19, 2019, the company entered into a contract with Daniel Herrera in which Mr. Herrera agreed to provide the services of Chief Corporate Development Officer for the Company and its subsidiaries. His annual salary is CDN\$180,000 and he will receive a 3% commission payment of profits relating to third party procurement or supply transactions sourced through him. The contract has an indefinite term, but may be terminated by Mr. Herrera upon 90 days' notice. If the contract is terminated without cause or upon a change of control, severance in the amount of 24 months of salary is to be paid. Commissions relating to sourced transactions will remain in effect for the duration of a transaction agreement. If his employment had been terminated without cause on December 31, 2020, his severance payment would have been a cash amount equal to twice the Annual Compensation, being \$360,000.

## **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

### **Compensation Discussion and Analysis**

The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

### **Elements of Compensation**

#### ***Base Salary***

Each NEO receives a base salary, which constitutes a significant portion of the NEO's compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the NEO's performance over time, as well as that individual's particular experience and qualifications. A NEO's base salary is reviewed by the board of directors of the Company on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

#### ***Stock Options***

The Company currently has a stock option plan and options are currently outstanding as disclosed herein. The Option Plan is attached as Schedule "A" of this Circular. Stock options are issued to NEOs to provide an incentive to them to increase the value of the Common Shares and therefore align their interests with those of the Shareholders.

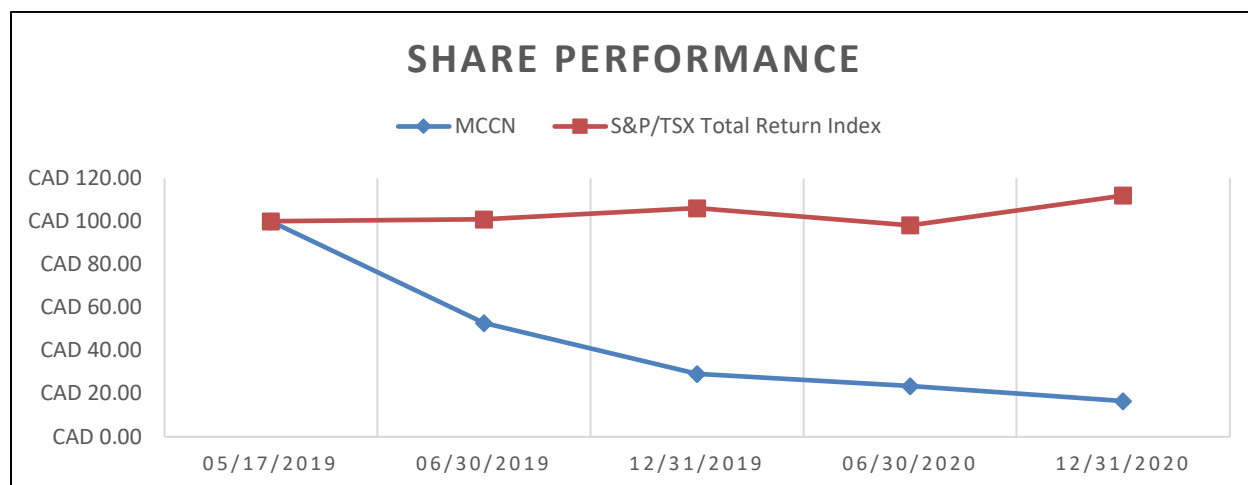
#### ***Compensation of Directors***

The directors of the Company have received compensation as set forth below. Compensation for the directors is determined by the Compensation Committee and through consultation between management and the board of directors and based on how companies of a similar size to the Company and within the same industry compensate their directors.

<b>Director Name</b>	<b>Annual Retainer</b>
Robert Metcalfe	US\$40,000
Abba Vieira	US\$12,000
Thor Borresen	US\$12,000
Jose Mora Hernandez	US\$12,000

#### ***Performance Graph***

The following chart shows the shareholder return on the Common Shares for the period from May 17, 2019 to December 31, 2020, on a semi-annual basis together with the cumulative return for the S&P/TSX Total Return Index for the same period, based on the closing price on the last trading day of each period. The chart assumes an initial investment of CAD\$100.



	05/17/2019	06/30/2019	12/31/2019	06/30/2020	12/31/2020
<b>MCCN</b>	CAD 100.00	CAD 52.78	CAD 29.17	CAD 23.61	CAD 16.67
<b>S&amp;P/TSX Total Return Index</b>	CAD 100.00	CAD 100.90	CAD 106.10	CAD 98.18	CAD 112.04

The trend in the above graph shows that the performance of the Common Shares generally lagged behind the performance of the S&P/TSX Total Return Index for the period. This is indicative of the relatively new industry the Company operates in and the uncertainty surrounding this emerging market. The compensation policy for the Company's directors and NEOs is primarily tied to financial performance of the business and not specifically to Common Share performance. As the Company is still in its infancy, financial compensation to the Company's directors and NEOs is minimized and limited in order to preserve and strategically utilize the Company resources.

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

The Common Shares are currently listed on the NEO and in compliance with the policies of the NEO, it must be approved by the shareholders at every annual general meeting of the Company's shareholders. The Option Plan has been established to recognize contributions made by service providers, to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Company's Board of Directors administers the Option Plan and it is their responsibility to ensure that the provisions of the Option Plan are adhered to. Under the Option Plan, options are issued pursuant to option agreements to directors, officers, employees or consultants of the Company or a subsidiary of the Company. All options expire on a date not later than ten years after the issuance of such option. As at the Record Date, there are options outstanding to purchase an aggregate of 7,875,000 Common Shares.

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as of December 31, 2020:

<b>Equity Compensation Plan Information</b>			
<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	7,875,000 <sup>(1)</sup>	\$0.40	2,697,196 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<b>Total</b>	<b>7,875,000<sup>(1)</sup></b>	<b>\$0.40</b>	<b>2,697,196<sup>(2)</sup></b>

- (1) In addition to the outstanding stock options, there are 21,943,400 warrants outstanding which are outside of the Company's compensation plan and were issued as part of the Company's restructuring transaction. Each warrant entitles the holder thereof to obtain one common share of the Company at an exercise price of \$0.40 and expired on May 17, 2021. Additionally, 10,234,575 purchase warrants were issued in connection with the convertible debentures offered by the Company during the year ended December 31, 2020. Each warrant entitles the holder thereof to obtain one common share of the Company at an exercise price of \$0.20 expiring two years from the date of issuance.
- (2) Represents the amount of Common Shares available for issuance under the Option Plan, which reserves a number of Common Shares for issuance, pursuant to the exercise of Options that is equal to 10% of the issued and outstanding Common Shares from time to time. A total of 10,572,196 options were available for issuance in the option pool as of December 31, 2020.

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

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this information circular or "routine indebtedness", as that term is defined in Form 51-102F5 of National Instrument 51-102 – *Continuous Disclosure Obligations*, none of

- (a) the individuals who are, or at any time since the beginning of the last financial year of the Company were, a Director or Officer;
- (b) the proposed nominees for election as Directors; or
- (c) any associates of the foregoing persons,

is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any subsidiary of the Company (a "**Subsidiary**"), or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any Subsidiary.

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

For purposes of the following discussion, “**Informed Person**” means:

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

Except as disclosed below, elsewhere herein or in the Notes to the Company’s financial statements for the financial years ended December 31, 2020 and 2019, none of

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company. Note 33 (Subsequent events) to the Company’s financial statements for the financial year ended December 31, 2020 discloses a loan made to the Company by certain insiders of the Company, such events having occurred during the 2021 fiscal year and which will be described in greater detail in the information circular for the 2022 annual general meeting of shareholders.

## **APPOINTMENT OF AUDITOR**

MNP LLP, Chartered Accountants, of Toronto, Ontario is the Company’s auditor and was first appointed as the Company’s auditor on May 17, 2019. Management is recommending the appointment of MNP LLP, Chartered Accountants as Auditors for the Company, to hold office until the next annual general meeting of the shareholders at a remuneration to be fixed by the Board of Directors.

## **MANAGEMENT CONTRACTS**

The management functions of the Company are not, to any substantial degree, performed by persons other than the Directors and Officers.

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

### **Presentation of Financial Statements**

The audited financial statements of the Company for the financial years ended December 31, 2020 and December 31, 2019 (the “**Financial Statements**”) and the auditor’s report thereon (the “**Auditor’s Report**”), will be presented to Shareholders at the Meeting.

The Financial Statements, Auditor’s Report, and management’s discussion and analysis (“**MD&A**”) for the financial years ended December 31, 2020 and December 31, 2019 are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Notice of Annual General and Special Meeting of Shareholders, Information Circular, Request for Financial Statements (NI 51-102) and form of Proxy will be available from TSX Trust, at <https://docs.tsxtrust.com/2168>.

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

Shareholders will be asked to approve the re-appointment of MNP LLP, Chartered Accountants as the auditor of the Company to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Board of Directors.

**In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR re-appointing MNP LLP, Chartered Accountants as the Company's independent auditor for the ensuing year, and FOR authorizing the Board to fix the auditor's pay.**

### **Fixing the Number of Directors**

Management proposes, and the persons named in the accompanying form of proxy intend to vote in favour of, fixing the number of Directors for the ensuing year at six (6). Pursuant to a letter of intent ("**LOI**") entered into with Industrial Hemp Farms ("**IHF**") and disclosed by way of a press release dated May 27, 2021, IHF has the ability to nominate two (2) board members to Medcolcanna, such nomination to take effect upon the signing of the definitive agreement for this transaction, but subject to regulatory approval and conditional on the election of the six (6) nominees being put forward by management at the Meeting. The identity of these two (2) proposed nominees is currently unknown but Medcolcanna will press release their identity once known and provide full biographical information about each one. The increase in the size of the Board of Directors being approved at the Meeting will facilitate the ability of IHF to nominate the aforementioned two (2) board members through the addition of one (1) additional board position plus the resignation of one of the nominated six (6) members of the Board being elected at the Meeting (most likely Chris Reid). Shareholders should be aware that such nominations will likely be made after the Meeting and prior to the next scheduled annual general meeting of Shareholders.

**In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR fixing the number of Directors at six (6).**

### **Election of Directors**

The Board currently consists of five (5) directors, all of whom are elected annually. At the Meeting, management of the Company proposes to nominate the persons named below for election as directors to hold office until the next meeting of Shareholders at which the election of directors is considered, or until his/her successor is duly elected or appointed, unless he/she resigns, is removed or becomes disqualified in accordance with the articles of the Corporation, the BCBCA or the Majority Voting Policy described below.

**In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR each of the nominees set forth below.** Management of the Company does not contemplate that any of the proposed nominees will be unable to serve as a director, but if, for any reason, at the time of the Meeting, any of the nominees are unable to serve, and unless otherwise specified, it is intended that the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

### ***Majority Voting for Election of Directors***

The Board has adopted a "majority voting" policy, pursuant to which if a nominee for election as director does not receive a greater number of votes "for" than votes "withheld" at a meeting of shareholders, such nominee shall offer his or her resignation as a director in writing to the Board promptly following the meeting of Shareholders at which the director was elected. This director's resignation is conditional on, and will be effective following, its acceptance by the Board.

Upon receiving such offer of resignation, the Board will determine whether or not to accept the resignation within 90 days following the meeting of Shareholders. The Board shall accept that director's resignation unless it decides that there are exceptional circumstances that prevent the Board from accepting it. The resignation will be effective when accepted by the Board, if applicable. The Company will announce the decision of the Board in a press release with respect to whether the Board has decided to accept such director's resignation and provide a copy of the press release to the NEO. If the Board determines not to accept the resignation, the press release will state the reasons for that decision. The director who tendered such resignation will not be part of any deliberations of any Board committee (including the Compensation, Nomination and Governance Committee if such director is a member thereof) or of the Board pertaining to

the resignation offer. The “majority voting” policy only applies in circumstances involving an uncontested election of directors. For the purposes of the policy, an “uncontested election of directors” means that the number of nominees for election as a director is not more than the number of directors proposed to be elected to the Board. Following each meeting of Shareholders at which there is a vote on the election of directors at an uncontested meeting, the Corporation will promptly disclose by press release the detailed voting results for the election of each director.

### **Information Concerning Nominees**

The following table sets out required information regarding the persons nominated by Management for election as a Director. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

<b>Name, Province and Country of ordinary residence<sup>(1)</sup>, and positions held with the Company</b>	<b>Principal occupation and principal occupation during the past five years<sup>(1)</sup></b>	<b>Date(s) serving as a Director<sup>(2)</sup></b>	<b>No. of shares beneficially owned or controlled<sup>(1)</sup></b>
FELIPE DE LA VEGA Bogota, Colombia Chief Executive Officer and Director	Chief Executive Officer and a Director of the Company since May 17, 2019. Mr. De La Vega was the founder of Trenaco Holdings Group, a major Latin American commodity trading company with revenues of US\$800 million in 2014. He acted in the capacity of CEO for 10 years. In that role, he developed strong relationships with domestic and global commodities companies and created vertical integration for the value chain through the acquisition of profitable assets such as coal mines, metcoke ovens, quality labs, stockyards, and transportation infrastructure.	May 17, 2019	11,234,111
ROBERT METCALFE <sup>(3)</sup> Ontario, Canada Director and Chairman of the Board	Mr. Metcalfe, a lawyer, was senior partner with the law firm Lang Michener, LLP for 20 years. He is the former President and Chief Executive Officer of Armadale Properties and Counsel to all of the Armadale Group of Companies, with significant holdings across numerous industries including finance, construction of office buildings, airport ownership, management and refurbishing, land development, automotive dealerships as well as newspaper, radio and television stations. Mr. Metcalfe has served as President, CEO, Lead Director, Chairman and Committee member on numerous publicly listed natural resource and industry company corporate boards in Canada, the USA, England, South America and Africa. He is a member of the Institute of Corporate Directors and a member in good standing of the Law Society of Ontario.	May 17, 2019	669,810

Name, Province and Country of ordinary residence <sup>(1)</sup> , and positions held with the Company	Principal occupation and principal occupation during the past five years <sup>(1)</sup>	Date(s) serving as a Director <sup>(2)</sup>	No. of shares beneficially owned or controlled <sup>(1)</sup>
THOR BORRESEN <sup>(3)</sup> Bogota, Colombia Director	Mr. Borresen is an Industrial Engineer from the Javeriana University in Cali, Colombia and is currently the Marketing Vice-president of Bavaria, the Colombian operation of AB-InBev, the world's leading brewer. In his current position, he is responsible for leading the development of a complete portfolio of local and international beer brands, boosting category growth and building the equity of the brands. His professional career spans over 14 years in different commercial roles. Before joining Bavaria, he was part of the marketing team in Kraft Foods Colombia and Venezuela, overseeing local and regional markets.	May 17, 2019	542,691
ABBA VIEIRA <sup>(3)</sup> Washington, D.C. Director	Mr. Vieira is the Global Director of the NDC Partnership Support Unit. In this role, Mr. Vieira leads efforts that build momentum for ambitious climate and development actions, in collaboration with governments and international stakeholders around the world. Before joining the NDC Partnership, he served as an Advisor to President Juan Manuel Santos, managing Colombia's accession to the Organization for Economic Cooperation and Development (OECD) and supporting the coordination and implementation of national and international commitments on the environment and climate change. In 2013, Mr. Vieira was appointed as Deputy Minister of Environment and Sustainable Development, responsible for the formulation, adoption, and implementation of all environmental and sustainable development strategies, policies, and regulations, with a special emphasis on climate change, water management, biodiversity, and ecosystem services. Mr. Vieira is a Chemical Engineer from Colombia's National University and holds a Ph.D. from the Department of Chemical and Biomolecular Engineering at Tulane University in New Orleans	May 17, 2019	110,943



Name, Province and Country of ordinary residence <sup>(1)</sup> , and positions held with the Company	Principal occupation and principal occupation during the past five years <sup>(1)</sup>	Date(s) serving as a Director <sup>(2)</sup>	No. of shares beneficially owned or controlled <sup>(1)</sup>
JOSE MORA HERNANDEZ Bogota, Colombia Director	Mr. Hernandez has more than 30 years' experience in senior executive management roles in the pharmaceutical industry including those with Johnson and Johnson, Janssen-Cilag, More Pharma Corp. and FarmaLatam Holding Inc. where he currently serves as CEO & Co-Founder. Reporting directly to two Company Group Chairmen of Johnson & Johnson, José was International Vice President for Latin America and Puerto Rico responsible for over US\$625 million in revenue and over 1,800 employees. He also served as an advisor to large Latin American pharmaceutical companies that expanded into Colombia, Mexico and Peru. At Janssen-Cilag, Mr. Mora Hernandez served as President for Mexico, Central America and the Caribbean. As founder and owner of FarmaLatam he developed the first Technological Healthcare Platform in Colombia, Mexico and Peru. Mr. Mora Hernandez graduated from the Universidad de los Andes, Bogotá, Colombia with an Engineering degree and also holds an MBA in International Business from the University of South Carolina.	June 11, 2019	110,943
CHRIS REID Bogotá, Colombia Chief Financial Officer	Mr. Reid has been CFO of Medcolcanna since May 17, 2019. Mr. Reid is a CPA with 12 years of experience in industry and international business. Mr. Reid was previously the President and CEO and a director of Petrodorado Energy Ltd., as well as holding various other positions with that company over the past decade. Previously served as a director of several publicly listed companies. In his current role, Mr. Reid is responsible to provide strategic direction, financial leadership on capital markets and providing insight and recommendations to both short-term and long-term growth plans of the company.	Nominee	6,116,525 <sup>(6)</sup>

- (1) This information, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.
- (2) The Company does not set expiry dates for the terms of office of Directors. Each Director holds office as long as he is elected annually by Shareholders at Annual General Meetings unless his office is earlier vacated.
- (3) Member of Audit Committee.
- (4) Member of Corporate Governance, Nominating and Compensation Committee.
- (5) Member of Environmental, Health and Safety Committee.
- (6) Of these shares, 4,800,000 shares are held through BB Enterprises Ltd. and 1,316,525 shares are held directly.

***Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties and Sanctions***

For purposes of the disclosure in this section, an “order” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities

legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to directors or executive officers of a relevant company that was in effect for a period of more than 30 consecutive days whether or not the proposed director was named in the order.

Except as disclosed in this Circular, none of the proposed directors comprising the Slate, including any personal holding company of a proposed director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director, or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Robert Metcalfe was a director of Xinerger Ltd. ("**Xinerger**"), a U.S. producer of metallurgical and thermal coal in West Virginia. On April 6, 2015, as a result of decline in the coal industry in North America, Xinerger became the subject of a cease trade order and Xinerger filed voluntary petitions in the Western District of Virginia, Roanoke Division. Xinerger continued to operate while it went through an in court voluntary reorganization plan, from which it has now successfully emerged as a fully operating private company.

### **Adoption of Incentive Stock Option Plan**

At the Meeting, Shareholders will be asked to approve the existing stock option plan of the Company with certain amendments as more particularly set forth herein and described in more detail in the proposed copy of the Option Plan attached hereto as Schedule “A”.

The Option Plan currently reserves for issuance a number of incentive stock options equal to ten (10%) percent of the Common Shares outstanding from time to time (the “**10% Maximum**”). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any options, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future option grants. A copy of the proposed Option Plan is attached to this Circular as Schedule “A”.

Shareholders will be asked to pass the following Ordinary Resolution to approve the adoption of the Option Plan (the “**Option Plan Resolution**”):

#### **“BE IT RESOLVED THAT:**

1. the Option Plan, in substantially the form attached as Schedule “A” to the Management Information Circular dated May 27, 2021, with such additions and deletions as may be approved by the directors of the Company or as may be required by any regulatory authority, is hereby adopted as the stock option plan of the Company;
2. all issued and outstanding stock options of the Company previously granted shall be continued under and governed by the Option Plan; and
3. the directors of the Company be authorized to perform all such other acts and things as may be necessary or desirable to effect the adoption of the Option Plan; and that the directors of the Company be authorized to implement or abandon these resolutions in whole or in part, at any time and from time to time in their sole discretion, all without further approval, ratification or confirmation by shareholders.”

Management recommends that the shareholders approve the Option Plan Resolution.

**In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR the Option Plan Resolution.**

### **Approval of Amendment to Incentive Stock Option Plan**

At the Meeting, Shareholders will be asked to approve an amendment to the stock option plan of the Company adopted at the Meeting to allow for an amendment to increase the Plan Maximum to twenty five percent (25%).

The proposed Option Plan which is being voted on at the Meeting reserves for issuance a number of incentive stock options equal to ten (10%) percent of the Common Shares outstanding from time to time. The Company is proposing to increase the maximum number of Common Shares to be issued pursuant to the Option Plan to 25% of the Common Shares outstanding from time to time to permit the Board the flexibility to issue Options to various individuals and entities in order to facilitate corporate transactions (such as the one with IHF described herein) and permit the Company to retain cash to run its operations.

Shareholders will be asked to pass the following Ordinary Resolution to approve the amendment to the Option Plan, assuming that such plan is adopted and approved at the Meeting (the “**Option Plan Amendment Resolution**”):

#### **“BE IT RESOLVED THAT:**

1. the Option Plan be amended by deleting the reference in Section 2.2(a) to “10%” and replacing it with “25%”; and

2. the directors of the Company be authorized to perform all such other acts and things as may be necessary or desirable to effect the amendment to the Option Plan and that the directors of the Company be authorized to implement or abandon these resolutions in whole or in part, at any time and from time to time in their sole discretion, all without further approval, ratification or confirmation by shareholders.”

Management recommends that the shareholders approve the Option Plan Amendment Resolution.

**In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR the Option Plan Amendment Resolution.**

#### **OTHER MATTERS**

As of the date of this Circular, management knows of no other matters to be acted upon at the Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

#### **AUDIT COMMITTEE DISCLOSURE**

The Charter of the Company’s audit committee and other information required to be disclosed by National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) is attached to this Circular as Schedule “B”.

#### **CORPORATE GOVERNANCE DISCLOSURE**

The information required to be disclosed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* is attached to this Circular as Schedule “C”.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company’s comparative annual financial statements and MD&A for the most recently completed financial year. Copies of the Company’s Financial Statements and Management Discussion and Analysis may be obtained without charge upon request from the Company’s legal counsel, EnerNext Counsel, at Suite 1620, 444 5th Avenue SW, Calgary, AB T2P 2T8, attention : Peter Yates.

#### **DIRECTOR APPROVAL**

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

**SCHEDULE "A"**

**STOCK OPTION PLAN**

**MEDCOLCANNA ORGANICS INC.**

**INCENTIVE STOCK OPTION PLAN**

**Dated: May 27, 2021**

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**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

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

- (a) "**Accelerated Vesting Event**" means the occurrence of any one of the following events:
  - (i) a take-over bid (as defined under Securities Legislation) is made for Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any person or persons acting jointly or in concert (as determined under Securities Legislation) or persons associated or affiliated with such person or persons (as determined under Securities Legislation) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
  - (ii) the acquisition or continuing ownership by any person or persons acting jointly or in concert (as determined under Securities Legislation), directly or indirectly, of Shares or of Convertible Securities, which, when added to all other securities of the Corporation at the time held by such person or persons, persons associated with such person or persons, or persons affiliated with such person or persons (as determined under Securities Legislation) (collectively, the "Acquirors"), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
  - (iii) an amalgamation, merger, arrangement or other business combination (a "**Business Combination**") involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- (b) "**Affiliate**" shall have the meaning ascribed thereto in the *Business Corporations Act* (British Columbia);
- (c) "**Board**" means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;
- (d) "**Charitable Organization**" means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;



- (e) "**Common Shares**" means the common shares of the Corporation;
- (f) "**Consultant**" means an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation other than services provided in relation to a Distribution,
  - (ii) provides the services under a written contract between the Corporation or an Affiliate of the Corporation and the individual or the Consultant Company,
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation, and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the Consultant to be knowledgeable about the business and affairs of the Corporation;
- (g) "**Consultant Company**" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (h) "**Corporation**" means Medcolcanna Organics Inc. and its successor entities;
- (i) "**Director**" means directors, senior officers and Management Company Employees of the Corporation or its subsidiaries, if any, to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (j) "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by all shareholders entitled to vote at a meeting of shareholders of the Corporation excluding votes attached to shares beneficially owned by insiders to whom options may be granted under this Plan and their Affiliates;
- (k) "**Distribution**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);
- (l) "**Eligible Person**" means
  - (i) a Director, Officer, Employee or Consultant of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons;
  - (ii) a Charitable Organization at the time the Option is granted; and
  - (iii) such other individuals or entities as the Board may determine in their sole discretion, as permitted by the policies of the Exchange;
- (m) "**Employee**" means an individual who:
  - (i) is considered an employee of the Corporation or its subsidiaries, if any, under the *Income Tax Act*, (Canada) i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,

- (ii) is actively working full-time for the Corporation or its subsidiaries, if any, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
- (iii) is actively working for the Corporation or its subsidiaries, if any, on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and method of work as an employee of the Corporation, but for whom income tax deductions are not made at source;
- (n) "**Exchange**" means the Neo Exchange Inc. and any successor entity if the Corporation is listed thereon;
- (o) "**Expiry Date**" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (p) "**Insider**" means a director or senior officer of the Corporation, a person that beneficially owns or controls directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation, a director or senior officer of a company that is an insider or a subsidiary of the Corporation, and the Corporation itself if it holds any of its own securities;
- (q) "**Investor Relations Activities**" means any activities, by or on behalf of the Corporation or shareholder of the Corporation that promote or could reasonably be expected to promote the purchase or sale of securities of the Corporation;
- (r) "**Management Company Employee**" means an individual who is employed by a person providing management services to the Corporation which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in Investor Relations Activities;
- (s) "**Officer**" means an officer of the Corporation or its subsidiaries, if any;
- (t) "**Option**" means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (u) "**Other Share Compensation Arrangement**" means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
- (v) "**Participant**" means an Eligible Person who has been granted an Option;
- (w) "**Plan**" means this incentive stock option plan;
- (x) "**Termination Date**" means the date on which a Participant ceases to be an active Eligible Person and does not include any period of reasonable notice of termination.

## **1.2 Interpretation**

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

## **ARTICLE 2 ESTABLISHMENT OF PLAN**

### **2.1 Purpose**

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation, its Affiliates and its subsidiaries, if any;
- (b) encouraging Eligible Persons to remain with the Corporation, its Affiliates or its subsidiaries, if any; and
- (c) attracting new Directors, Officers, Employees and Consultants.

### **2.2 Shares Reserved**

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, LESS the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
  - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable and, if it relates to Investor Relations vesting provisions, then subject to the approval of the Exchange,

and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.

- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

### **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

### **2.4 Effective Date**

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

## **ARTICLE 3 ADMINISTRATION OF PLAN**

### **3.1 Administration**

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
  - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

### **3.2 Amendment, Suspension and Termination**

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such

Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding. Notwithstanding the forgoing, any amendment to the Plan or any outstanding Option is subject to the receipt of shareholder approval where required by the policies of the Exchange.

In addition, security holder approval, excluding security holders that would receive, or would be eligible to receive, a material benefit resulting from the following actions, is required for any of the following (capitalized terms not otherwise defined herein have the meaning set forth in the applicable policies of the Exchange):

- (a) an increase to the maximum number of securities issuable where, following the increase, the total number of securities issuable under all Security Based Compensation Plans of the Corporation is equal to or greater than 10% of the securities of the Corporation (calculated on a non-diluted basis) outstanding as of the date the Security Based Compensation Arrangement was last approved by security holders;
- (b) a re-pricing of an Award benefiting a Related Person of the Corporation;
- (c) an extension of the term of an Award benefiting a Related Person of the Corporation;
- (d) an extension of the term of an Award, where the exercise price is lower than the prevailing market price;
- (e) any amendment to remove or to exceed the limits set out in a Security Based Compensation Arrangement on Awards available to Related Persons of the Corporation; or
- (f) amendments to an amending provision within a Security Based Compensation Arrangement.

### **3.3 Compliance with Legislation**

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.

- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

## ARTICLE 4 OPTION GRANTS

### 4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

### 4.2 Representation

The Corporation represents that an Employee, Consultant or Management Company Employee who is granted an Option or Options is a bona fide Employee, Consultant or Management Company Employee, as the case may be. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

### 4.3 Limitation on Grants and Exercises

- (a) **To any one person.** The number of Common Shares reserved for issuance to any one person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant (unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit or unless otherwise permitted by the policies of the Exchange). Notwithstanding the foregoing, the Corporation may issue a higher number of Common Shares to a person pursuant to a corporate transaction in the discretion of the Board, subject to the policies of the Exchange.
- (b) **To Consultants.** The number of Common Shares reserved for issuance to any one Consultant in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) **To persons conducting Investor Relations Activities.** The number of Common Shares reserved for issuance to all persons employed to provide Investor Relations Activities in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed an aggregate of 2% of the outstanding Common Shares at the time of the grant.
- (d) **To Insiders.** Unless the Corporation has received Disinterested Shareholder Approval to do so:
  - (i) the aggregate number of Common Shares reserved for issuance to Insiders under this Plan and any Other Share Compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant; and
  - (ii) the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under this Plan and any Other Share Compensation

Arrangement shall not exceed 10% of the outstanding Common Shares at the time of the grant.

- (e) **Exercises.** Unless the Corporation has received Disinterested Shareholder Approval to do so, the number of Common Shares issued to any person within a 12 month period pursuant to the exercise of Options granted under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the exercise. Notwithstanding the foregoing, the Corporation may issue a higher number of Common Shares to a person pursuant to a corporate transaction in the discretion of the Board, subject to the policies of the Exchange.

## **ARTICLE 5 OPTION TERMS**

### **5.1 Exercise Price**

- (a) The exercise price per Common Share for an Option shall be set at a price determined by the Board in its sole discretion provided that such price shall not be less than any price permitted by the policies of the Exchange at the date of grant.
- (b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety day period shall begin:
  - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; or
  - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

### **5.2 Expiry Date**

Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

### **5.3 Vesting**

- (a) Subject to subsection 5.3(b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to Consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period.

### **5.4 Accelerated Vesting Event**

Upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any Option, except pertaining to options granted to Consultants performing Investor Relations activities which will be subject to prior written Exchange approval, to make such changes to the terms of Options as it considers

fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of Options, conditionally or unconditionally; (b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

### **5.5 Non-Assignability**

Options may not be assigned or transferred.

### **5.6 Ceasing to be Eligible Person**

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.
- (c) Unless an option agreement specifies otherwise, if a Participant ceases to be an Eligible Person for any reason other than death, each Option held by the Participant other than a Participant who is involved in investor relations activities will cease to be exercisable 90 days after the Termination Date, unless otherwise determined by the Board in its sole discretion. For Participants involved in investor relations activities, Options shall cease to be exercisable 30 days after the Termination Date, unless otherwise determined by the Board in its sole discretion.
- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until the earlier of (i) the date that is one year from the date of death or (ii) the date such Option terminates in accordance with its terms, and thereafter ceases to be exercisable pursuant to the terms of this Section.
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion and in the case of Options relating to Investor Relations, subject to the approval of the Exchange, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received



compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

## **ARTICLE 6 EXERCISE PROCEDURE**

### **6.1 Exercise Procedure**

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its head office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

## **ARTICLE 7 AMENDMENT OF OPTIONS**

### **7.1 Consent to Amend**

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the Participant is an Insider at the time of the proposed amendment.

### **7.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

### **7.3 Repricing**

Subject to applicable regulatory requirements and approval, the Board may reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by a Participant who is an Insider at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as required by the Exchange.

**ARTICLE 8  
MISCELLANEOUS**

**8.1 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

**8.2 No Right to Employment**

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

**8.3 Governing Law**

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Courts of the Province of Alberta shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

## **SCHEDULE "B"**

### **FORM 52-110F1 AUDIT COMMITTEE DISCLOSURE**

#### **Item 1: The Audit Committee Charter**

See Exhibit 1 to this Schedule "B" for a copy of the Audit Committee Charter.

#### **Item 2: Composition of the Audit Committee**

The current members of the Audit Committee are Robert Metcalfe, Thor Borresen and Abba Vieira, all of whom are independent and financially literate as defined by NI 52-110.

To assess financial literacy, the Board considers the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

#### **Item 3: Relevant Education and Experience**

All members of the Audit Committee hold professional accounting designations and been involved in enterprises which public report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements). See the biographies of the Directors in the body of the Circular for more particulars about the backgrounds, including education and experience, of each member of the Audit Committee.

#### **Item 4: Audit Committee Oversight**

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

#### **Item 5: Reliance on Certain Exemptions**

During the most recently completed financial year, the Company has not relied on any of the exemptions set out in NI 52-110, namely section 2.4 (*De Minimus Non-audit Services*), section 3.2 (*Initial Public Offerings*), section 3.4 (*Events Outside Control of Member*), section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*), section 3.8 (*Acquisition of Financial Literacy*), subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*), and any exemption, in whole or in part, in Part 8 (*Exemption*).

#### **Item 6: Pre-Approval Policies and Procedures**

The Audit Committee has not adopted formal or specific policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

**Item 7: External Auditor Service Fees (By Category)**

The following table sets out the aggregate fees charged to the Company by the external auditor in each of the last two financial years for the category of fees described.

	<b>FYE 2020</b>	<b>FYE 2019</b>
Audit Fees	\$155,150	\$85,407
Audit-Related Fees	\$Nil	\$Nil
Tax fees	\$Nil	\$Nil
All Other Fees	\$Nil	\$Nil
Total Fees:	\$155,150	\$85,407

**Item 8: Exemption**

During the most recently completed financial year, the Company did not rely on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) or the exemption set forth therein for Part 5 (*Reporting Obligations*).

**EXHIBIT "1" TO SCHEDULE "B"**  
**AUDIT COMMITTEE CHARTER**

**MEDCOLCANN A ORGANICS INC.  
MANDATE OF THE AUDIT COMMITTEE**

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**Role and Objective**

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors of Medcolcanna Organics Inc. (“**Medcolcanna**” or the “**Company**”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of Director approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

To assist Directors to meet their responsibilities in respect of the preparation and disclosure of the financial statements and related matters.

To provide better communication between directors and external auditors.

To ensure the external auditors’ independence.

To increase the credibility and objectivity of financial reports.

To strengthen the role of the outside directors by facilitating in-depth discussions between directors on the Committee, management and external auditors.

**Mandate and Responsibilities of Committee**

It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to Medcolcanna’s internal control systems, including in particular relating to derivative instruments, identifying, monitoring and mitigating business risks and ensuring compliance with legal and regulatory requirements.

It is a primary responsibility of the Committee to review the annual and quarterly financial statements prior to their submission to the Board of Directors for approval. The process should include but not be limited to:

- reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years’ financial statements;
- reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
- reviewing accounting treatment of unusual or non-recurring transactions;
- ascertaining compliance with covenants under any loan agreements;
- reviewing disclosure requirements for commitments and contingencies;
- reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
- reviewing unresolved differences between management and the external auditors;
- obtain explanations of significant variances with comparative reporting periods; and
- determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed.

The Committee is to review the financial statements and related information included in prospectuses, management discussion and analysis (MD&A), information circular-proxy statements and annual information forms (AIF), prior to Board approval.

With respect to the appointment of external auditors by the Board, the Committee shall:

- be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors’ report or performing other audit, review or attest services for Medcolcanna, including the resolution of disagreements between management and the external auditor regarding financial reporting;

- review management’s recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;
- review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors’ fees; when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
- review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors.

Review with external auditors (and internal auditor if one is appointed by Medcolcanna) their assessment of the internal controls of Medcolcanna, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses.

The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Medcolcanna and its subsidiaries.

Review all public disclosure containing audited or unaudited financial information before release.

Review financial reporting relating to risk exposure.

Satisfy itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information from the Company’s financial statements and periodically assess the adequacy of those procedures.

Establish procedures for:

- the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it.

Undertake annually a review of this mandate and make recommendations to the Board of Directors as to proposed changes.

### **Composition**

This Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of Multilateral Instrument 52-110 Audit Committees) unless the Board determines to rely on an exemption in NI 52-110. “Independent” generally means free from any business or other direct or indirect material relationship with Medcolcanna that could, in the view of the Board of Directors, reasonably interfere with the exercise of the member's independent judgment.

The Secretary to the Board shall act as Secretary of the Committee.

A quorum shall be a majority of the members of the Committee.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being “financially literate” means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Trust's financial statements.

## **Meetings**

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair.

The Committee shall meet not less than quarterly with the auditors, independent of the presence of management.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

Minutes of each meeting shall be prepared by the Secretary to the Committee.

The Chief Executive Officer and the Chief Financial Officer or their designates shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and such other staff as appropriate to provide information to the Committee shall attend meetings upon invitation by the Committee.

## **Reporting / Authority**

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Company and to communicate directly with the external auditors. All employees are to co-operate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of Medcolcanna.



## SCHEDULE "C"

### FORM 58-101F1 CORPORATE GOVERNANCE DISCLOSURE

#### General

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as such practices are both in the interests of stakeholders and help to contribute to effective and efficient decision-making. Set forth below is the disclosure regarding the Company's corporate governance practices, as mandated by National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101").

#### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is defined under NI 58-101 as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by appointing an audit committee composed entirely of independent directors to conduct a quarterly review of the Company's financial statements and management discussion and analysis as well as requiring material transactions to be approved by the Board prior to the transaction taking place. The Board has also appointed a Compensation Committee composed entirely of independent directors to conduct reviews of the remuneration paid to the Company's Chief Executive Officer and other management personnel.

The independent members of the Board of the Company are currently Robert Metcalfe, Thor Borresen, Abba Vieira and Jose Mora Hernandez. The non-independent director is Felipe de la Vega, who is an officer of the Company. The Board therefore has a majority of independent directors and therefore is in compliance with NI 58-101. The Chairman of the Board of Directors is Robert Metcalfe, who is independent. His responsibilities include chairing the meetings of the Board of Directors and Audit Committee and ensuring proper channels of communication with management for the proper functioning of the Company. As a former securities lawyer and member of the board of directors of numerous public companies, including those with operations in Latin America, Mr. Metcalfe is able to provide competent and thoughtful leadership for the other independent directors.

The mandate of our board does not require that the board hold regularly scheduled meetings of its independent members and no such meetings were held in the year ended December 31, 2020. The board ensures open and candid discussion among its independent directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist. In cases where such a conflict of interest or perceived conflict of interest is identified, it is addressed in accordance with the *Business Corporations Act* (British Columbia), our code of business conduct and ethics and the mandate of our board. The board may determine that it is appropriate to hold an "in camera" session excluding a director with a conflict of interest or perceived conflict of interest or such director may consider that it is appropriate to recuse himself from considering and voting with respect to the matter under consideration. In addition, at each meeting of our board and its committees, our independent members meet independently of the non-independent members and members of management. During

During the fiscal year ended December 31, 2020, the Company held a total of six meetings of the Board of Directors and two meetings of the audit committee. Attendance at these meetings was as follows:

Board of Directors: Robert Metcalfe (6 out of 6 meetings), Thor Borresen (6 out of 6 meetings), Abba Vieira (5 out of 6 meetings), Jose Mora Hernandez (5 out of 6 meetings) and Felipe de la Vega (6 out of 6 meetings).

Audit Committee: Robert Metcalfe (2 out of 2 meetings), Thor Borresen (2 out of 2 meetings) and Abba Vieira (2 out of 2 meetings).

## Directorships

The following current directors and officers are also currently or have recently been directors of the reporting issuers (or the equivalent in a foreign jurisdiction) shown in the table below:

Name	Name of Reporting Issuer	Exchange	Position	From	To
Chris Reid	Cruzsor Energy Corp.	TSXV	Chief Financial Officer	April 4, 2017	June 26, 2019
	ROK Resources Inc. (formerly Petrodorado Energy Ltd.)	TSXV	Director	November 28, 2019	Present
	Rebel Capital Inc.	TSXV	Director	September 7, 2017	Present
	Rebel Capital 2.0 Corp.	TSXV	Director	November 11, 2018	September 23, 2019
	Blueberries Medical Corp.	CSE	Interim Chief Financial Officer	February 5, 2019	June 24, 2019
Robert Metcalfe	Blue Star Gold Corp	TSXV	Director	April, 2015	Present
	Xinergy Ltd.	Ceased Reporting	Director	December 21, 2009	May, 2015
	LSC Lithium Corporation	TSXV	Director	January, 2017	January, 2019
	Gran Colombia Gold Corp.	TSX	Director	June 10, 2011	Present
	Agility Health, Inc.	TSXV	Director	October 7, 2013	June, 2018
	BetterLife Pharma Inc.	TSXV	Director	May, 2020	Present
	Pasofino Gold Limited	CVE	Director	December 2020	Present
Peter Yates	ROK Resources Inc. (formerly Petrodorado Energy Ltd.)	TSXV	Director	February 6, 2015	Present

## Board of Directors Mandate

Our board of directors, either directly or through its committees, is responsible for the supervision of management of our business and affairs with the objective of enhancing shareholder value. The board is responsible for the stewardship of us. In discharging its responsibility, the board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to our best interests.

Pursuant to the mandate of our board, our board, with the assistance of the Corporate Governance & Compensation Committee, retains overall responsibility for the implementation and enforcement of an appropriate system of corporate governance, including policies and procedures to ensure the board functions independently of management. Our board establishes and maintains such corporate governance policies and procedures as are necessary to ensure that we are fully compliant with applicable securities laws and prevailing governance standards. Our board is responsible for ensuring that such policies and procedures contain clear reporting, oversight and

enforcement provisions that reserve the right to the board to take appropriate remedial action in the event of a breach thereof. The mandate of our board provides that our professional advisors keep us apprised of developing corporate governance issues and shall, annually review the sufficiency of our corporate governance policies and procedures. A copy of the mandate of our board is attached as Exhibit 1 to this Schedule "C" to this information circular.

### **Position Descriptions**

We have adopted written position descriptions for the chairman of each of the Audit Committee and the Corporate Governance & Compensation Committee.

Our board of directors has not developed a written position description for our Chief Executive Officer. The mandate of our board states that management is responsible for the maintenance and creation of an overall corporate strategic planning process. The mandate of our board specifies that our board of directors will review and approve management's strategic and operational plans to ensure that they are consistent with our corporate vision and monitor our performance against short term and long term strategic plans. Our board of directors delineates the role and responsibilities of our Chief Executive Officer through its direct and ongoing oversight and assessment of management's development and execution of corporate strategy. In addition, the mandate of our board provides for an annual review of our Chief Executive Officer by the Corporate Governance & Compensation Committee in accordance with their terms of reference and for the appointment of the chairman of each committee, if applicable. The mandate of our board outlines the specific roles and responsibilities of the Chair of the board. A copy of the mandate of our board is attached to this information circular as Exhibit 1 to this Schedule "C".

### **Orientation and Continuing Education**

Each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues within the Company upon joining the Board. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and updates of those policies. Any such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communications from management to the directors.

### **Ethical Business Conduct**

The Board considers that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. As such, the Board has not adopted a specific written code for the directors, officers and employees other than pursuant to its whistleblower policy, related party transaction policy and anti-corruption policy, copies of which are available upon request from the Corporate Secretary of the Company, Peter Yates c/o EnerNext Counsel, Suite 1620, 444 5<sup>th</sup> Avenue SW, Calgary, AB T2P 2T8, e-mail: [peter.yates@enernext.ca](mailto:peter.yates@enernext.ca) or by phone at (403) 971-9104.

The Company has adopted a Whistleblower Policy. The Whistleblower Policy establishes procedures that allow our employees to confidentially and anonymously submit any concerns regarding activity that may be considered ethically, morally or legally questionable to the Chair of our Audit Committee without fear of retaliation.

The Company has adopted a Trading Policy. The purpose of the Trading Policy is to promote investor confidence in our securities by ensuring that persons who have access to material, undisclosed information concerning us or our affiliates will not make use of it by trading our securities or tipping others before the information has been fully disclosed to the public.

The Company has adopted a Related Party Transaction Policy. The purpose of the Related Party Transaction Policy is to promote investor confidence in our securities by ensuring that persons who have a potential or perceived

conflict of interest in a transaction will recuse themselves for important decisions regarding such transactions to ensure full, fair and frank discussion of such transactions.

## **Nomination of Directors**

The Company's management is continually in contact with individuals involved in the cannabis industry and related supporting industries. From these sources the Company has made numerous contacts and in the event that the Company were in a position to nominate any new directors, such individuals would be brought to the attention of the Nominating Committee of the Board. The Company then conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. The Company has a Corporate Governance, Nominating and Compensation Committee that considers potential nominees and interviews such nominees where necessary and applicable.

## **Committees**

In addition to the Audit Committee, the Company also has a Corporate Governance, Nominating and Compensation Committee as well as an Environmental, Health and Safety Committee. The members of the Compensation Committee are Robert Metcalfe, Abba Vieira and Thor Borresen. The Compensation Committee determines the salary and benefits of the executive officers and directors of the Company and determines the Company's general compensation structure, policies and programs. The Environmental, Health and Safety Committee is comprised of Robert Metcalfe, Abba Vieira and Thor Borresen and is responsible for oversight over the health and safety of the Company's employees and ensuring that the Company's operations are conducted in a manner consistent with applicable safety laws and standards and ensuring that best practices are followed to ensure a safe and healthy working environment at all places where the Company conducts its operations.

## **Conflicts of Interest**

Our directors and officers may participate in activities and investments in the cannabis industry outside the scope of their engagement or employment as our directors or officers. As a result, our directors and officers may become subject to conflicts of interest. In accordance with the *Business Corporations Act* (British Columbia), directors who are party to or are a director or an officer of a company that is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the *Business Corporations Act* (British Columbia), the written mandate of our board of Directors and our corporate governance policies. As at the date hereof, we are not aware of any existing or potential material conflicts of interest between us and any of our directors or officers.

## **Succession Planning**

Our board receives regular updates on the status of the succession plans and the professional development of our executive officers and senior managers within our organization. Consistent with our board diversity policy, our board has determined that executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the particular position. We are committed to a meritocracy and believe that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve our business objectives, without reference to their age, gender, race, ethnicity or religion, is in our best interests and all of our stakeholders and as such no such quotas or targets have been imposed. We currently do not have any women serving in an executive officer position or as a member of the Board of Directors but are intending to look towards adding a woman or person from a diverse background in the near future if a qualified candidate should arise. In head office, a large number of our employees are women including some in senior management positions.

## **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

**EXHIBIT 1 TO SCHEDULE "C"**

**BOARD MANDATE**

**EXHIBIT 1 TO  
SCHEDULE "C"**

**MEDCOLCANNA ORGANICS INC.  
BOARD OF DIRECTORS MANDATE**

These terms of reference define the role of the Board of Directors of the Corporation. The fundamental responsibilities of the Board of Directors of Medcolcanna Organics Inc. (the "**Corporation**") are to: (i) appoint and oversee a competent executive team to manage the business of the Corporation, with a view to maximizing shareholder value, (ii) identify and understand the risks associated with the business of the Corporation, and (iii) ensure corporate conduct in an ethical and legal manner via an appropriate system of corporate governance, disclosure processes and internal controls. The following are the key guidelines governing how the Board will operate to carry out its duties.

**1. Duty of Oversight**

The Board is responsible for overseeing and supervising management's conduct of the business of the Corporation to ensure that such business is being conducted in the best interests of the Corporation and its shareholders.

**2. Formulation of Corporate Strategy**

Management is responsible for the development of an overall corporate strategy to be presented to the Board. The Board shall ensure there is a formal strategic planning process in place and shall review and, if it sees fit, endorse the corporate strategy presented by management. The Board shall monitor the implementation and execution of the corporate strategy.

**3. Principal Risks**

The Board should have a continuing understanding of the principal risks associated with the business of the Corporation. It is the responsibility of management to ensure that the Board and its committees are kept well informed of changing risks. The principle mechanisms through which the Board reviews risks are the Audit Committee and the strategic planning process. It is important that the Board understands and supports the key risk decisions of management.

**4. Internal Controls and Communication Systems**

The Board ensures that sufficient internal controls and communication systems are in place to allow it to conclude that management is discharging its responsibilities with a high degree of integrity and effectiveness. The confidence of the Board in the ability and integrity of management is the paramount control mechanism.

**5. Financial Reporting, Operational Reporting and Review**

- (a) The Board ensures that processes are in place to address applicable regulatory, corporate, securities and other compliance matters, including applicable certification requirements regarding the financial, operational and other disclosure of the Corporation.
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- (b) The Board reviews and approves the financial statements and related MD&A of the Corporation.
- (c) The Board approves annual operating and capital budgets and reviews and considers all amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy which diverge from the ordinary course of business.
- (d) The Board reviews operating and financial performance results relative to established strategy, budgets and objectives.

## **6. Disclosure and Communication Policy**

The Board will adopt a policy governing disclosure and communication concerning the affairs of the Corporation.

## **7. The Chair of the Board**

The Board shall appoint a Chair from among its members. The role of the Chair is to act as the leader of the Board, to manage and co-ordinate the activities of the Board and to oversee execution by the Board of this written mandate.

## **8. Committees**

The Board may appoint such committees as it sees fit. Each committee operates according to terms of reference approved by the Board and outlining its duties and responsibilities and the limits of authority delegated to it by the Board. The Board reviews and re-assesses the adequacy of the terms of reference of each committee on a regular basis and, with respect to the Audit Committee, at least once a year.

## **9. Committee Chairs and Committee Members**

- (a) The Chair shall annually propose the leadership and membership of each committee. In preparing recommendations, the Chair will take into account the preferences, skills and experience of each director.
- (b) Each committee's meeting schedule will be determined by its Chair and members based on the committee's work plan and terms of reference. The committee Chair will develop the agenda for each committee meeting. Each committee will report in a timely manner to the Board on the results of its meetings.

## **10. Board Meetings and Agendas**

- (a) The Board will meet a minimum of 4 times per year.
  - (b) The Chair, in consultation with the Chief Executive Officer and the Corporate Secretary, will develop the agenda for each Board meeting. Under normal circumstances, management will use its best effort to distribute the agenda and related materials to directors not less than two business days before the meeting. All directors are free to suggest additions to the agenda.
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## **11. Information for Board Meetings**

- (a) Material distributed to the directors in advance of Board meetings should be concise, yet complete, and prepared in a way that focuses attention on critical issues to be considered. Reports may be presented during Board meetings by directors, management or staff, or by invited outside advisors. Presentations on specific subjects at Board meetings should briefly summarize the material sent to directors, so as to maximize the time available for discussion on questions regarding the material.
- (b) It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it would not be prudent or appropriate to distribute written material in advance.

## **12. Non-Directors at Board Meetings**

The Board appreciates the value of having management team members attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Board, through the Chair and in consultation with the Chief Executive Officer, can determine management attendees at Board meetings.

## **13. Board Relations with Management**

- (a) Board policies and guidelines are issued to management for their adherence. Directors may direct questions or concerns on management performance to the Chair, to the President and Chief Executive Officer or through Board and committee meetings.
- (b) While the Board establishes limits of authority delegated to management, directors must respect the organizational structure of management. A director has no authority to direct any staff member.

## **14. Outside Advisors for Individual Directors**

Occasionally, a director may need the services of an advisor to assist with matters involving responsibilities as a director. A director who wishes to engage an outside advisor at the expense of the Corporation may do so with the authorization of the Chair of the Board.

## **15. Conflict of Interest**

- (a) Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill a reasonably prudent person would exercise in comparable circumstances.
  - (b) Directors shall not allow personal interests to conflict with their duties to the Corporation and shall avoid and refrain from involvement in situations of conflict of interest.
  - (c) A director shall disclose promptly any circumstances such as an office, property, a duty or an interest, which might create a conflict or perceived conflict with that director's duty to the Corporation.
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- (d) A director shall disclose promptly any interest that director may have in an existing or proposed contract or transaction of or with the Corporation.
- (e) The disclosures contemplated in paragraphs (c) & (d) above shall be immediate if the perception of a possible conflict of interest arises during a meeting of the Board or any committee of the Board, or if the perception of a possible conflict arises at another time then the disclosure shall occur at the first Board meeting after the director becomes aware of the potential conflict of interest.
- (f) A director's disclosure to the Board shall disclose the full nature and extent of that director's interest either in writing or by having the interest entered in the minutes of the meeting of the Board.
- (g) A director with a conflict of interest or who is capable of being perceived as being in conflict of interest *vis a vis* the Corporation shall abstain from discussion and voting by the Board or committee of the Board on any motion to recommend or approve the relevant contract of transaction unless the contract or transaction is an arrangement by way of security for obligations undertaken by the director for the benefit of the Corporation or one relating primarily to the director's remuneration or benefits. If the conflict of interest is obvious and direct, the director shall withdraw while the item is being considered.
- (h) Without limiting the generality of "conflict of interest" it shall be deemed a conflict of interest if a director, a director's relative, a member of the director's household in which any relative or member of the household is involved has a direct or indirect financial interest in, or obligation to, or a party to a proposed or existing contract or transaction with the Corporation.
- (i) Directors shall not use information obtained as a result of acting as a director for personal benefit or for the benefit of others.
- (j) Directors shall maintain the confidentiality of all information and records obtained as a result of acting as a director.

**16. Terms of Reference Review**

These Terms of Reference shall be reviewed annually by the Board.

