

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 Chalice Brands Ltd. (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, 2021;
- (b) each chief financial officer of the Corporation (“**CFO**”) during the year ended December 31, 2021;
- (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 three Named Executive Officers during the year ended December 31, 2021, namely Jeff Yapp (President, CEO and Director), Andrew Marchington (CFO), and Meghan Miller (COO).

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, 2021 and 2020.

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 ⁽¹⁾ <i>CEO, President and Director</i>	2021	\$96,923	Nil	Nil	Nil	Nil	\$96,923
	2020	\$156,154	Nil	Nil	Nil	Nil	\$156,154
Andrew Marchington ⁽²⁾ <i>CFO and Secretary</i>	2021	\$172,115	Nil	Nil	Nil	Nil	\$172,115
	2020	\$13,846	Nil	Nil	Nil	Nil	\$13,846
Meghan Miller ⁽³⁾ <i>Chief Operating Officer</i>	2021	\$185,192	Nil	Nil	Nil	Nil	\$185,192
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Larry Martin ⁽⁴⁾ <i>Director</i>	2021	Nil	Nil	\$36,000	Nil	Nil	\$36,000
	2020	Nil	Nil	\$20,000	Nil	Nil	\$20,000
Bob McKnight ⁽⁵⁾ <i>Director</i>	2021	Nil	Nil	\$27,000	Nil	Nil	\$27,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil

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\$)
Rick Miller ⁽⁶⁾ <i>Director</i>	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Scott Secord ⁽⁷⁾ <i>Director</i>	2021	Nil	Nil	\$30,000	Nil	Nil	\$30,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil
John Varghese <i>Executive Chairman & Director</i>	2021	\$120,000	Nil	Nil	Nil	Nil	\$120,000
	2020	\$106,666	Nil	Nil	Nil	Nil	\$106,666

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. Miller was appointed COO on September 21, 2021.
(4) Mr. Martin was appointed Director on January 28, 2019.
(5) Mr. McKnight was appointed Director on June 28, 2017.
(6) Mr. Miller was appointed Director on April 24, 2018.
(7) Mr. Secord was appointed Director on March 22, 2021.

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, 2021.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion, or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end ⁽¹⁾	Expiry date
Jeff Yapp ⁽³⁾ <i>CEO, President and Director</i>	Units ⁽¹¹⁾	173,913 ⁽¹³⁾⁽²⁾	1/19/2021	C\$1.38	C\$1.38	C\$0.37	N/A
	Stock options ⁽¹⁰⁾	1,500,000 ⁽¹²⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽¹¹⁾	942,000 ⁽¹¹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	N/A
Andrew Marchington ⁽⁴⁾ <i>CFO and Secretary</i>	Units ⁽¹¹⁾	65,217 ⁽¹³⁾⁽²⁾	1/19/2021	C\$1.38	C\$1.38	C\$0.37	N/A
	Stock options ⁽¹⁰⁾	572,825 ⁽¹²⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽¹¹⁾	397,000 ⁽¹¹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	N/A
Meghan Miller <i>Chief Operating Officer</i>	Stock options ⁽¹⁰⁾	647,825 ⁽¹²⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽¹¹⁾	120,000 ⁽¹¹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	N/A
Larry Martin ⁽⁵⁾ <i>Director</i>	Stock options ⁽¹⁰⁾	651,302 ⁽¹²⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion, or exercise price	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end ⁽¹⁾	Expiry date
Bob McKnight ⁽⁶⁾ <i>Director</i>	Units ⁽¹¹⁾ Stock options ⁽¹⁰⁾	22,260 ⁽¹³⁾⁽²⁾ 651,302 ⁽¹²⁾	1/19/2021 12/30/2021	C\$1.38 C\$0.36	C\$1.38 C\$0.35	C\$0.37 C\$0.37	N/A 12/30/2026
Rick Miller ⁽⁷⁾ <i>Director</i>	Stock options ⁽¹⁰⁾	1,500,000 ⁽¹²⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
Scott Secord ⁽⁶⁾ <i>Director</i>	Stock options ⁽¹⁰⁾	380,434 ⁽¹²⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
John Varghese ⁽⁹⁾ <i>Director</i>	Units ⁽¹¹⁾ Stock options ⁽¹⁰⁾ Restricted stock units ⁽¹¹⁾	65,217 ⁽¹³⁾⁽²⁾ 1,500,000 ⁽¹²⁾ 259,000 ⁽¹¹⁾	1/19/2021 12/30/2021 12/30/2021	C\$1.38 C\$0.36 C\$0.35	C\$1.38 C\$0.35 C\$0.35	C\$0.37 C\$0.37 C\$0.37	N/A 12/30/2026 N/A

Notes:

⁽¹⁾ Reflects the closing price of the Common Shares on the CSE on December 31, 2021.

⁽²⁾ Denotes pre-consolidation awarded shares expressed as post-consolidation (23:1).

⁽³⁾ As at December 31, 2021, Mr. Yapp held C\$7,000 of convertible debentures, 1,500,000 options (1,213,045 vested) and 1,374,906 common shares at C\$1.38 funded by a loan from the Corporation combined with a pledge of the shares issued as collateral. In January 2022, Mr. Yapp agreed to cancel 286,955 options which had been previously issued.

⁽⁴⁾ As at December 31, 2021, Mr. Marchington held 572,825 stock options (347,825 vested). In January 2022, Mr. Marchington agreed to cancel 347,825 options which had been previously issued.

⁽⁵⁾ As at December 31, 2021, Mr. Martin held 651,302 options (401,302 vested). In January 2022, Mr. Martin agreed to cancel 401,302 options which had been previously issued.

⁽⁶⁾ As at December 31, 2021, Mr. McKnight held 651,302 options (401,302 vested). In January 2022, Mr. McKnight agreed to cancel 401,302 options which had been previously issued.

⁽⁷⁾ As at December 31, 2021, Mr. Miller held C\$132,000 of convertible debentures, 1,500,000 stock options (891,306 vested), C\$132,000 of convertible debentures and 1,053,167 common shares at C\$1.38 funded by a loan from the Corporation combined with a pledge of the shares issued as collateral. In January 2022, Mr. Miller agreed to cancel 608,694 options which had been previously issued.

⁽⁸⁾ As at December 31, 2021, Mr. Secord held 380,434 options (nil vested). In January 2022, Mr. Secord agreed to cancel 130,434 options which had been previously issued.

⁽⁹⁾ As at December 31, 2021, Mr. Varghese held 1,500,000 stock options (1,217,393 vested), and C\$10,000 of convertible debentures and 1,379,254 common shares at C\$1.38 funded by a loan from the Corporation combined with a pledge of the shares issued as collateral. In January 2022, Mr. Varghese agreed to cancel 282,607 options which had been previously issued.

⁽¹⁰⁾ Each option entitles the holder to acquire one Common Share upon exercise. For further details regarding vesting and restrictions and conditions of exercise, see "2021 Stock Incentive Plan".

⁽¹¹⁾ Vesting immediately.

⁽¹²⁾ Vesting over 3 years.

⁽¹³⁾ 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\$1.38 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, 2021.

2021 Stock Incentive Plan

The following summary of the material terms of the 2021 Stock Incentive Plan.

Administration

A committee of the Board (the "**Committee**") administers the Plan and has 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 available for issuance under all Awards from time to time outstanding under the Plan is 15% of the number of Common Shares outstanding. The aggregate number of Common Shares that may be available for issuance under all Awards under the Plan 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.

If any Common 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 Common Shares, then the number of Common Shares counted against the aggregate number of Common 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 Common 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. Any issuance of Common Shares under Awards will make such number of Common Shares available for issuance under subsequent Awards.

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 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 unit 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.

Employment, Consulting and Management Agreements

The material terms of each agreement under which compensation was provided during the year ended December 31, 2021 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 in addition to entitlement to an annual bonus. During 2021, Mr. Varghese voluntarily reduced his compensation totaling approximately US\$60,000 as of December 31, 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. As resolved by the Corporation's Board of Directors on March 22, 2022, Mr. Varghese will be entitled to \$600,000 payable over a twelve-month term if terminated. Severance payments will be paid 25% immediately upon termination, and the remaining amounts paid equally over the following three calendar quarters.

On December 30, 2021, Mr. Varghese received 259,000 restricted stock units and stock options. In 2022, Mr. Varghese agreed to cancel 282,607 options which had been previously issued.

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 plus entitlement to an annual bonus 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. As resolved by the Corporation's Board of Directors on March 22, 2022, Mr. Yapp will be entitled to \$600,000 over twelve-month term if terminated. Severance payments will be paid 25% immediately upon termination, and the remaining amounts paid equally over the following three calendar quarters.

During 2021, Mr. Yapp voluntary reduced his pay on multiple occasions, resulting in a reduction in cash compensation totaling approximately US\$203,000 as of December 31, 2021 and in lieu of repayment received restricted stock units in January 2022.

On December 30, 2021 Mr. Yapp received 942,000 restricted stock units and 1,500,000 stock options. In 2022, Mr. Yapp agreed to cancel 286,955 options which had been previously issued.

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.

During 2021, Mr. Marchington voluntarily reduced his compensation, resulting in a total reduction in cash compensation of approximately US\$78,000 for 2021 and in lieu of repayment received restricted stock units in January 2022.

On December 30, 2021, Mr. Marchington received 397,000 restricted stock units and 572,825 stock options. In 2022, Mr. Marchington agreed to cancel 347,825 options which had been previously issued.

Meghan Miller – COO

Ms. Miller has a promotion letter relating to her position as Chief Operating Officer dated September 21, 2021. Pursuant to the terms of the offer letter, Ms. Miller 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.

On December 30, 2021, Ms. Miller received 120,000 restricted stock units and 647,825 stock options. In 2022, Ms. Miller agreed to cancel 347,825 options which had been previously issued.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Compensation Committee, in collaboration with the Board of Directors, 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 2021 Stock Incentive 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 cash compensation was set by motion on December 9, 2021, to be limited to \$12,500 per quarter for independent director fees with per meeting fees of US\$1,000 plus reasonable incidental expenses. Some directors have chosen to forego compensation in different forms. Mr. Miller waived fees for 2021. For their participation on the Board of Directors during 2021, Mr. Martin received \$36,000, Mr. McKnight received \$27,000, and Mr. Secord \$30,000.

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 2021 Stock Incentive Plan, see "*Statement of Director and Named Executive Officer Compensation – 2021 Stock Incentive Plan*".

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 February 2022, the Compensation Committee retained Global Governance Advisors Inc. (“GGA”), an internationally recognized independent executive compensation and governance advisory firm to update the Key Executive Retention Plan (“KERP”) with new assumptions relevant for 2022. GGA considered the Corporation’s share consolidation, additional share purchase loan agreements, new stock option grants, and the Corporation’s current trading price when evaluating the delta between the Executive Chairman and CEO compensation versus the Corporation’s peer group of cannabis companies. The updated KERP is described in greater detail below.

The purpose of the KERP is to retain, 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 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 Chief Executive Officer if the Company is 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. If Chalice Brands were to be acquired at \$1.84 per share or higher, the Base Retention Incentive Pool is capped at \$7,000,000.

The Success Pool is intended to incentivize the Executive Chairman and Chief Executive Officer based on value added for shareholders should the Company be acquired at C\$0.92 per share, representing a 156% shareholder return above the reference price of C\$0.36 per share, or more. The Success Pool is 3% for shareholder returns of between 156% and 282%, 4% for shareholder returns between 283% and 410% and 5% for shareholder returns of more than 411% respectively. Transactions generating a return above 411% (C\$1.84 per share) will be capped at 5% of incremental gains for shareholders from the Grant Date, but remain uncapped from a potential dollar value perspective. The Success Pool is only awarded under a takeover, provided the executive is not terminated prior to the closing. If Chalice Brands were to be acquired at a value equal to C\$1.38 per share or higher, the Base Retention Incentive Pool remains capped at C\$7,000,000.

The KERP is summarized in the table below:

Transaction Value per Share	C\$0.36	C\$0.46	C\$0.92	C\$1.38	C\$1.84
Total Base Retention Incentive Pool	C\$4,000,000	C\$5,000,000	C\$6,000,000	C\$7,000,000 ⁽¹⁾	C\$7,000,000
Total Success Pool (% of Incremental Gains for Shareholders)	-	-	3%	4%	5%

By way of example, if a transaction closed as of April 22, 2022 that resulted in the sale of the Company at a value equal to C\$1.00 per share, the Total Base Retention Incentive Pool would be C\$6,000,000 and the Total Success Pool would be 3% of \$43,803,973 (\$68,443,707 less \$24,639,734), or C\$1,314,119, based on 68,443,707 Common Shares outstanding as of April 22, 2022. The total aggregate payment to the Executive Chairman and Chief Executive Officer would be C\$7,314,119.

The KERP is intended to be in effect until the end of 2024 and is to be reviewed annually.

Pension Disclosure

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