



**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**GOLDEN LEAF HOLDINGS LTD.**

**TO BE HELD ON MAY 10, 2021**

**March 31, 2021**

## GOLDEN LEAF HOLDINGS LTD.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the annual and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Golden Leaf Holdings Ltd. ("**Golden Leaf**" or the "**Corporation**") will be held virtually on Monday, May 10, 2021 at 10:00 a.m. (Toronto time) via live audio webcast online at <https://web.lumiagm.com/242165683>, for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2020, together with the report of the auditors thereon;
2. to fix the number of directors to be elected at the Meeting at six;
3. to elect the directors of the Corporation for the ensuing year, as more particularly described under the heading "Particulars of Matters to be Acted Upon – Election of Directors" in the Corporation's management information circular dated March 31, 2021 (the "**Circular**");
4. to appoint Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as auditor of the Corporation for the ensuing year, and to authorize the directors to fix their remuneration;
5. to consider and, if deemed advisable, to pass, with or without variation, a special resolution approving a consolidation of the Company's issued and outstanding common shares (the "**Shares**") on the basis of 23 pre-consolidation Shares for each one post-consolidation Share, as more particularly described under the heading "Particulars of Matters to be Acted Upon – Approval of Share Consolidation" in the Circular;
6. to consider and, if deemed advisable, to pass, with or without variation, a special resolution authorizing a change of name of the Corporation to "Chalice Brands Ltd." or such other name as the board of directors of the Corporation may choose, acting in the best interests of the Corporation, as more particularly described under the heading "Particulars of Matters to be Acted Upon – Approval of Name Change" in the Circular;
7. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving a new equity incentive plan, as more particularly described under the heading "Particulars of Matters to be Acted Upon – Approval of New Incentive Plan" in the Circular; and
8. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

#### **Your vote is important.**

The Corporation will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Notice and Access**") for the delivery of the Circular and other related materials of the Meeting (the "**Meeting Materials**") to Shareholders. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Corporation will mail paper copies of the Meeting Materials to those Registered Shareholders and Non-Registered Shareholders (as defined below) who have previously elected to receive paper copies of the Meeting Materials. The Meeting Materials will be available at <https://odysseytrust.com/client/golden-leaf-holdings-ltd-2/> on or about April 9, 2021 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-833-394-7716, or can be accessed online on SEDAR at [www.sedar.com](http://www.sedar.com) on or about April 9, 2021.

This year, given the unprecedented public health impact of the novel coronavirus, also known as COVID-19, and to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders, we will be holding the Meeting in a virtual-only format, which will be conducted via live webcast, where all Shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Corporation and management as well as other Shareholders. **Shareholders will not be able to attend the Meeting in person.**

If you hold your Shares directly (a "**Registered Shareholder**"), complete, date, sign and return the accompanying form of proxy in the enclosed envelope to Odyssey Trust Company, 1230 300 5<sup>th</sup> Ave SW, Calgary, AB T2P 3C4. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting held in virtual-only format or may be represented by proxy. Proxy appointment information can be sent via email to [goldenleaf@odysseytrust.com](mailto:goldenleaf@odysseytrust.com). Shareholders do not need to complete or return their form of proxy if they are planning to vote at the Meeting. Registered Shareholders who are unable to attend the Meeting held in virtual-only format are requested to complete, date and sign the form of proxy and send it by facsimile to 800-517-4553 or by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) or by mail to the address of Odyssey Trust Company indicated above. Electronic voting is also available for this Meeting through <https://login.odysseytrust.com/pxlogin>. Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy.

If you do not hold your Shares directly (a "**Non-Registered Shareholder**"), complete, date and sign the voting instruction form that has been provided by your broker, bank or other nominee and return it in the enclosed envelope in accordance with the instructions provided by your broker, bank or other nominee.

A Shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or voting instruction form and following the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such proxyholder, which is **an additional step** to be completed once you have submitted your form of proxy or voting instruction form. If you wish that a person other than the management nominees identified on the form of proxy or voting instruction form attend and participate at the Meeting as your proxy and vote your Shares, or wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you **MUST** register such proxyholder after having submitted your form of proxy or voting instruction form identifying such proxyholder. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. Without a username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, Shareholders **MUST** send an email to [goldenleaf@odysseytrust.com](mailto:goldenleaf@odysseytrust.com) and provide Odyssey Trust Company with their proxyholder's contact information including their email address, number of Shares appointed, name in which the Shares are registered if they are a Registered Shareholder, or name of broker where the Shares are held if a Non-Registered Shareholder, so that Odyssey Trust Company may provide the proxyholder with a username via email.

The board of directors of the Corporation has, by resolution, fixed the close of business on March 31, 2021 as the record date for the determination of the Registered Shareholders entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof. The board of directors of the Corporation has, by resolution, fixed 10:00 a.m. (Toronto time) on Thursday, May 6, 2021, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment or postponement thereof must be deposited with the Corporation's transfer agent, Odyssey Trust Company.

**DATED** at Portland, Oregon, this 31<sup>st</sup> day of March, 2021.

**BY ORDER OF THE BOARD**

*"Jeff Yapp"*

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Chief Executive Officer

## MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") has been prepared in connection with the solicitation of proxies by or on behalf of the management of Golden Leaf Holdings Ltd. ("**Golden Leaf**" or the "**Corporation**") for use at the annual and special meeting (the "**Meeting**") of holders (collectively, the "**Shareholders**", or individually, a "**Shareholder**") of common shares of Golden Leaf (the "**Common Shares**") to be held on Monday, May 10, 2021, at the time and place and for the purposes set forth in the accompanying notice of Meeting (the "**Notice**") and any adjournment or postponement thereof. References in this Circular to the Meeting include any adjournment or postponement thereof.

Unless otherwise stated, the information contained in this Circular is given as of March 19, 2021. Unless otherwise indicated herein, references to "C\$" or "Canadian dollars" are to Canadian dollars, and references to "\$", "US\$" or "U.S. dollars" are to United States dollars.

### **Overview of the Business and Corporate Structure**

The Corporation was incorporated on April 12, 2011 as "Longacre Resources Inc." ("**Longacre**") under the *Business Corporations Act* (British Columbia). Golden Leaf Holdings Inc. ("**GLHI**") was incorporated on April 8, 2014 under the *Business Corporations Act* (Ontario) ("**OBCA**"). On October 6, 2015, Longacre was continued under the OBCA as "Golden Leaf Holdings Ltd." and completed a reverse take-over with GLHI (the "**RTO**"). Pursuant to the RTO, the Corporation acquired all of the issued and outstanding shares of GLHI pursuant to a three-cornered amalgamation, whereby (i) Longacre incorporated 2470251 Ontario Inc. ("**Subco**"), a new wholly-owned Ontario subsidiary of Longacre; (ii) the Corporation issued one Common Share in exchange for each common share of GLHI then held by GLHI shareholders; and (iii) Subco amalgamated with GLHI to form an amalgamated subsidiary of the Corporation.

The Common Shares trade on the Canadian Securities Exchange under the symbol "GLH". The Common Shares also trade on the OTCQX<sup>®</sup> operated by OTC Markets Group Inc. under the symbol "GLDFF" and on the Börse Frankfurt under the symbol "9GL".

The registered and head office of the Corporation is located at 82 Richmond St. East, Toronto, Ontario, M5C 1P1 and its principal place of business is located at 13315 NE Airport Way, Suite 700, Portland, Oregon, 97230.

Further information about Golden Leaf can be found under the Corporation's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.goldenleafholdings.com](http://www.goldenleafholdings.com).

### **Notice and Access**

The Corporation will be using the notice-and-access model provided under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Notice and Access**") for the delivery of the Circular and other related materials of the Meeting (the "**Meeting Materials**") to Shareholders. Under Notice and Access, instead of receiving printed copies of the Meeting Materials, Shareholders receive a package in the mail containing: (i) information on the Meeting date, location and purpose; (ii) a form of proxy or voting instruction form so Shareholders can vote their shares; and (iii) information on how they may electronically access the Meeting Materials. However, the Corporation will mail paper copies of the Meeting Materials to those Registered Shareholders and Non-Registered Shareholders (as defined below) who have previously elected to receive paper copies of the Meeting Materials. The Meeting Materials will be available at <https://odysseytrust.com/client/golden-leaf-holdings-ltd-2/> on or about April 9, 2021 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-833-361-5163, or can be accessed online on SEDAR on or about April 9, 2021.

## GENERAL PROXY MATTERS

### Solicitation of Proxies

**The enclosed proxy is being solicited by the management of the Corporation for use at the Meeting.** Proxies may be solicited by mail, telephone, email, facsimile or other electronic means. Proxies may be solicited personally by directors or regular employees of the Corporation. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of solicitation of proxies will be paid by the Corporation.

### Appointment of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Registered Shareholder (as defined below) desiring to appoint some other person to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the Corporation's transfer agent, Odyssey Trust Company ("Odyssey Trust"), as indicated within this Circular not later than the time specified in the Notice.** This must be completed prior to registering such proxyholder, which is an **additional step to be completed** once you have submitted your form of proxy or voting instruction form..

To register a proxyholder, Shareholders **MUST** send an email to [goldenleaf@odysseytrust.com](mailto:goldenleaf@odysseytrust.com) by 10:00 a.m. (Toronto time) on Thursday, May 6, 2021 and provide Odyssey Trust with the required proxyholder contact information including their email address, number of shares appointed, name in which the shares are registered if they are a Registered Shareholder, or name of broker where the shares are held if a Non-Registered Shareholder (as defined below), so that Odyssey Trust may provide the proxyholder with a Username via email. Without a Username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a Non-Registered Shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary **AND** register yourself as your proxyholder, as described above. By doing so, you are instructing your Intermediary (as defined below) to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. If you are Non-Registered Shareholder in the United States, you must also provide Odyssey Trust with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder. See below in this section for additional details

### Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing to Odyssey Trust at [goldenleaf@odysseytrust.com](mailto:goldenleaf@odysseytrust.com) at any time up to and including the last business day preceding the day of the Meeting.

### Voting of Proxies

The board of directors of the Corporation (the "**Board**") has, by resolution, fixed the close of business on March 31, 2021 (the "**Record Date**") as the record date for the determination of the registered Shareholders entitled to notice of, and to vote at, the Meeting and any adjournment(s) or postponement(s) thereof. The Board has, by resolution, fixed 10:00 a.m. (Toronto time) on Thursday, May 6, 2021, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting

or any adjournment(s) or postponement(s) thereof must be deposited with Odyssey Trust by mail at Odyssey Trust Company, 1230 300 5<sup>th</sup> Ave SW, Calgary, AB, T2P 3C4 facsimile at 800-517-4553 or by email at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com).

Shareholders of record ("**Registered Shareholders**") at the close of business on the Record Date will be entitled to vote in person (as described herein) or by proxy at the Meeting or at any adjournment or postponement thereof (subject, in the case of voting by proxy, to the timely deposit of a properly completed, signed and dated proxy with Odyssey Trust as specified herein and in the Notice).

Electronic voting is also available for this Meeting through <https://login.odysseytrust.com/pxlogin>. Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy. The Chairman of the Meeting may extend or waive the proxy deadline without notice.

The persons named in the form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the matters and resolutions described below. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

A proxy will not be valid unless it is signed by the registered Shareholder, or by the registered Shareholder's attorney with proof that they are authorized to sign. If you represent a registered Shareholder that is a corporation, your proxy should have the seal of the corporation, if applicable, and must be executed by an officer or an attorney, authorized in writing. If you execute a proxy as an attorney for an individual registered Shareholder, or as an officer or attorney of a registered Shareholder that is a corporation, you must include the original or notarized copy of the written authorization for the officer or attorney with your proxy form.

Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares are beneficially owned by a Shareholder are registered either: (i) in the name of an intermediary with whom the Non-Registered Shareholder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans (an "**Intermediary**"); or (ii) in the name of a clearing agency (such as CDS & Co., of which the Intermediary is a participant) (a "**Non-Registered Shareholder**"). Non-Registered Shareholders will be given, in substitution for the proxy otherwise contained in the proxy-related materials, a request for voting instructions (the "**Voting Instruction Form**") which, when properly completed and, if applicable, signed by the Non-Registered Shareholder and returned to the Intermediary or the Corporation, as applicable, will constitute voting instructions which the Intermediary or the Corporation, as applicable, must follow. The purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives the Voting Instruction Form wish to vote at the Meeting in person (or have another person attend the vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should so indicate in the place provided for that purpose in the Voting Instruction Form and a form of legal proxy will be sent to the Non-Registered Shareholder. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Common Shares are voted at the Meeting. If you have any questions respecting the voting of Common Shares held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

## **Attendance and Participation at the Meeting**

In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Shareholders must have a valid Username. Guests are welcome to attend and view the webcast, but will be unable to participate or vote at the Meeting. To join as a guest please visit the Meeting online at <https://web.lumiagm.com/242165683> , and select "Join as a Guest" when prompted.

### ***Registered Shareholders***

Registered Shareholders may vote at the Meeting by completing a ballot online during the Meeting. Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/242165683>. Such persons may then enter the Meeting by clicking "I have a login" and entering a Username and Password before the start of the Meeting. The control number located on the form of proxy (or in the email notification you received) is the Username. If as a registered Shareholder you are using your control number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies for the Meeting and will be provided the opportunity to vote by online ballot on the matters put forth at the Meeting. If you do not wish to revoke a previously submitted proxy, as the case may be, you will (need to attend the meeting as a guest) (not be able to participate at the Meeting online.)

### ***Duly appointed proxyholders***

Odyssey Trust will provide the proxyholder with a Username by e-mail after the voting deadline has passed. Only Registered Shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Non-Registered Shareholders who have not duly appointed themselves as proxyholder will (be able to attend the meeting as a guest but not be able to participate or vote at the Meeting) (not be able to attend, participate or vote at the Meeting). Shareholders who wish to appoint a third-party proxyholder to represent them at the Meeting (including Non-Registered Shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting) MUST submit their duly completed proxy or voting instruction form AND register the proxyholder.

### ***Non-Registered Shareholders***

Non-Registered Shareholders who have not duly appointed themselves as proxyholder will not be able to attend, participate or vote at the Meeting. This is because the Corporation and its transfer agent do not have a record of the Non-Registered Shareholders of the Corporation, and, as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a Non-Registered Shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the space provided on the Voting Instruction Form sent to you and must follow all of the applicable instructions provided by your Intermediary.

If you are a Non-Registered Shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as your proxyholder, in addition to the steps described above under "Appointment of Proxies", you must obtain a valid legal proxy from your intermediary. Follow the instructions from your Intermediary included with the legal proxy form and the Voting Instruction Form sent to you, or contact your Intermediary to request a legal proxy or the Voting Instruction Form if you have not received one. After obtaining a valid legal proxy from your Intermediary, you must then submit such legal proxy to Odyssey Trust. Requests for registration from Non-Registered Shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail to [goldenleaf@odysseytrust.com](mailto:goldenleaf@odysseytrust.com) and received by 10:00 a.m. (Toronto Time) on Thursday, May 6, 2021.

## **Quorum**

A quorum of Shareholders is required to transact business at the Meeting. Pursuant to the by-laws of the Corporation, the quorum requirement for the Meeting will be satisfied and the Meeting will be properly constituted where there are at least two persons, present in person or represented by proxy, at the Meeting,

each of whom is entitled to vote at the Meeting and who hold in the aggregate at least 5% of the issued and outstanding Common Shares entitled to be voted at the Meeting.

**Voting Securities and Principal Holders Thereof**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As of March 31, 2021, the Record Date, the Corporation had 1,241,227,884 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at March 19, 2021, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Common Shares.

**Interest of Certain Persons or Companies in Matters to be Acted Upon**

No (a) director or executive officer of the Corporation who has held such position at any time since January 1, 2020; (b) proposed nominee for election as a director of the Corporation; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors, and the eligibility of such persons to participate in the New Equity Incentive Plan.



## PARTICULARS OF MATTERS TO BE ACTED UPON

### Presentation of Financial Statements

The audited consolidated financial statements of the Corporation as at and for the year ended December 31, 2020, together with the report of the auditors thereon, will be presented at the Meeting. No vote of the Shareholders is required with respect to this item of business.

### Election of Directors

The Board, which presently consists of seven directors, has fixed the number of directors for election at the Meeting at six. The Board has nominated six individuals to stand for election as directors. All six of the nominees are currently directors of the Corporation. Each elected director will hold office until the next annual meeting of Shareholders, or any postponement(s) or adjournment(s) thereof, unless his office is earlier vacated or until his successor is elected or appointed. Each of the nominees has confirmed his willingness to serve on the Board for the next year.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

**Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the election of the six director nominees.**

The following table sets forth information about each director nominee, including (i) his province or state and country of residence; (ii) the period during which each has served as a director; (iii) membership on committees of the Board; (iv) principal occupation, business or employment over the past five years; and (v) the number of Common Shares beneficially owned, controlled or directed, directly or indirectly by each nominee. In addition, below are the biographies of each nominee.

Information regarding the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees not being within the knowledge of the Corporation, is based upon information furnished by the respective nominee and is as at the date hereof.

Name and Residence	Position with the Corporation and Period Served as a Director	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Bob McKnight <sup>(7)(8)(9)(10)</sup> California, United States	Director since June 28, 2017	Retired; part-time consultant	512,000 <sup>(1)</sup>
Rick Miller <sup>(10)</sup> Oregon, United States	Director since April 24, 2018	Founder and served as chairman of the Avamere Group and is presently CEO, also serves on the boards of Diabetomics, Invivo Biosystems, Enviral Tech and Oregon Health Care Association	7,683,611 <sup>(2)</sup>
John Varghese <sup>(10)</sup> Ontario, Canada	Director since June 25, 2018	Businessman; Executive Chair	28,987,381 <sup>(3)</sup>
Scott Secord <sup>(7)(8)(9)(10)</sup> Ontario, Canada	Director since March 22, 2021	Managing Partner of Shore Capital Sports & Entertainment	1,153,996 <sup>(4)</sup>

Name and Residence	Position with the Corporation and Period Served as a Director	Principal Occupation	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Larry Martin <sup>(7)(8)(9)(10)</sup> New York, United States	Director since January 26, 2019	Businessman, Patent Attorney	nil <sup>(5)</sup>
Jeff Yapp <sup>(10)</sup> Oregon, United States	Director since September 2, 2019	CEO; Business Executive	30,932,344 <sup>(6)</sup>

**Notes:**

- (1) Mr. McKnight also holds 2,250,000 stock options exercisable at C\$0.21 per share, 1,250,000 stock options exercisable at C\$0.22 per share and 2,830,000 stock options exercisable at C\$0.06 per share, and 3,000,000 stock options exercisable at C\$0.065 per share, and 512,000 common share purchase warrants exercisable at C\$0.06 per share.
- (2) Mr. Miller also holds 2,250,000 stock options exercisable at C\$0.26 per share, 1,250,000 stock options exercisable at C\$0.22 per share, 5,000,000 stock options exercisable at C\$0.065 and 5,500,000 stock options exercisable at C\$0.06 per share, 6,350,000 common share purchase warrants exercisable at C\$0.06 per share, and C\$132,000 of convertible debentures to common shares at \$0.06.
- (3) Mr. Varghese also holds 3,500,000 stock options exercisable at C\$0.22 per share, 3,000,000 stock options exercisable at C\$0.06 per share, 1,500,000 common share purchase warrants exercisable at C\$0.06 per share, and C\$10,000 of convertible debentures convertible to common shares at \$0.06 per share. Of these total common shares, 26,861,622 common shares are pledged against a loan payable to the Corporation for the proceeds related to this subscription.
- (4) Mr. Secord also holds 3,000,000 stock options exercisable at C\$0.065 per share.
- (5) Mr. Martin holds 3,500,000 stock options exercisable at C\$0.115 per share, 3,000,000 stock options exercisable at C\$0.065 per share and 2,830,000 stock options exercisable at C\$.06 per share.
- (6) Mr. Yapp also holds 1,700,000 stock options exercisable at C\$0.075 per share, 1,900,000 stock options exercisable at C\$0.29, 3,000,000 stock options exercisable at C\$0.06 per share, 11,655 common share purchase warrants exercisable at C\$0.40 per share, C\$7,000 of convertible debentures convertible to common shares at \$0.06 and the right to subscribe to 26,861,622 shares at C\$0.06 per share supported by a loan from the Corporation.
- (7) Member of the Audit Committee.
- (8) Member of the Nominating and Corporate Governance Committee.
- (9) Member of the Compensation Committee.
- (10) Member of the Disclosure Committee.

**Director Nominee Biographies**

**Bob McKnight**

Mr. McKnight co-founded Quiksilver, Inc. in 1976 and has served as the corporation's President, CEO and Chairman of the board of directors from its inception until 2015. Under his watch, Quiksilver grew from a startup to a worldwide corporation with revenues of US\$2.5 billion. Today, Quiksilver, now called Boardriders, is a globally diversified, world leader in outdoor lifestyle apparel and products with their five main brands of Quiksilver, Roxy, DC, Billabong and RVCA. Boardriders. has over 5,000 employees, operates in over 100 countries and has close to 700 retail stores in the world. Today, Mr. McKnight serves as a consultant and ambassador to the Corporation and manages the Boardriders Foundation.

**Rick Miller**

Mr. Miller is a seventh-generation Oregonian with a prominent local presence as an entrepreneur, highlighted by his co-founding of Rogue Venture Partners, a private equity firm that provides funding and mentorship to US based entrepreneurs. He was also the founder and serves as CEO of the Avamere Group, one of the Northwest's largest senior care and housing providers. Mr. Miller currently serves on the boards of Diabetomics, Invivo Biosystems, Enviral Tech, Oregon Healthcare Association and is the Lead Director of the Corporation. Mr. Miller previously served as chairman of Portland State University Board of Trustees, Oregon Investment Council, Oregon Health Care Association, American Health Care Association and the Portland-based chapter of the Young Presidents Organization.

## **Larry Martin**

Mr. Martin is a successful CEO and entrepreneur, with a unique background which includes over 39 years of domestic (i.e., United States) and international business experience in more than 11 different industries, including outdoor hospitality lifestyle, consumer branding, real estate and the medical industry. Mr. Martin also brings years of experience in FDA regulatory matters. Mr. Martin has served in various capacities, including CEO, COO, Board Member, General Counsel and Patent Counsel with a variety of companies he has been involved with, including Field & Stream Licenses Company, LLC (which he founded), Eveia Medical, Inc., TNI Biotech, Inc., eMAX Health Systems LLC, US Summit Company, and Neuromed, Inc. Mr. Martin presently serves as a member of the Board of Advisors for Aaron Capital and the ATT Project, Inc.

## **Scott Secord**

A lifelong entrepreneur, Mr. Secord has been a founder, executive, advisor and board member of multiple successful startups leading to various liquidity events. Scott's leadership as President/CEO of Pointstreak Sports Technologies from 2009 to 2015 resulted in a number of accolades including winning Deloitte's Technology Fast 50 and Fast 500 awards. He led the corporation's successful public spin-out of its gaming business (Gaming Nation), while also selling the core sports data/content business to Providence Equities and Blue Star Sports. In his subsequent role as President/CEO of publicly listed Gaming Nation, he made several successful strategic acquisitions before selling the Corporation to Orange Capital Partners in 2018. Today, Scott serves as Managing Partner of Shore Capital Sports & Entertainment, an advisory firm focused on the sports gaming, data and media verticals. He also continues to serve as a director on a number of public and private company boards.

## **John Varghese**

Mr. Varghese is currently Executive Chairman of the Corporation and President and CEO of a private InsurTech that operates globally. Mr. Varghese's professional experience ranges from private equity, venture capital and investment banking to senior management and board of director roles in various industries in both public (TSX, CSE and NASDAQ) and private companies. Mr. Varghese has extensive background in mergers and acquisition, investing, operations and the capital markets. Having held CEO, COO, SVP and CFO positions, his career has included senior management roles within multi-national corporations including CI Financial Corp., Royal Bank Capital Corporation, Merrill Lynch Canada, Dell Computer Corporation and Jim Pattison Industries Ltd. He has served on over 20 boards, acting as Chairman on 9 of those, as well as chairing multiple compensation committees and participating on numerous audit committees.

## **Jeff Yapp**

Mr. Yapp is an accomplished corporate executive and entrepreneur who has built a successful career on his unique vision to see opportunity where it isn't obvious. His strength lies not only in his highly innovative ideas, but also in his ability to get things done regardless of obstacles. With an extensive retail, entertainment, and marketing background, he has been committed to bringing innovation and growth to the corporate environment including Microsoft, Kraft Foods, PepsiCo, Newscorp/20th Century Fox, and Viacom/MTV. He has applied his strategic marketing and consulting skills with various clients, including Microsoft, Vice Media, XBOX, and Windows. As Strategic Partner to Microsoft, Jeff is an integral driver of growth for Microsoft's online and retail operations, its fastest growing division. Jeff graduated with honors from the University of Michigan in Business Administration and with honors from JL Kellogg School of Management at Northwestern University.

### ***Corporate Cease Trade Orders***

No proposed director of the Corporation is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (i) was subject to 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, that was in effect for a period of more than 30 consecutive days that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to 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, that was in effect for a period of more than 30 consecutive days 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 director, chief executive officer or chief financial officer.

### ***Bankruptcies and Other Proceedings***

No proposed director of the Corporation is, as at the date hereof, or has been within 10 years prior to the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Other than Mr. Varghese, no proposed director of the Corporation has, within the 10 years prior to the date hereof, 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. On April 28, 2017, Mr. Varghese filed a commercial proposal under the *Bankruptcy and Insolvency Act* (Canada). On December 5, 2017, the Ontario Superior Court of Justice approved the proposal. Mr. Varghese fully completed his creditor proposal as of November 25, 2019.

### ***Penalties and Sanctions***

No proposed director of the Corporation has been subject to:

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

### **Appointment of Auditors**

Dale Matheson Carr-Hilton Labonte LLP, Vancouver, BC, are the current auditors of the Corporation and were first appointed as auditors of the Corporation by the Board on November 1, 2018.

**Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR the appointment of Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants as auditors of the Corporation until the close of the next annual meeting of Shareholders and to authorize the Board to fix their remuneration.**

### **Approval of Name Change**

The Corporation has proposed that the name of the Corporation be changed. Accordingly, Shareholders will be asked to consider, and if thought advisable, to approve a special resolution authorizing an amendment to the articles of the Corporation in order to change its name to "Chalice Brands Ltd." (the "**Name Change**"). The Name Change serves to symbolize the Corporation's resurgence as a relevant contender in the US cannabis industry, driven by the Chalice Farms branded stores and Chalice chews leadership in Oregon. Notwithstanding approval of the Name Change by Shareholders, the Board may, in its sole discretion, determine not to implement the Name Change at any time after the Meeting without further notice to or action on the part of the Shareholders.

Should the Name Change become effective, any outstanding and existing share certificates representing common shares in the capital of the Corporation and bearing the name "Golden Leaf Holdings Ltd." will continue to be recognized by the Corporation as validly issued and eligible for trading on the public or private market. Shareholders who wish to have new share certificates issued to them in the new name of the Corporation after the Name Change becomes effective may arrange directly with Odyssey Trust, at their own cost, to have such new share certificates issued to them. The Corporation is also proposing the Share Consolidation, and if the Share Consolidation is effected, Shareholders will be asked to deliver their share certificates back to Odyssey Trust for replacement. See "Approval of Share Consolidation" below.

The Name Change will not be effective until all applicable filings are complete. The Board reserves the right to revoke all or part of the articles of amendment to effect the Name Change at any time prior to their becoming effective, or to not proceed with the filing of the articles of amendment to effect the Name Change at all.

### ***Resolution***

Shareholders will be asked at the Meeting to consider and, if thought advisable, pass a special resolution in respect of the Name Change (the "**Name Change Resolution**"), substantially in the following form:

**"BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF GOLDEN LEAF HOLDINGS LTD., THAT:**

1. the Corporation is hereby authorized to amend its articles to change the Corporation's name to "Chalice Brands Ltd." or such other name as the directors see fit, effective for twelve (12) months from the date of such approval;
2. notwithstanding the foregoing, the Board is hereby authorized, without further approval of or notice to the Shareholders, to revoke this special resolution at any time before it is acted upon; and
3. any one (or more) director(s) or officer(s) of the Corporation be and is hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute,

deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this resolution."

**The Board has unanimously approved the Name Change and recommends that the Shareholders vote FOR the Name Change Resolution. The Name Change Resolution must be approved by at least two-thirds (66 $\frac{2}{3}$ %) of the votes cast in person or by proxy at the Meeting. It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy FOR the Name Change Resolution.**

### **Approval of Share Consolidation**

At the Meeting, the Shareholders will be asked to consider and, if thought advisable, to approve a special resolution authorizing an amendment to the articles of the Corporation to consolidate its outstanding Common Shares (the "**Share Consolidation**") on the basis of 23 pre-consolidation Common Shares for each one post-consolidation Common Share such that the outstanding post-consolidation Common Shares are approximately 62 million.

All outstanding Common Shares, options and any other securities granting rights to acquire Common Shares of the Corporation will be affected by the Share Consolidation in accordance with the adjustment provisions contained in the instruments giving rise to the issuance of such securities.

The Share Consolidation will not be effective until all applicable filings are complete. The Board reserves the right to revoke all or part of the articles of amendment at any time prior to their becoming effective, or to not proceed with the filing of the articles of amendment at all.

### ***Background and Reasons for the Share Consolidation***

The Corporation believes that it is in the best interests of the Corporation to reduce the number of outstanding Common Shares by way of the Share Consolidation. The potential benefits of the Share Consolidation include:

#### ***Potential for increased and more attractive share price***

The Corporation believes that it is desirable for its Common Shares to trade at a higher price per Common Share. An increase in trading price of the Common Shares could heighten the interest of the financial community in the Corporation and potentially broaden the pool of investors who may consider investing or may be able to invest in the Corporation, potentially increasing the trading volume and liquidity of its Common Shares. The Share Consolidation may also help to attract institutional investors or fund managers who have internal policies that either prohibit them from purchasing stocks below a certain minimum price or tend to discourage individual brokers from recommending such shares to their customers, including

institutional investors, indexes, investment funds and exchange-traded funds that are prohibited from purchasing shares below a certain minimum price threshold.

#### *Reduced Shareholder transaction costs*

Certain investors pay commissions on a per share basis on a purchase or sale of Common Shares. The Share Consolidation would raise the price per Common Share. As a result, certain investors may pay lower trading commissions when trading a fixed dollar amount (for a lower number of Common Shares)

#### *Improved trading liquidity*

The combination of potentially lower transaction costs and increased interest from institutional investors and investment funds could ultimately improve the trading liquidity of the Corporation's Common Shares.

The Board is seeking authority to implement the Share Consolidation because it believes that the Share Consolidation could potentially broaden the pool of investors that may consider investing or be able to invest in the company by increasing the trading price of the Common Shares.

#### ***Consolidation Conditional Upon Decision of the Board***

If the special resolution is approved, the Share Consolidation would be implemented, if at all, only upon a determination by the Board that it is in the best interests of the Corporation at that time. In connection with any determination to implement the Share Consolidation, the Board will determine the timing for the Share Consolidation to become effective. No further action on the part of the Shareholder will be required in order for the Board to implement the Share Consolidation.

#### ***Certain Risks Associated with the Share Consolidation***

There can be no assurance that, if the Share Consolidation is implemented, the total market capitalization of the common shares immediately following the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation and that the Corporation will be successful in attracting new capital financing or in further developing its products. The effect of the Share Consolidation upon the market price of the Common Shares cannot be predicted with any certainty, and the history of similar transactions for corporations similar to the Corporation is varied.

#### ***No Fractional Shares to be Issued***

No fractional common shares will be issued in connection with the Share Consolidation and, in the event that a Shareholder would otherwise be entitled to receive a fractional common share upon the Share Consolidation, such fraction will be rounded down to the nearest whole number.

#### ***Resolution***

Shareholders will be asked at the Meeting to consider and, if thought advisable, pass a special resolution in respect of the Share Consolidation (the "**Consolidation Resolution**"), substantially in the following form:

**"BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF GOLDEN LEAF HOLDINGS LTD., THAT:**

1. the Corporation's common shares (the "**Common Shares**") be consolidated on the basis of 23 pre-consolidation Common Shares for each one post-consolidation Common Share, with the timing to be determined by the Board (the "**Share Consolidation**");
2. no fractional post-consolidation Common Shares be issued and no cash paid in lieu of fractional post-consolidation Common Shares, such that any fractional interest in Common Shares resulting from the Share Consolidation will be rounded down to the nearest whole Common Share;
3. the articles of the Corporation be amended to effect the Share Consolidation;
4. the Board may, at its sole discretion, decide to not act on this special resolution without further approval or authorization from the Shareholders; and
5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this special resolution."

**The Board has unanimously approved the Share Consolidation and recommends that the Shareholders vote FOR the Share Consolidation Resolution. The Share Consolidation Resolution must be approved by at least two-thirds (66⅔%) of the votes cast in person or by proxy at the Meeting. It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy FOR the Share Consolidation Resolution.**



### ***Letter of Transmittal***

The Corporation has included with this Circular a letter of transmittal for use by registered holders of Common Shares in transmitting their share certificates to the Company's registrar and transfer agent, Odyssey Trust Company (the "**Depository**"), in exchange for new certificates representing the number of post-Consolidation Common Shares to which such Shareholder is entitled as a result of the Share Consolidation. Shareholders are encouraged to follow the instructions contained on the letter of transmittal in order to receive the post-Consolidation Common Shares to which they are entitled following the completion of the Share Consolidation.

In order to receive certificates representing post-Consolidation Common Shares issued pursuant to the Share Consolidation, Shareholders must deliver to the Depository (i) their certificates representing Common Shares; (ii) a duly completed letter of transmittal; and (iii) such other documents as the Depository may require. Upon return of a properly completed letter of transmittal, together with certificates representing Common Shares and such other information as requested by the Depository, certificates for the appropriate number of post-Consolidation Common Shares will be distributed without charge. Certificates for the post-Consolidation Common Shares issued to a Shareholder who provides the appropriate documentation described above, shall be registered in such name or names and will be delivered to such address or addresses as such holder may direct in the letter of transmittal as soon as practicable after the receipt by the Depository of the required documents.

**Please do not send the letter of transmittal or share certificates to the Depository until the Corporation announces by press release that the Share Consolidation has become effective.** No delivery of a certificate evidencing a post-Consolidation Common Share to a Shareholder will be made until the Shareholder has surrendered its current issued certificates. Until surrendered, each certificate formerly representing old Common Shares shall be deemed for all purposes to represent the number of post-Consolidation Common Shares to which the holder is entitled as a result of the Share Consolidation. In order to be adopted, the Share Consolidation Resolution must be approved by at least two-thirds of the votes cast by the holders of the Common Shares, either present in person or represented by proxy at the Meeting. If the Share Consolidation Resolution is adopted by the Shareholders at the Meeting, the Corporation currently intends to file the articles of amendment within 4 business days of the Meeting. The articles of amendment will not have any effect on the operations of the Corporation, other than as noted above. The Share Consolidation remains subject to regulatory approval, including without limitation, approval of the CSE.

Non-Registered Shareholders holding their Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have various procedures for processing the Share Consolidation. If a Non-Registered Shareholders has any questions in this regard, the Shareholder is encouraged to contact its nominee.

### **Approval of New Equity Incentive Plan**

In connection with the Business Combination, and in particular the preponderance of employees of MedMen that are residents of the United States, the Resulting Issuer proposes to adopt a new equity incentive plan (the "**New Equity Incentive Plan**" or the "**Plan**") to replace the Corporation's current stock option plan (the "**Existing Option Plan**"), subject to Shareholder approval.

To be effective, the New Equity Incentive Plan Resolution requires the affirmative vote of not less than a majority of the votes cast by the Shareholders present in person or represented by proxy and entitled to vote at the Meeting. For purposes of approval of the New Equity Incentive Plan Resolution, the votes of the current officers, directors and insiders of the Corporation that are eligible to participate in the New Equity Incentive Plan will be excluded in determining whether the New Equity Incentive Plan Resolution has been approved. To the knowledge of the Corporation, such persons hold an aggregate of 19,803,985 Common Shares that would be excluded from the vote in determining if the New Equity Incentive Plan Resolution has been approved.

Shareholder approval of the New Equity Incentive Plan is necessary for certain purposes, including for the Resulting Issuer to facilitate grants of incentive stock options for purposes of applicable United States tax law. If Shareholders do not approve the New Equity Incentive Plan, the New Equity Incentive Plan will not go into effect.

### **Resolution**

Shareholders will be asked at the Meeting to consider and, if thought advisable, pass an ordinary resolution in respect of the New Equity Incentive Plan (the "**Equity Incentive Plan Resolution**"), substantially in the following form:

### **"BE IT RESOLVED, AS A RESOLUTION OF THE SHAREHOLDERS OF GOLDEN LEAF HOLDINGS LTD. THAT:**

1. all existing stock option plans of the Corporation are hereby terminated (except in respect of existing options) and the new equity incentive plan of the Corporation described under the heading "Particulars of Matters to be Acted Upon at the Meeting – Approval of New Equity Incentive Plan" in the Circular and set out as Schedule "B" to the Circular, is hereby authorized and approved as the equity incentive plan of the Corporation and all unallocated options, rights and other entitlements issuable thereunder be and are hereby approved and authorized; and
2. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this resolution."

**The Board has unanimously approved the New Equity Incentive Plan and recommends that the Shareholders vote FOR the New Equity Incentive Plan Resolution. It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy FOR the New Equity Incentive Plan Resolution.**

### **Summary of New Equity Incentive Plan**

The following summary of the material terms of the New Equity Incentive Plan is qualified in its entirety by reference to the full text of the Plan, which is attached as Schedule "B".

#### *Administration*

A committee of the Board (the "**Committee**") will administer the Plan and will have the full power and authority to determine when and to whom awards will be granted, and the type, amount, form of payment and other terms and conditions of each award, consistent with the provisions of the Plan. The Committee can amend or waive the terms and conditions, or accelerate the exercisability, of an outstanding award. In addition, the Committee can also determine whether, to what extent and under what circumstances, awards may be exercised and amounts payable with respect to an award under the Plan shall be deferred. Also, the Committee may administer any instrument or agreement relating to the Plan, establish rules and regulations for the administration of the Plan, and make any other determination the Committee deems necessary or desirable to administer the Plan.

The Committee may delegate, to one or more officers or directors of the Corporation, the authority to grant awards under the Plan, provided however, that the Committee shall not delegate such authority with regard to grants of awards to be made to officers or directors of the Corporation in such a manner that would contravene stock exchange rules, applicable laws or other exchange rules.

The Board may exercise all powers and duties of the Committee under the Plan, so long as the exercise of such powers and duties would not violate applicable securities laws. Only the Committee, or another

committee of the Board comprised of independent directors, may grant awards to directors who are not employees of the Corporation or an affiliate of the Corporation.

No Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any award granted under the Plan. Members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Corporation with regard to such actions and determinations.

#### *Common Shares Available for Awards*

The aggregate number Common Shares that may be issued under all awards under the Plan will be 15% of the numbers of Common Shares outstanding, which shall be reduced by Common Shares subject to awards issued under the Plan and the Existing Stock Option Plan in accordance with any share counting rules described in the Plan. On and after approval of the Plan, no award shall be granted under the Existing Stock Option Plan, provided however, that all outstanding awards previously granted under the Existing Stock Option Plan remain outstanding and subject to the applicable terms of the Existing Stock Option Plan. Notwithstanding the foregoing, Common Shares available for grants of incentive stock options are limited to 10% of the issued and outstanding Common Shares as of the date of shareholder approval of the Plan, in accordance with any share counting rules described in the Plan.

The Committee will adjust the number of shares and share limits described above in the case of a dividend or other distribution, reorganization, stock split, reverse stock split, merger or other similar corporate transaction or event that affects shares or other securities of the Corporation, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be provided under the Plan.

If, and so long as, the Corporation is listed on the Canadian Securities Exchange ("**CSE**"), the aggregate number of Common Shares issued or issuable to persons providing Investor Relations Activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Common Shares then outstanding.

#### *Eligibility*

Any employee, officer, non-employee director, consultant, independent contractor or advisor providing services to the Corporation or any affiliate, or any such person to whom an offer of employment or engagement with the Corporation or any affiliate is extended, is eligible to receive an award under the Plan. In determining who is eligible to receive an award and the terms of any award, the Committee may take into account factors as it deems, in its discretion, to be relevant. Further, an incentive stock option may only be granted to full-time or part-time employees of the Corporation, and shall not be granted to an employee of an affiliate unless such affiliate is also a subsidiary corporation of the Corporation within the meaning of section 424(f) of the Internal Revenue Code of 1986, or any successor provision thereunder.

#### *Types of Awards and Terms and Conditions of Awards*

The Plan permits the granting of:

- Stock options (including both incentive and non-qualified stock options);
- Stock appreciation rights;
- Restricted stock and restricted stock units; and
- Dividend equivalents.

Awards may be granted alone, in addition to, in tandem with or in substitution for, any other award granted under the Plan or any other compensation plan of the Corporation or an affiliate of the Corporation. Awards can be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or as required by applicable laws. Generally, no award or other right or interest of a participant under the Plan (other than fully vested and unrestricted shares issued pursuant to an award) shall be transferable by a participant other than by will or by the laws of descent and distribution, and no right or award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance shall be void and unenforceable against the Corporation or any affiliates. However, the Committee may allow transfers of an award to family members for no value, and

such transfers shall comply with the General Instructions to Form S-8 under the Securities Act of 1933, as amended. The Committee may also establish procedures to allow a named beneficiary to exercise the rights of the participant and receive any property distributable with respect to any award upon the participant's death.

**Options:** The purchase price per share purchasable under an option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a share on the date of grant of such options; provided however, that the Committee may designate a purchase price below fair market value if the option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Corporation or an affiliate of the Corporation. "**Fair Market Value**" is defined in the Plan as, with respect to one Common Share as of any date shall mean (a) if the Common Shares are listed on the CSE or any established stock exchange, the price of one Common Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Common Shares shall have occurred on such date, on the next preceding date on which there was a sale of Common Shares. Notwithstanding the foregoing, in the event that the Common Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing market price of the Common Shares on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; (b) if the Common Shares are not so listed on the CSE or any established stock exchange, the average of the closing "bid" and "asked" prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted "bid" and "asked" prices on such date, on the next preceding date for which there are such quotes for a Common Share; or (c) if the Common Shares are not publicly traded as of such date, the per share value of one Common Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto. The term of each option shall be fixed by the Committee but shall not be longer than 10 years from the date of grant. The Committee will determine the time or times at which an option may be exercised and the method of exercise, except that any exercise price shall be paid in either cash, shares having Fair Market Value on the exercise date equal to the applicable exercise price, or a combination thereof, as determined by the Committee, although the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.

**Incentive Stock Options:** In addition to the provisions that apply to all options, the following shall apply to the grant of incentive stock options: (i) the Committee will not grant incentive stock options in which the aggregate Fair Market Value of the shares with respect to which incentive stock options are exercisable for the first time by any participant during any calendar year (under this Plan and all other plans of the Corporation and its affiliates) shall exceed \$100,000; (ii) all incentive stock options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Corporation; (iii) unless sooner exercised, all incentive stock options shall expire and no longer be exercisable no later than 10 years after the date of grant; provided however, that in the case of a grant of an incentive stock option to a participant who, at the time such option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of its affiliates, such incentive stock option shall expire and no longer be exercisable no later than 5 years from the date of grant; (iv) the purchase price per share for an incentive stock option shall not be less than 100% of the Fair Market Value of a share on the date of grant of the incentive stock option; provided however, that, in the case of the grant of an incentive stock option to a participant who, at the time such option is granted, owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or of its affiliates, the purchase price per share purchasable under an incentive stock option shall be not less than 110% of the fair market value of a share on the date of grant of the incentive stock option; and (v) any incentive stock option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the option as an incentive stock option.

**Stock Appreciation Rights:** The holder of a stock appreciation right is entitled to receive the excess of the Fair Market Value as of the exercise date of a specified number shares over the grant price of the stock appreciation right, as specified by the Committee. This grant price shall not be less than 100% of the Fair Market Value of one share at the time of grant of the stock appreciation right, provided however,

that the Committee may grant a price below Fair Market Value if the stock appreciation right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Corporation or any of its affiliates.

**Restricted Stock and Restricted Stock Units:** Common Shares of restricted stock and restricted stock units shall be subject to such restrictions as the Committee may impose. Any restricted stock granted under the Plan shall be issued at the time such awards are granted and may be evidenced in such manner as the Committee may deem appropriate. Common Shares representing restricted stock that are no longer subject to restrictions shall be delivered (including by updating the book entry registration) to the participant promptly after the applicable restrictions lapse or are waived. In the case of restricted stock units, no shares shall be issued at the time such awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to restricted stock units evidencing the right to receive shares, such shares shall be issued and delivered to the holder of the restricted stock units.

**Dividend Equivalents:** The holder of a dividend equivalent will be entitled to receive payments (in cash, shares, other securities, other awards or other property) equivalent to the amount of cash dividends paid by us to the holders of shares, with respect to the number of shares determined by the Committee. Dividend equivalents will be subject to other terms and conditions determined by the Committee, but the Committee may not grant dividend equivalents to a participant in connection with grants of options and stock appreciation rights. Dividend equivalent amounts with respect to any share underlying restricted stock or restricted stock units awards may be accrued but not paid until all conditions or restrictions relating to such share have been satisfied, waived or lapsed.

#### *Amendment and Terminations; Corrections*

The Board may amend, suspend or terminate the Plan, and the Committee may amend the terms of any previously granted award, provided that no amendment to the terms of any previously granted award may, (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the award previously granted to a participant under the Plan without the written consent of the participant or holder thereof, provided further that any amendment to the terms of any previously granted award is permitted under the CSE's policies. Any amendment to the Plan or awards granted are subject to compliance with all applicable laws, rules, regulations and policies.

The Board may suspend, amend, terminate or discontinue the Plan, and the Committee may amend the terms of any previously granted award, without obtaining the approval of shareholders of the Corporation, to (i) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any awards; (ii) amend the eligibility, limitations or conditions imposed upon participation in the Plan; (iii) make necessary changes to comply with applicable laws, rules, regulations and policies; (iv) amend any terms relating to the administration of the Plan; and (v) make any other amendment not requiring shareholders' approval under the CSE policies and applicable laws.

Prior approval of the shareholders of the Corporation shall be required for any amendment of the Plan or award that would (i) require shareholder approval under CSE policies, applicable securities laws, the rules or regulations of the Securities and Exchange Commission or any applicable securities exchange; (ii) increase the number of shares available for issuance under the Plan; (iii) permit the repricing of options or stock appreciation rights; (iv) permit the award of options or stock appreciation rights at a price less than 100% of Fair Market Value of a share; (v) increase the maximum term permitted for options and stock appreciation rights or extend the terms of any options beyond their original expiry date; (vi) amend section 7(a) of the Plan; or (vii) increase the number of shares or dollar value subject to the annual limitations contained in section 4(d) of the Plan.

#### *Corporate Transactions*

In the event of any reorganization, merger, consolidation, plan of arrangement, combination, take-over bid or any other similar corporate transaction involving the Corporation, the Committee or the Board may, in their sole discretion (i) terminate any award or the replace the award with other rights or property selected by the Committee or Board, in accordance with the Plan; (ii) determine that the award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof; (iii) determine that the award shall be

exercisable or fully vested; or (iv) determine that the award cannot vest, be exercised or become payable after a certain date in the future.

#### *Income Tax Withholding*

The Corporation may take such action as it deems appropriate to ensure that all applicable payroll, withholding, income or other taxes, which are the sole and absolute responsibility of the participant, are withheld and collected. The Committee may permit the participant to satisfy such tax obligations by either electing to have the Corporation withhold a portion of the shares as necessary, delivering the shares issuable upon the exercise or receipt of such award with a Fair Market Value equal to the amount of such taxes, or by any other means set forth in the applicable award agreement.

#### *U.S. Securities Laws*

Neither the awards nor the securities which may be acquired pursuant to the exercise of the awards have been registered under the Securities Act of 1933, as amended ("**US Securities Act**") or any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) of the US Securities Act). Awards may not be offered or sold in the United States of America except pursuant to registration under the US Securities Act and applicable securities laws or available exemptions therefrom.

#### *Clawback or Recoupment*

All awards under the Plan shall be subject to forfeiture or other penalties pursuant to any Corporation clawback policy, as may be adopted or amended from time to time, and such forfeiture and/or penalty conditions or provisions as determined by the Committee.

#### *Term of the Plan*

The Plan shall terminate on the tenth anniversary of the earlier of the date of adoption of the Plan by the Board or date of approval by the Shareholders or any earlier date of discontinuation or termination pursuant to the Plan.

## CORPORATE GOVERNANCE

The Corporation and the Board recognize the importance of corporate governance to the effective management of the Corporation and to the protection of its stakeholders, particularly Shareholders. The Corporation's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through the Audit Committee at regularly scheduled meetings or as required. The directors are kept informed regarding the Corporation's operations at regular meetings, or as otherwise required and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation's affairs and in light of opportunities or risks that the Corporation faces.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below, in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

### **The Board of Directors**

Pursuant to National Instrument 52-110 – *Audit Committees ("NI 52-110")*, a director is considered independent if he or she has no direct or indirect material relationship with the Corporation that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Corporation.

The Board is currently comprised of seven directors, five of whom are independent within the meaning of NI 52-110. Messrs. Miller, Martin, Winch, Secord and McKnight are independent directors. Mr. Varghese is presently Executive Chairman and received compensation from the Corporation in excess of C\$75,000 in 2019 and 2020 and is not considered independent. Mr. Yapp is CEO and President of the Corporation and is not considered independent.

### **Other Public Corporation Directorships**

Mr. Secord has served as Executive Chairman and Director of Rise Life Science Corp (CSE: RSLC) since November 2018.

### **Independence of the Board**

The independent directors did not hold any separate regularly scheduled meetings during the fiscal year ended December 31, 2020, at which non-independent directors and members of management were not in attendance. However, at various Board meetings throughout 2020, there were meetings where the Board believed a conflict of interest could arise or where it was otherwise appropriate to have directors or management recuse themselves. The Board also regularly holds "in-camera" sessions after each board meeting. To facilitate open and candid discussion among the independent directors and enhance its ability to act independently of management, the Board will in the future meet in the absence of non-independent directors and members of management or may continue to excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

### **Lead Director**

The Board has an independent lead director (the "**Lead Director**") elected annually by the majority of independent directors of the Board. Mr. Miller currently serves as the independent Lead Director. The Board has determined that its current structure, with separate Executive Chairman (the "**Chairman**") and CEO

roles, and an independent Lead Director, is in the best interests of the Corporation and its shareholders at this time.

A number of factors support the leadership structure chosen by the Board, including, among others:

- The Board believes that having been interim CEO, John Varghese will provide significant value to the Corporation and to the CEO in the role of Executive Chairman.
- The Board believes this governance structure promotes balance between the Board's independent authority to oversee the business and the Executive Chairman and the CEO and his/her management team who manage the business on a day-to-day basis.
- The current separation of the Executive Chairman and CEO roles allows the CEO to focus his time and energy on operating and managing the Corporation and leverage the experience and perspectives of the Executive Chairman who is responsible for all capital markets and related matters.
- The Lead Director sets the agenda for, and presides over, board meetings and independent sessions and coordinates the work of the committees of the Board providing independent oversight and streamlining the Executive Chairman and CEO's duties.
- The Executive Chairman serves as a liaison between the Board and senior management but having a Lead Director also enables non-management directors to raise issues and concerns for Board consideration without immediately involving management.

The independent Lead Director has broad responsibility and authority, including to:

- Preside at all meetings of the Board at which the Chairman is not present, including meetings of the independent directors.
- Call meetings of independent directors.
- Serve as the principal liaison between the Executive Chairman and the independent directors.
- Approve all information sent to the Board, including the quality, quantity, appropriateness and timeliness of such information.
- Approve meeting agendas for the Board and independent directors.
- Approve the frequency of Board and independent director meetings and meeting schedules, assuring there is sufficient time for discussion of all agenda items.
- Assist independent directors to fulfil their governance responsibilities and to oversee the governance obligations of the Board and its committees generally.
- Recommend to the Nominating and Corporate Governance Committee and to the Executive Chairman, selection for the membership and chair position for each Board committee.
- Interview, along with the chair of the Nominating and Corporate Governance Committee, all Director candidates and make recommendations to the Nominating and Corporate Governance Committee.
- Be available, when appropriate, for consultation and direct communication with shareholders.
- Retain outside advisors and consultants who report directly to the Board on Board-wide issues.
- On an annual basis, in consultation with the independent directors, the Lead Director will review his/her responsibility and authority and recommend to the Board for approval any modifications or changes.



## **Orientation and Continuing Education**

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Corporation has developed an orientation program for new directors but not a formal continuing education program for existing directors. Nevertheless, through discussions and meetings with other directors, officers and employees, new directors will be provided with a thorough description of the Corporation's business, properties, assets, operations and strategic plans and objectives. Orientation activities continue to be tailored to the particular needs and experience of each director and the overall needs of the Board.

## **Ethical Business Conduct**

As part of its responsibility for the stewardship of the Corporation, the Board seeks to foster a culture of ethical conduct by requiring the Corporation to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to employees, consultants, officers and directors to help them recognize and deal with ethical issues; promoting a culture of honesty, integrity and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or an employee or consultant of the Corporation has a material interest, which include ensuring that such individuals are familiar with rules concerning reporting conflicts of interest and obtaining direction from the Board or a member of senior management of the Corporation regarding any potential conflicts of interest.

## **Nomination of Directors**

In order to facilitate the process for the nomination of directors and identification of new candidates for appointment to the Board, the Board has established a nominating and corporate governance committee (the "**Nominating and Corporate Governance Committee**").

In collaboration with the Board, the Nominating and Corporate Governance Committee is responsible for the nomination of directors and identifying new candidates for appointment to the Board. In that regard, the Nominating and Corporate Governance Committee is also responsible for identifying the competencies and skills required for nominees to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making. In collaboration with the Board, the Nominating and Corporate Governance Committee may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

The Nominating and Corporate Governance Committee considers its size each year when it determines the number of directors to be nominated for election. The criteria for selecting new directors reflects the requirements of the listing standards of the Canadian Securities Exchange ("**CSE**") with respect to independence and the following factors:

- (i) the appropriate size of the Board;
- (ii) the needs of the Corporation with respect to the particular talents and experience of its directors;
- (iii) the personal and professional integrity of the candidate;
- (iv) the level of education and/or business experience of the candidate;
- (v) the broad-based business acumen of the candidate;
- (vi) the level of the candidate's understanding of the Corporation's business and the industry in which it operates and other industries relevant to the Corporation's business;

- (vii) the ability and willingness of the candidate to commit adequate time to the Board and committee matters;
- (viii) the fit of the individual's skills and personality with those of other directors and potential directors so that the Board is effective, collegial and responsive to the needs of Golden Leaf;
- (ix) the candidate's ability to think strategically and a willingness to share ideas; and
- (x) the diversity of experiences, expertise and background of the Board as a whole.

The Nominating and Corporate Governance Committee is presently comprised of Messrs. McKnight (Chair), Martin, and Winch. See "Board Committees" below.

### **Compensation**

In order to facilitate the process for the determining the compensation of directors and executive officers of the Corporation, the Board has established a compensation committee (the "**Compensation Committee**").

In collaboration with the Board, the Compensation Committee is responsible for determining the compensation of directors and the Chief Executive Officer, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other executive officers of the Corporation. The Compensation Committee generally reviews compensation paid to directors and chief executive officers of companies of a similar size and stage of development and in the same or similar industries as the Corporation operates in, and determines appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and executive officers of the Corporation while taking into account the financial and other resources of the Corporation. No formal benchmarking has been established given the size and stage of the Corporation. In setting the compensation of the Chief Executive Officer, the Compensation Committee, in collaboration with the Board, will annually review the performance of the Chief Executive Officer and consider other factors which may have impacted the success of the Corporation in achieving its objectives. See "Statement of Director and Named Executive Officer Compensation - Oversight and Description of Director and Named Executive Officer Compensation – Compensation of Directors" for a discussion of compensation provided to the directors.

The Compensation Committee is presently comprised of Messrs. Larry Martin (Chair), McKnight, Secord, and Winch.

For further details regarding the compensation of directors, as well as details regarding the Corporation's approach to the compensation of the Chief Executive Officer and other executive officers, see "Board Committees" and "Statement of Director and Named Executive Officer Compensation" below.

### **Board Committees**

The Board has established the Audit Committee to assist it in carrying out its mandate. The Audit Committee is currently comprised of Messrs. Winch (Chair), McKnight, Martin, and Secord.

The Compensation Committee makes recommendations to the Board regarding the determination of the compensation of the directors and the Chief Executive Officer of the Corporation, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other executive officers of the Corporation. In addition, the Compensation Committee oversees all of the Corporation's compensation programs, pay administration, including reviewing and approving compensation adjustments for the CEO and executive officers and ensuring competitiveness of executive compensation, and other functions including oversight of executive and director stock ownership guidelines and director compensation. The Compensation Committee is currently comprised of Messrs. Martin (Chair), McKnight, Secord, and Winch.

The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending Board candidates, evaluating Board structure and organization and reviewing and

monitoring corporate governance policies and procedures. The Nominating and Corporate Governance Committee is currently comprised of Messrs. McKnight (Chair), Martin, and Secord.

The Disclosure Committee was established to oversee complete, accurate and timely disclosure of information relating to the business and affairs of the Corporation and its subsidiaries and to oversee dissemination of that information broadly. The Disclosure Committee is responsible for making recommendations to the CEO and the CFO relating to the disclosure of material information. The Disclosure Committee is currently comprised of Messrs. Winch (Chair), Marchington, Martin, McKnight, Secord, Varghese, and Yapp.

### **Assessments**

The Board does not formally review the contributions of individual directors; however, it believes that its current size facilitates informal discussion and evaluation of members' contributions within that framework. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

## **AUDIT COMMITTEE**

### **The Audit Committee's Charter**

A copy of the Charter of the Audit Committee of the Corporation is attached as Schedule "A" to this Circular.

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

The Audit Committee is currently comprised of Messrs. Secord (Chair), McKnight, and Martin. The Audit Committee's Charter requires that each member of the Audit Committee be considered financially literate and that a majority of the Audit Committee be independent as defined under NI 52-110.

### **Relevant Education and Experience**

A general description of the education and experience of each Audit Committee member which is relevant to the performance of their responsibilities as an Audit Committee member is contained in their respective biographies set out under "Particulars of Matters to be Acted Upon – Election of Directors".

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment or compensation of the Corporation's external auditors not been adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

### **Exemption for Venture Issuers**

Pursuant to Section 6.1 of NI 52-110, the Corporation is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

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

Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

## **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditor during the years ended December 31, 2020 and 2019 are set out in the table below.

<b>Audit Fee Category</b>	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
Audit Fees <sup>(1)</sup>	\$279,020	\$304,196
Audit-Related Fees <sup>(2)</sup>	Nil	\$33,005
Tax Fees <sup>(3)</sup>	\$124,612	\$70,893
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>TOTAL</b>	<b>\$403,632</b>	<b>\$408,094</b>

**Notes:**

(1) "Audit Fees" refers to the aggregate fees billed by the Corporation's external auditor for audit fees.

(2) "Audit-Related Fees" refers to the aggregate fees billed for services related to the Corporation's external audit by a third party other than the Corporation's external auditor.

(3) "Tax Fees" refers to the aggregate fees billed for professional services rendered for tax compliance, tax advice, and tax planning and assistance with tax matters or specific transactions.

(4) "All Other Fees" refers to the aggregate fees billed for products and services provided, other than the services reported under the other three items.

## STATEMENT OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following section provides details of all compensation paid to each of the directors and named executive officers ("**Named Executive Officers**") of the Corporation for each of the two most recently completed financial years.

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**"), and provides details of all compensation for each of the directors and Named Executive Officers of the Corporation for the year ended December 31, 2021.

For the purposes of this Circular, a Named Executive Officer of the Corporation means each of the following individuals:

- (a) each chief executive officer of the Corporation ("**CEO**") during the year ended December 31, 2020;
- (b) each chief financial officer of the Corporation ("**CFO**") during the year ended December 31, 2020;
- (c) the Corporation's most highly compensated executive officer, other than the CEO and CFO, at the end of the Corporation's most recently completed fiscal year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for that fiscal year; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) above but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that fiscal year.

The Corporation had five Named Executive Officers during the year ended December 31, 2020, namely Jeff Yapp (President, CEO and Director at year end), John Varghese (Executive Chairman at year end), Stanley Grissinger (President and Interim CFO during the year) Andrew Marchington (CFO) and Kate Koustareva, (CFO during the year).

### **Director and Named Executive Officer Compensation – Excluding Compensation Securities**

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each current and former Named Executive Officer and director, in any capacity, for the last two years ended December 31, 2020 and 2019.

Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)
Jeffrey Yapp <sup>(1)</sup> <i>CEO, President and Director</i>	2020	\$156,154	Nil	Nil	Nil	Nil	\$156,154
	2019	\$121,384	Nil	Nil	Nil	Nil	\$121,384
Andrew Marchington <sup>(2)</sup> <i>CFO and Secretary</i>	2020	\$13,846	Nil	Nil	Nil	Nil	\$13,846
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Kate Koustareva <sup>(3)</sup> <i>Former Acting CFO</i>	2020	\$17,971	Nil	Nil	Nil	Nil	\$17,971

Name and position	Year	Salary, consulting fee, retainer or commission (US\$)	Bonus (US\$)	Committee or meeting fees (US\$)	Value of perquisites (US\$)	Value of all other compensation (US\$)	Total compensation (US\$)
	2019	\$111,654	Nil	Nil	Nil	Nil	\$111,654
Stanley Grissinger <sup>(4)</sup> <i>President and Interim CFO</i>	2020	\$190,655	Nil	Nil	Nil	\$60,000 <sup>(4)</sup>	\$190,655
	2019	\$86,538	Nil	Nil	Nil	Nil	\$86,538
Peter Saladino <sup>(5)</sup> <i>Former Director</i>	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Larry Martin <i>Director</i> <sup>(6)</sup>	2020	Nil	Nil	\$20,000	Nil	Nil	\$20,000
	2019	Nil	Nil	\$48,500	Nil	Nil	\$48,500
Bob McKnight <sup>(7)</sup> <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	\$33,500	Nil	Nil	\$33,500
Alex Winch <sup>(8)</sup> <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	\$32,236	Nil	Nil	Nil
Gary Zipfel <sup>(9)</sup> <i>Former Director</i>	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	Nil	Nil	Nil	Nil	Nil	Nil
John Varghese <sup>(10)</sup> <i>Executive Chairman, Former Interim CEO</i>	2020	\$106,666	Nil	Nil	Nil	Nil	\$106,666
	2019	\$200,471	\$125,000	\$5,000	Nil	Nil	\$330,471
Rick Miller <sup>(11)</sup> <i>Director</i>	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Mr. Yapp was appointed CEO on September 3, 2019 and President on November 6, 2020.  
(2) Mr. Marchington was appointed CFO and Corporate Secretary on September 7, 2020.  
(3) Ms. Koustareva was appointed Acting CFO on September 13, 2019 and ceased to be Acting CFO on January 31, 2020.  
(4) Mr. Grissinger was appointed President on August 19, 2019 and appointed Interim CFO on January 31, 2020. Mr. Grissinger ceased being Interim CFO on September 7, 2020 and President on November 2, 2020. Mr. Grissinger was awarded a severance payment of \$60,000 in February 2021.  
(5) Mr. Saladino ceased to be a director on June 25, 2019.  
(6) Mr. Martin was appointed Director on January 28, 2019.

- (7) Mr. McKnight was appointed Director on June 28, 2017.  
(8) Mr. Winch was appointed Director on October 3, 2016.  
(9) Mr. Zipfel ceased to be a director on September 2, 2019.  
(10) Mr. Varghese was appointed Interim CEO on June 17, 2019 then ceased to be Interim CEO on September 3, 2019 and was concurrently appointed Executive Chairman.  
(11) Mr. Miller was appointed Director on April 24, 2018.

## **Stock Options and Other Compensation Securities**

The following table provides information regarding all compensation securities granted or issued to each Named Executive Officer and Director by the Corporation for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries during the year ended December 31, 2020.

<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion, or exercise price</b>	<b>Closing price of security or underlying security on date of grant</b>	<b>Closing price of security or underlying security at year end<sup>(1)</sup></b>	<b>Expiry date</b>
Jeff Yapp <sup>(2)</sup> <i>CEO, President and Director</i>	Units <sup>(12)</sup>	4,000,000 <sup>(12)</sup>	1/19/2021	C\$0.05	C\$0.02	C\$0.025	N/A
Andrew Marchington <sup>(3)</sup> <i>Chief Financial Officer and Secretary</i>	Stock options <sup>(9)</sup>	3,000,000 <sup>(11)</sup>	9/7/2020	C\$0.06	C\$0.02	C\$0.025	9/7/2030
	Stock options <sup>(9)</sup>	1,000,000 <sup>(10)</sup>	9/7/2020	C\$0.06	C\$0.02	C\$0.025	9/7/2030
	Units <sup>(12)</sup>	1,500,000 <sup>(12)</sup>	1/19/2021	C\$0.05	C\$0.02	C\$0.025	N/A
Bob McKnight <sup>(4)</sup> <i>Director</i>	Stock options <sup>(9)</sup>	500,000 <sup>(10)</sup>	9/7/20	C\$0.06	C\$0.02	C\$0.025	9/7/2030
	Units <sup>(11)</sup>	512,000 <sup>(12)</sup>	1/19/2021	C\$0.05	C\$0.02	C\$0.025	N/A
John Varghese <sup>(5)</sup> <i>Director</i>	Units <sup>(12)</sup>	1,500,000 <sup>(12)</sup>	1/19/2021	C\$0.05	C\$0.02	C\$0.025	N/A
Larry Martin <sup>(6)</sup> <i>Director</i>	Stock options <sup>(9)</sup>	500,000 <sup>(10)</sup>	9/7/2020	C\$0.06	C\$0.02	C\$0.025	9/7/2030
Rick Miller <sup>(7)</sup> <i>Director</i>	Stock options <sup>(9)</sup>	500,000 <sup>(10)</sup>	9/7/2020	C\$0.06	C\$0.02	C\$0.025	9/7/2030
Alex Winch <sup>(8)</sup> <i>Director</i>	Stock options <sup>(9)</sup>	500,000 <sup>(10)</sup>	9/7/2020	C\$0.06	C\$0.02	C\$0.025	9/7/2030

### **Notes:**

- (1) Reflects the closing price of the Common Shares on the CSE on December 31, 2020.  
(2) As at December 31, 2020, Mr. Yapp held C\$7,000 of convertible debentures, 6,600,000 options (4,865,726 vested) and the right to subscribe to 26,861,622 common shares at C\$0.06 funded by a loan from the Corporation combined with a pledge of the shares issued as collateral, as announced in September 2019.  
(3) As at December 31, 2020, Mr. Marchington held 4,000,000 stock options (1,500,000 vested).  
(4) As at December 31, 2020, Mr. McKnight held 6,330,000 options (5,147,749 vested).  
(5) As at December 31, 2020, Mr. Varghese held 621,811 common shares, 6,500,000 stock options (5,465,726 vested), and C\$10,000 of convertible debentures and the right to subscribe to 26,861,622 common shares at C\$0.06 funded by a loan from the Corporation combined with a pledge of the shares issued as collateral, as announced in September 2019.  
(6) As at December 31, 2020, Mr. Martin held 6,330,000 options (3,819,549 vested).  
(7) As at December 31, 2020, Mr. Miller held C\$132,000 of convertible debentures, 5,716,829 common shares, and 9,000,000 stock options (8,541,667 vested).  
(8) As at December 31, 2020, Mr. Winch held C\$132,000 of convertible debentures, 5,716,829 common shares, and 9,000,000 stock options (8,541,667 vested).  
(9) Each option entitles the holder to acquire one Common Share upon exercise. For further details regarding vesting and restrictions and conditions of exercise, see "Executive Compensation - Stock Option Plan and Other Incentive Plans".  
(10) Vesting immediately.  
(11) Vesting over 3 years.  
(12) As part of the Corporation's non-brokered private placement which closed January 26, 2021, units comprised of one common share and one common share purchase warrant exercisable at a price of C\$0.06 per share were issued to certain executive officers and directors in lieu of unpaid compensation from 2020.

### ***Exercise of Compensation Securities by Directors and NEOs***

No compensation securities were exercised by Named Executive Officers and directors during the year ended December 31, 2020.

### **Current Stock Option Plan**

The Corporation's stock option plan (the "**Current Stock Option Plan**") provides for the grant of options to purchase Common Shares to eligible service providers of the Corporation, including the Corporation's directors, officers, employees, consultants and other eligible persons specified in the Current Stock Option Plan. The Stock Option Plan will be administered by the Board or a committee established by the Board for that purpose (the "**Committee**").

The maximum number of Common Shares that may be issued pursuant to options granted under the Current Stock Option Plan is equal to 10% of the total number of Common Shares issued and outstanding from time to time.

The Stock Option Plan permits a maximum of 10% of the issued and outstanding Common Shares to be issued to holders of options granted thereunder. As of March 19, 2021, 103,737,000 options are outstanding, representing approximately 8.41% of the issued and outstanding Common Shares. Accordingly, as of March 19, 2021, 19,535,758 options are available to be issued under the Current Stock Option Plan, representing approximately 1.6% of the issued and outstanding Common Shares.

The total number of Common Shares which may be issued or reserved for issuance to any one individual under the Current Stock Option Plan within any 12-month period shall not exceed 5% of the issued and outstanding Common Shares.

The maximum number of Common Shares which may be reserved for issuance to insiders under the Current Stock Option Plan or any other security-based compensation plans or arrangements shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). In addition, the maximum number of options which may be granted to insiders under the Current Stock Option Plan, together with any other previously established or proposed share compensation arrangements within any 12-month period, shall be 10% of the issued and outstanding Common Shares.

The maximum number of options which may be granted to any one consultant under the Current Stock Option Plan or any other security-based compensation plans or arrangements, within any 12-month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). In addition, the maximum number of options which may be granted to Investor Relations Persons (as defined in the Current Stock Option Plan) under the Current Stock Option Plan or any other security-based compensation plans or arrangements, within any 12-month period must not exceed, in the aggregate, 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The exercise price for the Common Shares under each option shall be determined by the Board or Committee, as applicable, on the basis of the Market Price. For the purpose of the Current Stock Option Plan, "**Market Price**" shall mean: (i) the prior trading day closing price of the Common Shares on any stock exchange on which the Common Shares are listed or the last trading price on the prior trading day on any dealing network where the Common Shares trade; or (ii) where there is no such closing price or trade on the prior trading day, shall mean the average of the daily high and low board lot trading prices of the Common Shares on any stock exchange on which the Common Shares are listed or dealing network on which the Common Shares trade for the five immediately preceding trading days; or (iii) in the event the Common Shares are not listed on any exchange and do not trade on any dealing network, the Market Price will be determined by the Board.

Unless otherwise limited by the terms of the Current Stock Option Plan or any regulatory or stock exchange requirement, the Board or the Committee, as applicable, shall have full and final authority to determine the



terms and conditions attached to any grant of options to an eligible participant, including when such options shall become vested and exercisable. Subject to the provisions of the Current Stock Option Plan, the optionee may exercise any vested options, in whole or in part, at any time prior to the tenth anniversary of the date of grant or such earlier date fixed by the Board or the Committee, as applicable (the "**Expiry Date**"). All unexercised options shall expire and terminate following such Expiry Date.

In the event of the death of an optionee, vested options held by such optionee may be exercised by the personal representatives of the optionee until the earlier of (i) the date which is one year from the date of death of the optionee and (ii) the Expiry Date of the options.

If an optionee who is a service provider shall cease to be an eligible participant under the Current Stock Option Plan for any reason, whether or not for cause, the optionee may exercise the option, but only to the extent that such Option has vested at the date the optionee ceased to be an eligible participant under the Current Stock Option Plan and only within the period of (i) 90 days following the date of such cessation, or (ii) 30 days following the date of such cessation if the participant is an Investor Relations Person (as defined in the Current Stock Option Plan), unless in either case such period is extended by the Board or the Committee, as applicable, to a maximum of one year following the date of such cessation, and approval is obtained from the stock exchange on which the Common Shares trade where required, and in no event after the Expiry Date of the option.

Options granted under the Current Stock Option Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such options shall be exercisable, during an optionee's lifetime, only by the optionee.

If at any time when an option granted under the Current Stock Option Plan remains unexercised:

- (i) the Corporation seeks approval from Shareholders for a transaction which, if completed, would constitute an Acceleration Event (as defined in the Current Stock Option Plan); or
- (ii) a third party makes a bona fide formal offer or proposal to the Corporation or the Shareholders which, if accepted, would constitute an Acceleration Event,

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the Board or Committee, as applicable, has determined that no adjustment shall be made pursuant to the provisions of the Current Stock Option Plan, (a) the Board or Committee, as applicable, may permit the optionee to exercise the option, as to all or any of the Common Shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the Expiry Date), so that the optionee may participate in such transaction, offer or proposal; and (b) the Board or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfillment of any conditions or restrictions on such exercise.

The Stock Option Plan provides that upon implementation, the Board or Committee, as applicable, may at any time amend, suspend or terminate the Current Stock Option Plan, provided that no such amendment, suspension or termination may be made without obtaining any required regulatory or stock exchange approval, and may not materially prejudice the rights of any optionee under any option previously granted to the optionee without the consent or deemed consent of the optionee.

Other than the Current Stock Option Plan, the Corporation does not have any other incentive or security-based compensation plans under which awards are granted.

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

The material terms of each agreement under which compensation was provided during the year ended December 31, 2020 or is payable in respect of services provided to the Corporation by each Named Executive Officer or director, is set out below.

***John Varghese – Executive Chairman***

Mr. Varghese has an arrangement with the Corporation pursuant to which he is paid compensation of US\$15,000 per month for his services as Executive Chairman. During 2020, Mr. Varghese voluntarily reduced his compensation totaling approximately US\$60,000 as of December 31, 2020 and in lieu of repayment received units as part of the Corporation's Non-brokered Private Placement financing which closed in January 2021. Mr. Varghese is also entitled to reimbursement from the Corporation for reasonable costs and expenses in accordance with the Corporation's expense reimbursement policy.

Mr. Varghese was also provided with the opportunity to acquire, through a share loan, 26,861,621 Common Shares at an acquisition price of C\$0.06. 50% of these shares forfeit equally over a three-year period subject to the Corporation also achieving annual targets as established by the Board. This arrangement is expected to be converted into restricted share units upon approval of the New Incentive Plan.

***Jeff Yapp – CEO, President and Director***

Mr. Yapp has an offer letter dated September 3, 2019, to become the Corporation's CEO, which provides for annual compensation of US\$300,000 as well as participation in any employee benefit plans maintained by the Corporation and entitlement to reimbursement from the Corporation for reasonable costs and expenses in accordance with the Corporation's expense reimbursement policy. Mr. Yapp will be entitled to receive 6 months' salary, or US\$150,000, via continuation for any termination without cause.

During 2020, Mr. Yapp voluntary reduced his pay on multiple occasions, resulting in a reduction in cash compensation totaling approximately US\$156,000 as of December 31, 2020 and in lieu of repayment received units as part of the Corporation's non-brokered Private Placement financing which closed in January 2021.

Mr. Yapp was also provided with the opportunity to acquire, through a share loan, 26,861,621 Common Shares at an acquisition price of C\$0.06. As modified during 2020, 50% of these shares forfeit equally over a three-year period subject to the Corporation also achieving annual targets as established by the Board. This arrangement is expected to be converted into restricted share units upon approval of the New Incentive Plan.

***Andrew Marchington – CFO and Secretary***

Mr. Marchington has an offer letter relating to his position as Chief Financial Officer of the Corporation dated September 7, 2020. Pursuant to the terms of the offer letter, Mr. Marchington is provided with US\$250,000 of annual cash compensation and entitlement to reimbursement from the Corporation for reasonable costs and expenses in accordance with the Corporation's expense reimbursement policy. Mr. Marchington will be entitled to 6 months' salary, or US\$125,000, in the event he is terminated for no cause or by way of redundancy resulting from a transaction.

Mr. Marchington voluntary reduced his compensation upon inception of his employment as CFO, resulting in a total reduction in cash compensation of approximately US\$60,000 for 2020 and in lieu of repayment received units as part of the Corporation's non-brokered Private Placement financing which closed in January 2021.

Mr. Marchington was also entitled to 4,000,000 options pursuant to the Corporation's Stock Option Plan of which 1,000,000 vested immediately and 3,000,000 vest continuously over three years.

***Stan Grissinger – Former President and Interim CFO***

Mr. Grissinger had an offer letter relating to his position as President of the Corporation dated August 4, 2019. Mr. Grissinger resigned as President effective November 2, 2020. Pursuant to the terms of the offer letter, Mr. Grissinger was provided US\$250,000 of annual cash compensation and entitlement to

reimbursement from the Corporation for reasonable costs and expenses in accordance with the Corporation's expense reimbursement policy. Mr. Grissinger was also entitled to 8,000,000 stock options pursuant to the Corporation's Stock Option Plan which vested 80% over three years subject to the Corporation also achieving annual revenue and EBITDA targets. Mr. Grissinger received a severance payment of US\$60,000 in February 2021.

## **Oversight and Description of Director and Named Executive Officer Compensation**

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

The Compensation Committee, in collaboration with the Board, is responsible for approval all forms of compensation to be granted and paid to the directors of the Corporation. The form and amount of compensation for directors is determined after consideration of various relevant factors, including an individual's current and expected future performance, level of responsibilities, comparison with compensation paid by other issuers of a similar size and stage of development and in the same or similar industries as the Corporation operates in, as well as the availability of financial and other resources of the Corporation. No formal benchmarking has been established given the size and stage of the Corporation.

Director compensation can consist of annual cash retainers and cash retainers for acting on the various committees, with additional amounts for acting as chair of a committee. Compensation also includes eligibility for participation in the Current Stock Option Plan. Long-term incentives in the form of options are granted to non-executive directors from time to time, based on an existing complement of long term-incentives, corporate performance and to be competitive with other companies of similar size and scope.

Director Compensation was set by motion on June 9, 2020 to be a cap of cash compensation of \$5,000 per quarter for Independent director fees and per meeting fees of US\$1,000 plus reasonable incidental expenses. Some Board members have chosen to forgo compensation in different forms. Mr. Miller waived fees for 2020 while Messrs. McKnight and Winch received US\$20,000 paid in January 2021 by way of private placement units. Mr. Martin received \$20,000 cash fees paid in January 2021.

The Compensation Committee will periodically review the responsibilities and risks involved in being an effective director and will report and make recommendations accordingly.

### ***Compensation of Named Executive Officers***

The Compensation Committee, in collaboration with the Board, is responsible for determining all forms of compensation to be granted and paid to the Chief Executive Officer, and for reviewing the Chief Executive Officer's recommendations regarding compensation of the other Named Executive Officers of the Corporation in order to ensure such arrangements reflect the responsibilities and risks associated with each position.

While the Corporation does not have a formal compensation policy, the general objectives of the Corporation's executive compensation strategy are: (i) recruiting, retaining and motivating high performing executives critical to the success of the Corporation; (ii) providing fair and competitive compensation; (iii) linking the interests of management with those of the Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, the compensation paid to Named Executive Officers of the Corporation consists of base salary, discretionary bonus payments (none have been paid to date) and/or long-term incentives in the form of stock options, as set out below.

The Corporation's executive compensation strategy is designed to retain, encourage, compensate and reward executives on the basis of individual and corporate performance, both in the short- and the long-term. Base salaries will be based on a number of factors enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success. Share ownership opportunities through stock options will be provided to align the interests of executive officers with the longer - term interests of Shareholders.

In reviewing and determining specific compensation amounts for Named Executive Officers, the Compensation Committee, in collaboration with the Board, considers, among other things, factors such as experience, individual performance, length of service, contribution towards the achievement of corporate objectives, stock price, and compensation compared to other employment opportunities for executives.

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

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

The Named Executive Officers of the Corporation each receive base salaries. The Compensation Committee reviews these salaries annually to ensure that they reflect each respective Named Executive Officer's responsibilities, performance and experience in fulfilling his role. In determining the base salary for each Named Executive Officer, the Compensation Committee, in collaboration with the Board, takes into consideration available market data for other issuers of a similar size and stage of development and in the same or similar industries as the Corporation operates in, although a specific benchmark is not targeted and a formal peer group has not been established. The Chief Executive Officer makes recommendations regarding the compensation of Named Executive Officers for approval by the Board.

#### ***Bonus Payments***

Named Executive Officers are eligible for bonuses that may be awarded at the discretion of the Board.

#### ***Long-Term Incentives***

Long-term incentives are performance-based grants of stock options. The Compensation Committee, in collaboration with the Board, will determine the number of stock options to be granted to the Corporation's Named Executive Officers.

In establishing the number of stock options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other issuers of a similar size and stage of development and in the same or similar industries as the Corporation operates in, as well as those of other publicly-traded Canadian companies of a comparable size to that of the Corporation. The Compensation Committee also considers previous grants of options and the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of stock options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the Named Executive Officer in determining the level of incentive stock option compensation.

For a description of the material terms of the Current Stock Option Plan, see "Statement of Director and Named Executive Officer Compensation – Stock Option Plan and Other Incentive Plans".

#### ***Director and Officer Liability Insurance***

The Corporation has obtained and maintains director and officer liability insurance for the benefit of its directors and officers.

#### ***Key Executive Retention Plan***

In 2020, the Compensation Committee retained Global Governance Advisors Inc. ("**GGA**"), an internationally recognized independent executive compensation and governance advisory firm to review the executive compensation plan and design a special retention incentive for the Executive Chairman and CEO. GGA worked with the Compensation Committee to develop a peer group and compensation philosophy. This peer group consisted of Canada House Wellness Group Inc., Choom Holdings Inc., Delta 9 Cannabis Inc., Greenlane Holdings, Inc., Harborside Inc., Kushco Holdings Inc, Mjardin Group, Inc., Nextleaf Solutions Inc, and, Vireo Health International Inc. Health. The compensation review also evaluated the impact of the voluntary salary reductions the Executive Chairman and CEO had taken since 2019. Due to the challenges that the Corporation faced, the Corporation's share price was trading at depressed levels, which exposed the Corporation to the risk of a hostile takeover at a discounted share price from the Corporation's true market value. GGA's analysis identified that there was a material imbalance between Corporation performance and executive retention as well as an overall misalignment with compensation

relative to the competitive market. For example, the voluntary salary rollbacks had been in effect since 2019 and no equity awards were granted to offset the foregone salary, which is often considered in similar situations as the Corporation. In addition, the executives in 2019 purchased shares at a 71% premium relative to fair market value (i.e., C\$0.06 per share vs. market value of \$0.035 per share), showing their commitment and belief in the long-term success of Golden Leaf. This share acquisition resulted in an opportunity cost of US\$381,166 and the voluntary salary rollbacks relative to the median of similar roles in the cannabis sector resulted in a difference of \$1,107,500 and \$1,008,333 for the Executive Chairman and CEO respectively when compared to what a typical executive with their role and responsibilities would be expected to receive since 2019. The total foregone compensation of the Executive Chairman and CEO was equivalent to \$1,488,666 and \$1,389,499 respectively at the time of the GGA report. This share purchase premium was not acknowledged in any other form of performance-based incentive compensation. As a result of the compensation misalignment, the Board approved implementing a Key Executive Retention Plan ("**KERP**"), that created a stronger alignment with pay and performance at the Corporation moving forward over the remainder of 2021 and 2022. The KERP is described in greater detail below.

The purpose of the KERP is to retain key executives and to provide a performance-based compensation opportunity for the Executive Chairman and CEO for historic, voluntary base salary reductions, the opportunity cost each executive voluntarily absorbed for purchasing shares at a premium to fair market value and to align potential future compensation with performance should the Corporation be acquired in 2021 or 2022. The KERP is designed to align compensation with shareholder returns. The two components of the KERP include:

1. Base Retention Award; and
2. Success Pool

The base retention pool would be awarded to the Executive Chairman and CEO equally if the Corporation was acquired. The base retention pool is calibrated to award a threshold cash payment reflective of the fair market value of the salary rollback and opportunity cost of purchasing shares at a premium to fair market value.

The Success Pool is intended to incentivize key executives and officers of the Company based on value added created for shareholders should the Corporation be acquired at C\$0.04 per share or higher. The Success Pool reserves up to an approximate 7.5% of market capitalization on acquisition, payable in cash, to be distributed amongst the Officers of the Corporation as determined by the Compensation Committee, based on share price growth. This includes the Executive Chairman, CEO and other key officers. The Success Pool is only awarded under a successful takeover and would be in lieu of stock options to lessen the dilutive impact of any potential payout on existing Shareholders.

The KERP is summarized in the table below:

Golden Leaf Share Price	C\$0.02	C\$0.04	C\$0.06 <sup>(1)</sup>
Total Base Retention Incentive Pool	C\$3,000,000	C\$4,000,000	C\$6,000,000
Success Pool (% of Market Cap)	0%	2.2%	7.5%

If the Corporation were to be acquired at C\$0.06 per share or higher, the Base Retention Incentive Pool remains capped at C\$6,000,000. The Success Pool will be a function of up to 7.5% of Market Capitalization at an acquisition price of C\$0.06 per share or higher.

The KERP is intended to be in effect until the end of 2022, and the Compensation Committee will work with GGA to develop a new executive compensation plan for 2022/2023 that continues to reflect market practice.

**Pension Disclosure**

The Corporation does not have a pension plan and does not provide any pension plan benefits.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides details of compensation plans under which equity securities of the Corporation are authorized for issuance as of December 31, 2020.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans <sup>(2)</sup>
Equity compensation plans approved by securityholders	70,704,188	C\$0.12	25,470,085
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	70,704,188	C\$0.12	25,470,085

**Notes:**

<sup>(1)</sup> Represents the number of Common Shares reserved for issuance upon exercise of the denoted outstanding options granted in accordance with the Current Stock Option Plan as at December 31, 2020.

<sup>(2)</sup> Based on the maximum aggregate number of Common Shares that were available for issuance under the Current Stock Option Plan as at December 31, 2020 and based on 10% of the number of Common Shares issued and outstanding as of December 31, 2020. The maximum number of Common Shares reserved for issuance under the Current Stock Option Plan at any time is 10% of the Corporation's issued and outstanding Common Shares at that time, less any Common Shares reserved for issuance under other share compensation arrangements.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation, or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Corporation or any of its subsidiaries.

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2020	Amount Outstanding at March 31, 2021	Financially Assisted Securities Purchases During 2020	Security for Indebtedness	Amount Forgiven During 2020
John Varghese <sup>(1)</sup> <i>Executive Chairman, Director</i>	The lender is the Corporation	C\$1,600,897.32	C\$1,600,897.32	nil	Share pledge	Nil
Jeff Yapp <sup>(1)</sup> <i>CEO, President and Director</i>	The lender is the Corporation	C\$1,600,897.32	C\$1,600,897.32	nil	Share pledge	Nil

**Note:**

<sup>(1)</sup> 26,861,622 common shares were acquired by each individual at a price of C\$0.06 per share in connection with Mr. Varghese being appointed as Executive Chairman. The loans mature on August 31, 2024 and bear interest at the rate prescribed by the Canada Revenue Agency from time to time pursuant to section 80.4(1) of the *Income Tax Act* (Canada). The liability is limited to the extent that such liability is required to permit the Corporation to realize upon the pledged shares. In the event that either Mr. Varghese or Mr. Yapp shall default in his obligations, the sole recourse of the Corporation shall be with respect to the security interest in the pledged shares granted to the Corporation. The Corporation shall not have any right to payment from Mr. Varghese or Mr. Yapp or against any property or assets other than the pledged shares. Performance targets were not possible to be achieved due to extraneous circumstances brought about by COVID19, especially the nearly complete shut down of the Nevada market. Certain prior targets were waived such that at present, the pledged shares are subject to forfeiture as to 4,476,937 shares in each of 2022 and 2023 if certain

associated EBITDA and revenue targets are not reported by the Corporation in its publicly audited annual financial statements or MD&A for the prior financial year.

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation or any associate of any one of the foregoing persons is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any of its subsidiaries. In addition, neither the Corporation nor any of its subsidiaries has provided a guarantee, support agreement, letter of credit or other similar arrangement for any indebtedness of any of these individuals to any other entity.

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

The Corporation is not aware of any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, who has had a material interest, direct or indirect, in any transaction involving the Corporation since January 1, 2020 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

No management functions of the Corporation or its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Corporation or its subsidiaries.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.goldenleafholdings.com](http://www.goldenleafholdings.com).

Financial information relating to the Corporation is provided in the Corporation's audited consolidated financial statements and the management's discussion and analysis ("**MD&A**") for the year ended December 31, 2020. Shareholders may obtain the financial statements and MD&A under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Corporation directly to request copies of the financial statements and MD&A by: (i) mail to 82 Richmond St. East, Toronto, Ontario, M5C 1P1; or (ii) fax to 416-848-0790.

The Board has approved the contents of this Circular and the sending thereof to the Corporation's Shareholders.

#### **ON BEHALF OF THE BOARD**

*"Jeff Yapp"*

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Jeff Yapp  
Chief Executive Officer  
March 31, 2021



## **SCHEDULE "A"**

### **AUDIT COMMITTEE CHARTER**

#### **GOLDEN LEAF HOLDINGS LTD.**

### **AUDIT COMMITTEE CHARTER**

#### **PURPOSE**

1. The Audit Committee ("Committee") is a committee of the board of directors (the "Board") of Golden Leaf Holdings Ltd. (the "Corporation"). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to:
  - (a) the financial reporting process and the quality, transparency and integrity of the Corporation's financial statements and other related public disclosures;
  - (b) the Corporation's internal controls over financial reporting;
  - (c) the Corporation's compliance with legal and regulatory requirements relevant to the financial statements and financial reporting;
  - (d) ensuring that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics;
  - (e) the external auditors' qualifications and independence; and
  - (f) the performance of the internal audit function and the external auditors.
2. The function of the Committee is oversight. The members of the Committee are not full-time employees of the Corporation. The Corporation's management is responsible for the preparation of the Corporation's financial statements in accordance with applicable accounting standards and applicable laws and regulations. The Corporation's external auditors are responsible for the audit or review, as applicable, of the Corporation's financial statements in accordance with applicable auditing standards and laws and regulations.

#### **COMPOSITION**

3. The Committee shall be appointed by the Board annually on the recommendation of the Corporate Governance Committee and shall be comprised of a minimum of three directors. If an appointment of members of the Committee is not made as prescribed, the members shall continue as such until their successors are appointed. The Board may remove a member of the Committee at any time in its sole discretion by resolution of the Board.
4. The majority of the members of the Committee shall be directors whom the Board has determined are independent and "financially literate", taking into account the applicable rules and regulations of securities regulatory authorities and/or stock exchanges.
5. The Chair of the Committee will be designated by the Board from among the members of the Board. Such Chair shall serve as a liaison between members and senior management. If for any reason a Chair of the Committee is not appointed by the full Board, members of the Committee may designate a Chair of the Committee by majority vote of the full membership of the Committee.

#### **MEETINGS**

6. The Committee shall have a minimum of four meetings per year, to coincide with the Corporation's financial reporting cycle. Additional meetings will be scheduled as considered necessary or

appropriate, including considering specific matters at the request of the external auditors or the head of internal audit.

7. The time and place of the meetings of the Committee, the calling of meetings and the procedure in all things at such meetings shall be determined by the Chair of the Committee. A meeting of the Committee may be called by notice, which may be given by written notice, telephone, facsimile, email or other communication equipment, given at least 48 hours prior to the time of the meeting provided that no notice of a meeting will be necessary if all of the members are present either in person or by means of conference telephone or if those absent waive notice or otherwise signify their consent to the holding of such meeting.
8. At least two members of the Committee will constitute a quorum at each meeting.
9. The Committee will hold an in camera session without any senior officers present at each meeting.
10. The Committee will keep minutes of its meetings, which shall be available for review by the Board.
11. The Committee may appoint any individual, who need not be a member, to act as the secretary at any meeting.
12. The Committee may invite such directors, senior officers and other employees of the Corporation and such other advisors and persons as is considered appropriate to attend any meeting of the Committee.
13. Any matter to be determined by the Committee will be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Any action of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterpart) and any such action will be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose.
14. The Committee will report its determinations and recommendations to the Board.

#### **RESOURCES AND AUTHORITY**

15. The Committee has the authority to:
  - (a) engage, at the expense of the Corporation, independent counsel, accounting and other experts or advisors as considered advisable in its sole discretion, at the expense of the Corporation, which shall provide adequate funding for such purposes;
  - (b) determine and pay the compensation for any independent counsel, accounting and other experts or advisors retained by the Committee;
  - (c) conduct any investigation in the Corporation's business or affairs that it considers appropriate; and
  - (d) request unrestricted access to the books and records of the Corporation, management, the external auditors and the head of internal audit, including private meetings, as it considers necessary or appropriate to discharge its duties and responsibilities.

#### **DUTIES AND RESPONSIBILITIES**

16. The responsibilities of a member of the Committee shall be in addition to such Member's duties as a member of the Board. The duties and responsibilities of the Committee shall be as follows:

## Financial Reporting and Disclosure

- (a) The Committee has the duty to determine whether the Corporation's financial disclosures are complete, accurate, are in accordance with international financial reporting standards and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Corporation's own policies.
- (b) Review and discuss with management and the external auditor at the completion of the annual examination:
  - (i) the Corporation's audited financial statements and related notes;
  - (ii) the external auditor's audit of the annual financial statements and their report thereon;
  - (iii) any significant changes required in the external auditor's audit plan;
  - (iv) any serious difficulties or disputes with management encountered during the course of the audit; and
  - (v) other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- (c) Review and discuss with management and, where authorized by the Board, the external auditor at the completion of any review engagement or other examination of the Corporation's quarterly unaudited financial statements:
  - (i) the Corporation's unaudited financial statements and related notes;
  - (ii) any significant changes required in the external auditor's audit plan resulting from the preparation of the unaudited financial statements;
  - (iii) any serious difficulties or disputes with management encountered during the course of the preparation of the unaudited financial statements; and
  - (iv) other matters related to the preparation of the unaudited financial statements, which are to be communicated to the Committee.
- (d) Approve unaudited financial statements and the notes thereto and the Corporation's management discussion and analysis with respect to such financial statements.
- (e) Review, discuss with management the annual reports, the quarterly reports, the related Management Discussion and Analysis, the annual information form, any prospectus and other disclosures and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
- (f) Review disclosure respecting the activities of the Committee included in the Corporation's annual filings.
- (g) Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of the Corporation and provide their recommendations on such documents to the Board.
- (h) Inquire of the auditors the quality and acceptability of the Corporation's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- (i) Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.

- (j) Ensure that management has the proper systems in place so that the Corporation's financial statements, financial reports and other financial information satisfy legal and regulatory requirements. Based upon discussions with the external auditor and the financial statement review, if it deems appropriate, provide the Board with such recommendations and reports with respect to the financial disclosures of the Corporation.
- (k) Review and approve any significant amendments to the Corporation's Disclosure Policy.
- (l) Review and if appropriate, ratify the mandate of the Disclosure Committee.

#### **External Auditor**

- (m) Retaining and terminating, and/or making recommendations to the Board and the shareholders with respect to the retention or termination of, an external auditing firm to conduct review engagements on a quarterly basis and an annual audit of the Corporation's financial statements.
- (n) Communicating to the external auditors that they are ultimately accountable to the Board and the Committee as representatives of the shareholders.
- (o) Obtaining and reviewing an annual report prepared by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- (p) Evaluating the independence of the external auditor and any potential conflicts of interest and (to assess the auditors' independence) all relationships between the external auditors and the Corporation, including obtaining and reviewing an annual report prepared by the external auditors describing all relationships between the external auditors and the Corporation.
- (q) Approving, or recommending to the Board for approval, all audit engagement fees and terms, as well as all non-audit engagements of the external auditors prior to the commencement of the engagement.
- (r) Reviewing with the external auditors the plan and scope of the quarterly review and annual audit engagements.
- (s) Setting hiring policies with respect to the employment of current or former employees of the external auditors.

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

- (t) Reviewing and discussing with management, the external auditors and the head of internal audit the effectiveness of the Corporation's internal controls over financial reporting, including reviewing and discussing any significant deficiencies in the design or operation of internal controls, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls over financial reporting.
- (u) Discussing the Corporation's process with respect to risk assessment (including fraud risk), risk management and the Corporation's major financial risks and financial reporting exposures, all as they relate to internal controls over financial reporting, and the steps management has taken to monitor and control such risks.
- (v) Reviewing and discussing with management the Corporation's Code of Business Conduct and Ethics and anti-fraud program and the actions taken to monitor and enforce compliance.
- (w) Establishing procedures for:

- (i) the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including reviewing and discussing Whistleblower Policy with management; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, internal controls or auditing matters.
- (x) Reviewing and discussing with management, the external auditors and the head of internal audit the responsibilities and effectiveness of the Corporation's internal audit function, including reviewing the internal audit mandate, independence, organizational structure, internal audit plans and adequacy of resources, receiving periodic internal audit reports and meeting privately with the head of internal audit on a periodic basis.
  - (y) Approving in advance the retention and dismissal of the head of internal audit.

**Other**

- (z) Reporting regularly to the Board.
- (aa) Reviewing and assessing its mandate and recommending any proposed changes to the Corporate Governance Committee of the Board on an annual basis.
- (bb) Evaluating the functioning of the Committee on an annual basis, including with reference to the discharge of its mandate, with the results to be reported to the Corporate Governance Committee, which shall report to the Board.
- (cc) Review periodically, together with the Corporate Governance Committee, the directors' and officers' liability insurance and indemnities of the Corporation and consider the adequacy of such coverage.

**ADOPTION**

This Charter was adopted by the Board on May 31, 2016.

**SCHEDULE "B"**  
**NEW EQUITY INCENTIVE PLAN**

**{INSERT NAME}**  
**2021 STOCK INCENTIVE PLAN**

**Section 1. Purpose**

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors, independent contractors and non-employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through stock-based awards and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

**Section 2. Definitions**

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company.
- (b) "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit or Dividend Equivalent granted under the Plan.
- (c) "*Award Agreement*" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).
- (d) "*Board*" shall mean the Board of Directors of the Company.
- (e) "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.
- (f) "*Committee*" means a committee or subcommittee of the Board appointed from time to time by the Board. Notwithstanding the foregoing, if, and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.
- (g) "*Company*" shall mean Golden Leaf Holdings Ltd., a corporation incorporated under the laws of Ontario and any successor corporation.
- (h) "*CSE*" means the Canadian Securities Exchange.
- (i) "*Director*" shall mean a member of the Board.
- (j) "*Dividend Equivalent*" shall mean any right granted under Section 6(b) of the Plan.
- (k) "*Eligible Person*" shall mean any employee, officer, non-employee Director, consultant, independent contractor or advisor providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended. An Eligible Person must be a natural person.

(l) “*Fair Market Value*” with respect to one Share as of any date shall mean (a) if the Shares are listed on the CSE or any established stock exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing market price of the Shares on the CSE on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; (b) if the Shares are not so listed on the CSE or any established stock exchange, the average of the closing “bid” and “asked” prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted “bid” and “asked” prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.

(m) “*Incentive Stock Option*” shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(n) “*Non-Qualified Stock Option*” shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(o) “*Option*” shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase shares of the Company.

(p) “*Participant*” shall mean an Eligible Person designated to be granted an Award under the Plan.

(q) “*Plan*” shall mean the Golden Leaf Holdings Ltd. 2021 Stock Incentive Plan, as amended from time to time.

(r) “*Prior Stock Plan*” shall mean current stock option plan of the Company, as amended from time to time.

(s) “*Restricted Stock*” shall mean any Share granted under Section 6(c) of the Plan.

(t) “*Restricted Stock Unit*” shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under this Plan, that such date shall not be later than December 31 of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit awarded.

(u) “*Section 409A*” shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(v) “*Securities Act*” shall mean the Securities Act of 1933, as amended.

(w) “*Share*” or “*Shares*” shall mean shares or common shares in the capital of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan), provided that such class is listed on a securities exchange.

(x) “*Specified Employee*” shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

(y) “*Stock Appreciation Right*” shall mean any right granted under Section 6(b) of the Plan.

(z) “*Tax Act*” means the Income Tax Act (Canada).

(aa) “*U.S. Award Holder*” shall mean any holder of an Award who is a “U.S. person” (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

### **Section 3. Administration**

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Sections 6 and 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations of Sections 6 and 7; (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (but excluding promissory notes), or canceled, forfeited or suspended; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and sub-plans as may be necessary or desirable to comply with provisions of the laws of non-U.S. jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; provided, however, that the Committee shall not delegate such authority (i) with regard to grants of Awards to be made to officers or directors of the Company or (ii) in such a manner as would contravene stock exchange rules, applicable law or applicable exchange rules.

(c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise all the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of applicable securities laws; and only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the



Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

#### **Section 4. Shares Available for Awards**

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 10% of the number of Shares outstanding. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan and the Prior Stock Plan in accordance with the Share counting rules described in Section 4(b) below. On and after shareholder approval of this Plan, no awards shall be granted under the Prior Stock Plan, but all outstanding awards previously granted under the Prior Stock Plan shall remain outstanding and subject to the terms of the Prior Stock Plan. Notwithstanding the foregoing, the maximum number of Shares available for grants of Incentive Stock Options under the Plan is limited to 10% of issued and outstanding Shares as of the date of shareholder approval of this Plan.

(b) Counting Shares. For the purposes of this Section 4 if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

- (i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company, or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan. In addition, any Shares subject to any outstanding award under the Prior Stock Plan that, on and after the date shareholders approve the Plan, are not purchased or are forfeited, paid in cash or reacquired by the Company, or otherwise not delivered to the Participant due to termination or cancellation of such award shall again be available for granting Awards under the Plan.
- (ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.
- (iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, and (iii) the purchase price or exercise price with respect to any Award and (iv) the limitation contained in Section 4(d) below; provided, however, that the number of Shares covered by any Award or to which such Award relates shall

always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Additional Award Limitations. If, and so long as, the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing Investor Relations Activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding.

#### **Section 5. Eligibility**

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term as used herein includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

#### **Section 6. Awards**

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

- (i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant of such Option; *provided, however*, that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.
- (ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant.
- (iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised within the Option term either in whole or in part, and the method of exercise, except that any exercise price tendered shall be in either cash, Shares having a Fair Market Value on the exercise date equal to the applicable exercise price or a combination thereof, as determined by the Committee.
  - (A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.
  - (B) Net Exercises. The terms of any Option may be written to permit the Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if any, of the Fair Market Value of the Shares underlying the Option being exercised, on the date of exercise, over the exercise price of the Option for such Shares.

- (iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:
- (A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed \$100,000.
  - (B) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Board or the date this Plan was approved by the shareholders of the Company.
  - (C) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than ten (10) years after the date of grant; *provided, however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its Affiliates, such Incentive Stock Option shall expire and no longer be exercisable no later than five (5) years from the date of grant.
  - (D) The purchase price per Share for an Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided, however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.
  - (E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than one hundred percent (100%) of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however*, that the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the term limitation in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate. Restricted Stock and Restricted Stock Units. The

Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine: Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. For purposes of clarity and without limiting the Committee's general authority under Section 3(a), vesting of such Awards may, at the Committee's discretion, be conditioned upon the Participant's completion of a specified period of service with the Company or an Affiliate, or upon the achievement of one or more performance goals established by the Committee, or upon any combination of service-based and performance-based conditions. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(d).

- (ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

(d) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options and Stock Appreciation Rights and (ii) dividend and Dividend Equivalent amounts with respect to any Share underlying Restricted Stock or Restricted Stock Unit Award may be accrued but not paid to a Participant until all conditions or restrictions relating to such Share have been satisfied, waived or lapsed.

(e) General.

- (i) Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.
- (ii) Awards May Be Granted Separately or Together. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate may be granted either at the same time as or at a different time from the grant of such other Awards or awards.
- (iii) Limits on Transfer of Awards. No Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall

be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Notwithstanding the foregoing, the Committee may permit the transfer of an Award to family members if such transfer is for no value and in accordance with the rules of Form S-8. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

- (iv) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.
- (v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.
- (vi) Prohibition on Option and Stock Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's shareholders, seek to effect any re-pricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the

underwater Option or Stock Appreciation Right for cash or other securities. An Option or Stock Appreciation Right will be deemed to be “underwater” at any time when the Fair Market Value of the Shares covered by such Option or Stock Appreciation Right is less than the exercise price.

- (vii) Limits on Acceleration or Waiver of Restrictions Upon Change in Control. No Award Agreement shall contain a definition of change in control that has the effect of accelerating the exercisability of any Award or the lapse of restrictions relating to any Award upon only the announcement or shareholder approval of (rather than consummation of) any reorganization, merger or consolidation of, or sale or other disposition of all or substantially all of the assets of, the Company.

#### **Section 7. Amendment and Termination; Corrections**

(a) Amendments to the Plan and Awards. The Board may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, provided that no amendment to the terms of any previously granted Award may, (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof, provided further that any amendment to the terms of any previously granted Award is permitted under CSE policies. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Award is in compliance with CSE policies. For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:

- (i) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan;
- (ii) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;
- (iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to maximize any available tax deduction or to avoid any adverse tax results, and no action taken to comply with such laws, rules, regulations and policies shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof);
- (iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan; or
- (v) make any other amendment, whether fundamental or otherwise, not requiring shareholders’ approval under CSE policies, applicable securities laws, the rules or regulations of the Securities and Exchange Commission or any other securities exchange that are applicable to the Company.

For greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

- (I) require shareholder approval under CSE policies, applicable securities laws, the rules or regulations of the Securities and Exchange Commission or any other securities exchange that are applicable to the Company;
- (II) increase the number of shares authorized under the Plan as specified in Section 4(a) of the Plan;
- (III) permit repricing of Options or Stock Appreciation Rights, which is currently prohibited by Section 6 of the Plan;
- (IV) permit the award of Options or Stock Appreciation Rights at a price less than one-hundred percent (100%) of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;
- (V) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date; or
- (VI) amend this Section 7(a);

(b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

- (i) either (A) termination of any Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;
- (ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
- (iii) that the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or
- (iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

## **Section 8. Income Tax Withholding**

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, for avoidance of doubt, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any limitations required by ASC Topic 718 to avoid adverse accounting treatment); (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes or (c) by any other means set forth in the applicable Award Agreement.

## **Section 9. U.S. Securities Laws**

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

## **Section 10. General Provisions**

(a) **No Rights to Awards.** No Eligible Person, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) **Award Agreements.** No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) **Plan Provisions Control.** In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) **No Rights of Shareholders.** Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.



(e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(f) No Right to Employment or Directorship. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, or the right to be retained as a Director, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, or remove a Director in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment, or remove a Director who is a Participant, free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee or Director of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee or Director might otherwise have enjoyed but for termination of employment or directorship, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(g) Governing Law. The internal law, and not the law of conflicts, of the Province of Ontario shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.

(h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(l) Clawback and Recoupment. All Awards under this Plan shall be subject to forfeiture or other penalties pursuant to any Company clawback policy, as may be adopted or amended from time to time, and such forfeiture and/or penalty conditions or provisions as determined by the Committee.

(m) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

**Section 11. Effective Date of the Plan**

The Plan was adopted by the Board on March 31, 2021. The Plan shall be subject to approval by the shareholders of the Company at the annual and special meeting of shareholders of the Company to be held on May 10, 2021, and the Plan shall be effective as of the date of such shareholder approval.

**Section 12. Term of the Plan**

No Award shall be granted under the Plan, and the Plan shall terminate, on the tenth anniversary of the earlier of the date of adoption of the Plan by the Board or date of approval by the Company's shareholders or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan.