

CHALICE™

— BRANDS LTD —

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL MEETING OF SHAREHOLDERS

OF

CHALICE BRANDS LTD.

TO BE HELD ON DECEMBER 16, 2022

October 19, 2022

CHALICE BRANDS LTD.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the annual meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Chalice Brands Ltd. (“**Chalice Brands**” or the “**Corporation**”) will be held virtually on Friday, December 16, 2022 at 10:00 a.m. (Toronto time) via live audio webcast online at <https://web.lumiagm.com/#/231205333>, 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, 2021, together with the report of the auditors thereon;
2. 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 October 19, 2022 (the “**Circular**”);
3. to appoint M&K CPAS, LLP, as auditor of the Corporation for the ensuing year, and to authorize the directors to fix their remuneration; and
4. 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/chalice-brands> on or about November 16, 2022 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-888-290-1175, or can be accessed online on SEDAR at www.sedar.com on or about November 16, 2022.

This year 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, Trader’s Bank Building, Suite 702, 67 Yonge St. Toronto, ON M5E 1J8 Attn: Proxy Department. 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.

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 chalice@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 or by mail to the address of Odyssey Trust Company indicated above.

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 chalice@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 October 19, 2022 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 Wednesday, December 14, 2022, 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 19th day of October, 2022.

BY ORDER OF THE BOARD

“Jeff Yapp”

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 Chalice Brands Ltd. (“**Chalice Brands**” or the “**Corporation**”) for use at the annual meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**”, or individually, a “**Shareholder**”) of common shares of Chalice Brands (the “**Common Shares**”) to be held on Friday, December 16, 2022, 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 October 19, 2022. 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 Holding 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. On May 25, 2021, the Corporation officially changed its name to “Chalice Brands Ltd.” and enacted a share consolidation of one (1) post-consolidation share for every twenty-three (23) pre-consolidation common shares.

The Common Shares trade on the Canadian Securities Exchange under the symbol “CHAL”. The Common Shares also trade on the OTCQX® operated by OTC Markets Group Inc. under the symbol “CHALF”.

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 Chalice Brands can be found under the Corporation’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com and on the Corporation’s website at www.chalicebrandsltd.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/chalice-brands> on or about November 16, 2022 and will remain on the website for one full year thereafter. Meeting Materials are also available upon request, without charge, by calling toll-free 1-888-290-1175, or can be accessed online on SEDAR on or about November 16, 2022.

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 chalice@odysseytrust.com by 10:00 a.m. (Toronto time) on Wednesday, December 14, 2022 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 chalice@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 October 19, 2022 (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 Wednesday, December 14, 2022, 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, Trader's Bank Building, Suite 702, 67 Yonge St. Toronto, ON M5E 1J8, Attn: Proxy Department facsimile at 800-517-4553 or by email at 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/#/231205333> 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/#/231205333>. 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 chalice@odysseytrust.com and received by 10:00 a.m. (Toronto Time) on Wednesday, December 14, 2022.

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 October 19, 2022, the Record Date, the Corporation had 84,415,725 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 October 19, 2022, 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, 2021; (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.

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, 2021, 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 six 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 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 their office is earlier vacated or until their successor is elected or appointed. Each of the nominees has confirmed their 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) their 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 ⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ California, United States	Director since June 28, 2017	Retired; part-time consultant	22,260 ⁽¹⁾
Rick Miller ⁽¹⁰⁾ 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	1,470,995 ⁽²⁾
John Varghese ⁽¹⁰⁾ Ontario, Canada	Executive Chair of the Corporation; Director since June 25, 2018	Businessman; Executive Chair of the Corporation	1,794,897 ⁽³⁾
Scott Secord ⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ Ontario, Canada	Director since March 22, 2021	Managing Partner of Shore Capital Sports & Entertainment	16,173 ⁽⁴⁾
Larry Martin ⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ New York, United States	Director since January 26, 2019	Businessman, Patent Attorney	Nil ⁽⁵⁾

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
Jeff Yapp ⁽¹⁰⁾ Oregon, United States	CEO of the Corporation; Director since September 2, 2019	CEO of the Corporation; Business Executive	1,4552,628 ⁽⁶⁾

Notes:

- (1) Mr. McKnight also holds 651,302 stock options exercisable at C\$0.36 per share, and 22,260 Common Share purchase warrants exercisable at C\$1.38 per share.
- (2) Mr. Miller also holds 1,500,000 stock options exercisable at C\$0.36 per share, 276,086 Common Share purchase warrants exercisable at C\$1.38 per share, and C\$132,000 of convertible debentures convertible into Common Shares at \$1.38 per share. Of these total Common Shares, 1,053,167 Common Shares are pledged against a loan made to assist in the purchase of these shares.
- (3) Mr. Varghese also holds 1,500,000 stock options exercisable at C\$0.36 per share, 65,217 common share purchase warrants exercisable at C\$1.38 per share, and C\$10,000 of convertible debentures convertible into Common Shares at \$1.38 per share. Of these total common shares, 1,379,254 Common Shares are pledged against a loan made to assist in the purchase of these shares.
- (4) Mr. Secord also holds 380,434 stock options exercisable at C\$0.36 per share.
- (5) Mr. Martin holds 651,302 stock options exercisable at C\$0.36 per share.
- (6) Mr. Yapp also holds 1,500,000 stock options exercisable at C\$0.36 per share, 942,000 restricted stock units, 507 Common Share purchase warrants exercisable at C\$1.38 per share, 173,913 Common Share purchase warrants exercisable at C\$1.38 per share, C\$7,000 of convertible debentures convertible into Common Shares at \$1.38 per share. Of these total Common Shares, 1,374,906 are pledged against a loan made to assist in the purchase of these shares.
- (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

On May 6, 2022, a cease trade order (the "**Cease Trade Order**") was issued by the Ontario Securities Commission as a result of the Corporation not having filed on or before April 30, 2022 audited financial statements for the year ended December 31, 2021. As a result of the Cease Trade Order, trading in respect of each security of the Corporation, whether direct or indirect, was ordered to cease, and trading of the Common Shares on the Canadian Securities Exchange was suspended. Each of the proposed nominees for director was a director of the Corporation at the time of the Cease Trade Order.

Other than in respect of the Cease Trade Order, 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

Baker Tilly US, LLP, Irvine, CA, were first appointed as auditors of the Corporation by the Board on July 1, 2021 following the resignation of Dale Matheson Carr-Hilton Labonte LLP. Effective September 28, 2022, Baker Tilly US, LLP tendered its resignation and M&K CPAS, PLLC were appointed as auditors.

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 M&K CPAS, PLLC, as auditors of the Corporation until the close of the next annual meeting of Shareholders and to authorize the Board to fix their remuneration.

In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), attached hereto as Schedule “B” is a copy of the reporting package (as defined in NI 51-102) filed by the Corporation with the securities regulators on July 2, 2021 with respect to the change in auditor to Baker Tilly US, LLP.

The reporting package is comprised of (i) the change of auditor notice (the “**2021 Change of Auditor Notice**”) containing the information required by NI 51-102; (ii) the letter provided by Dale Matheson Carr-Hilton Labonte LLP, former auditors of the Corporation, acknowledging and confirming the Change of Auditor Notice; and (iii) the letter provided by Baker Tilly US, LLP, the succeeding auditors of the Corporation, acknowledging and confirming the 2021 Change of Auditor Notice. The 2021 Change of Auditor Notice confirms that Dale Matheson Carr-Hilton Labonte LLP resigned, that there have been no reservations contained in the auditor’s reports on the financial statements for the Corporation’s last two fiscal periods, and that there were no reportable events (as defined in NI 51-102) in connection with Dale Matheson Carr-Hilton Labonte LLP’s audits of the Corporation.

In accordance with NI 51-102, attached hereto as Schedule “C” is a copy of the reporting package (as defined in NI 51-102) filed by the Corporation with the securities regulators on October 4, 2022 with respect to the change in auditor to M&K CPAS, PLLC.

The reporting package is comprised of (i) the change of auditor notice (the “**2022 Change of Auditor Notice**”) containing the information required by NI 51-102; (ii) the letter provided Baker Tilly US, LLP, former auditors of the Corporation, acknowledging and confirming the 2022 Change of Auditor Notice; and (iii) the letter provided by M&K CPAS, PLLC, the current auditors of the Corporation, acknowledging and confirming the Change of Auditor Notice. The 2022 Change of Auditor Notice confirms that Baker Tilly US, LLP resigned, that it was engaged to perform an audit of the consolidated financial statements of the Corporation as of and for the year ended December 31, 2021 in accordance with Canadian generally accepted auditing standards but did not completed their audit nor did it issue any report, and that there were no reportable events (as defined in NI 51-102).

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 six directors, four of whom are independent within the meaning of NI 52-110. Messrs. Miller, Martin, 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 2020 and 2021 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 Britannia Life Sciences Inc. (CSE: BLAB) 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, 2021, at which non-independent directors and members of management were not in attendance. However, at various Board meetings throughout 2021, 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 Chalice Brands;
- (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 Secord. 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, and Secord.

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. Secord (Chair), McKnight, and Martin.

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), Secord, and McKnight.

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. Secord (Chair), McKnight, Varghese, Martin, Yapp, and Marchington.

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, 2021 and 2020 are set out in the table below.

Audit Fee Category	Year Ended December 31, 2021	Year Ended December 31, 2020
Audit Fees ⁽¹⁾	\$354,541	\$297,020
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$118,290	\$124,612
All Other Fees ⁽⁴⁾	Nil	Nil
TOTAL	\$472,831	\$403,632

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, 2022.

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 <i>Director</i> ⁽⁴⁾	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 ⁽⁸⁾ <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. 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.
(7) Mr. Miller was appointed Director on April 24, 2018.
(8) 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
Andrew Marchington ⁽³⁾ <i>Chief Financial Officer and Secretary</i>	Units ⁽¹¹⁾	65,217 ⁽¹¹⁾⁽²⁾	1/19/2021	C\$1.38	C\$1.38	C\$0.37	N/A
	Stock options ⁽⁸⁾	572,825 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽¹¹⁾	397,000 ⁽⁹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	N/A
Larry Martin ⁽⁶⁾ <i>Director</i>	Stock options ⁽⁸⁾	651,302 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
Bob McKnight ⁽⁴⁾ <i>Director</i>	Units ⁽¹¹⁾	22,260 ⁽¹¹⁾	1/19/2021	C\$1.38	C\$1.38	C\$0.37	N/A
	Stock options ⁽⁸⁾	651,302 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
Rick Miller ⁽⁷⁾ <i>Director</i>	Stock options ⁽⁸⁾	1,500,000 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
Meghan Miller <i>Chief Operating Officer</i>	Stock options ⁽⁸⁾	647,825 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽⁹⁾	120,000 ⁽⁹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	N/A
Scott Secord ⁽¹²⁾ <i>Director</i>	Stock options ⁽⁸⁾	380,434 ⁽¹⁰⁾	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
John Varghese ⁽⁵⁾ <i>Director</i>	Units ⁽¹¹⁾	65,217 ⁽¹¹⁾⁽²⁾	1/19/2021	C\$1.38	C\$1.38	C\$0.37	N/A
	Stock options ⁽⁸⁾	1,500,000 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽⁹⁾	259,000 ⁽⁹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	N/A
Jeff Yapp ⁽²⁾ <i>CEO, President and Director</i>	Units ⁽¹¹⁾	173,913 ⁽¹¹⁾⁽²⁾	1/19/2021	C\$1.38	C\$1.38	C\$0.37	N/A
	Stock options ⁽⁸⁾	1,500,000 ⁽¹⁰⁾	12/30/2021	C\$0.36	C\$0.35	C\$0.37	12/30/2026
	Restricted stock units ⁽⁹⁾	942,000 ⁽⁹⁾	12/30/2021	C\$0.35	C\$0.35	C\$0.37	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 (181,667 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.

⁽³⁾ As at December 31, 2021, Mr. Marchington held 572,825 stock options (146,135 vested). In January 2022, Mr. Marchington agreed to cancel 347,825 options which had been previously issued.

⁽⁴⁾ As at December 31, 2021, Mr. McKnight held 651,302 options (282,855 vested). In January 2022, Mr. McKnight agreed to cancel 401,302 options which had been previously issued.

⁽⁵⁾ As at December 31, 2021, Mr. Varghese held 1,500,000 stock options (177,319 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.

⁽⁶⁾ As at December 31, 2021, Mr. Martin held 651,302 options (282,855 vested). In January 2022, Mr. Martin 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 (451,689 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⁾ 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".

⁽⁹⁾ Vesting immediately.

⁽¹⁰⁾ Vesting over 3 years.

⁽¹¹⁾ 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.

⁽¹²⁾ As at December 31, 2021, Mr. Secord held 380,434 options (32,609 vested). In January 2022, Mr. Secord agreed to cancel 130,434 options which had been previously issued.

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 over a twelve-month term if terminated. Severance payments will be paid 25% on day 1 following termination, and the remaining amounts paid equally over three calendar quarter in order to help manage cash flows.

On December 30, 2021, Mr. Varghese received 259,000 restricted stock units and 1,500,000 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% on day 1 following termination, and the remaining amounts paid equally over three calendar quarter in order to help manage cash flows.

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 voluntary 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 remains 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 successful 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 October 19, 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 2023 and is to be reviewed annually. The Company expects to update the KERP in light of recent trading prices on the OTC and the Cease Trade Order.

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, 2021.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by securityholders	5,972,401	C\$1.25	4,131,700
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	5,972,401	C\$1.25	4,131,700

Notes:

⁽¹⁾ Represents the number of Common Shares reserved for issuance upon exercise of the denoted outstanding options granted in accordance with the 2021 Stock Incentive Plan as at December 31, 2021.

⁽²⁾ Based on the maximum aggregate number of Common Shares that were available for issuance under the 2021 Stock Incentive Plan as at December 31, 2021 and based on 15% of the number of Common Shares issued and outstanding as of December 31, 2021. The maximum number of Common Shares reserved for issuance under the 2021 Stock Incentive Plan at any time is 15% 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, with the exception of the indebtedness disclosed below. The individual officer and directors intend to unwind these arrangements once the Cease Trade Order has been revoked. 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 2021	Amount Outstanding at October 19, 2022	Financially Assisted Securities Purchased During 2021	Security for Indebtedness	Amount Forgiven During 2021
John Varghese ⁽¹⁾ <i>Executive Chairman, Director</i>	The lender is a subsidiary of the Corporation	C\$1,903,371.60	C\$1,903,371.60	211,358 Common Shares	Share pledge	Nil
Jeff Yapp ⁽²⁾ <i>CEO, President and Director</i>	The lender is a subsidiary of the Corporation	C\$1,897,371.60	C\$1,897,371.60	207,010 Common Shares	Share pledge	Nil
Rick Miller ⁽³⁾ <i>Director</i>	The lender is a subsidiary of the Corporation	C\$1,453,371.60	C\$1,453,371.60	1,057,167 Common Shares	Share pledge	Nil

Note:

⁽¹⁾ 1,167,896 common shares were acquired by Mr. Varghese at a price of C\$1.38 per share in connection with Mr. Varghese being appointed as Executive Chairman, and an additional 211,358 shares were acquired in May 2021. The loan matures 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 or the Subsidiary to realize upon the pledged shares. In the event that either Mr.

Varghese 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 lender. The lender shall not have any right to payment from Mr. Varghese or against any property or assets other than the pledged shares.

(2) 1,167,896 common shares were acquired by Mr. Yapp at a price of C\$1.38 per share in connection with Mr. Yapp being appointed as CEO, and an additional 207,010 shares were acquired in May 2021. The loan matures on August 31, 2024 and bear interest at the rate of 2%. The liability is limited to the extent that such liability is required to permit the Corporation or the Subsidiary to realize upon the pledged shares. In the event that either 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 lender. The lender shall not have any right to payment from Mr. Yapp or against any property or assets other than the pledged shares.

(3) 1,053,167 common shares were acquired by Mr. Miller at a price of C\$1.38 per share in May 2021. The loans mature on August 31, 2024 and bear interest at the rate 2%. The liability is limited to the extent that such liability is required to permit the Corporation or the Subsidiary to realize upon the pledged shares. In the event that either Mr. Miller 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 lender. The lender shall not have any right to payment from Mr. Miller or against any property or assets other than the pledged shares.

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, 2021 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 and on the Corporation's website at www.chalicebrandsltd.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**"). Shareholders may obtain the financial statements and MD&A under the Corporation's profile on SEDAR at 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"

Jeff Yapp
Chief Executive Officer
October 19, 2022

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

CHALICE BRANDS LTD.

AUDIT COMMITTEE CHARTER

PURPOSE

1. The Audit Committee ("Committee") is a committee of the board of directors (the "Board") of Chalice Brands 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"
2021 REPORTING PACKAGE
(attached)

NOTICE OF CHANGE OF AUDITOR

TO: BAKER TILLY US, LLP

AND TO: DALE MATHESON CARR-HILTON LABONTE LLP

**AND TO: Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission**

TAKE NOTICE THAT Chalice Brands Ltd. (the "**Corporation**") hereby provides notice pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") of a change of its auditors from Dale Matheson Carr-Hilton Labonte **LLP ("Dale Matheson")**, Chartered Professional Accountants, to Baker Tilly US, LLP ("**Baker Tilly**"), Certified Public Accountants, effective July 1, 2021.

TAKE FURTHER NOTICE THAT:

1. Dale Matheson, the former independent auditor of the Corporation, tendered its resignation effective July 1, 2021 and the Corporation has appointed Baker Tilly in its place.
2. The resignation of Dale Matheson and the appointment of Baker Tilly in its place have been recommended by the Audit Committee of the Board of Directors of the Corporation (the "**Board**") and approved by the Board.
3. There have been no reservations contained in Dale Matheson's auditors' reports on any of the financial statements of the Corporation commencing at the beginning of the two most recently completed fiscal years and ending on December 31, 2020.
4. There are no reportable events (as defined under Section 4.11(1) of NI 51-102).
5. The Corporation has requested Dale Matheson and Baker Tilly to each furnish a letter addressed to the securities administrators in each province in which the Corporation is a reporting issuer stating whether or not they agree with the information contained in this notice. A copy of each such letter to the securities administrators will be filed with this notice.

DATED as of this 1 day of July, 2021.

CHALICE BRAND LTD.



Name: Andrew Marchington
Title: Chief Financial Officer



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

July 2, 2021

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
9TH Floor – 701 West Georgia Street
Vancouver, B.C. V7Y 1L2

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Alberta Securities Commission
Suite 600, 250 – 5th Street S.W.
Calgary, Alberta T2P 0R4

Dear Sirs:

Re: Chalice Brands Ltd. (the “Company”)
Notice Pursuant to National Instrument 51-102 - Change of Auditor

As required by the National Instrument 51-102 and in connection with our resignation as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated July 1, 2021 and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time.

Yours very truly,

A handwritten signature in blue ink that reads 'DMCL'.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS



Baker Tilly US, LLP
18500 Von Karman Ave; 10th Fl.
Irvine, CA 92612
United States of America

T: +1 (949) 222 2999
F: +1 (949) 222 2989

bakertilly.com

July 1, 2021

**British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission**

Dear Sirs / Mesdames

Re: Chalice Brands Ltd. (the "Company")

Notice Pursuant to NI 51 – 102 of Change of Auditor

In accordance with National Instrument 51-102, we have read the Company's Change of Auditor Notice dated July 1, 2021 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the writer.

Yours very truly,

BAKER TILLY US, LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

SCHEDULE "C"
2022 REPORTING PACKAGE
(attached)

NOTICE OF CHANGE OF AUDITOR

TO: BAKER TILLY US, LLP

AND TO: M&K CPAS PLLC

**AND TO: Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission**

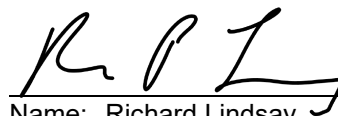
TAKE NOTICE THAT Chalice Brands Ltd. (the "**Corporation**") hereby provides notice pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") of a change of its auditors from Baker Tilly US, LLP ("**Baker**"), Chartered Professional Accountants, to M&K CPAS PLLC ("**M&K**"), Chartered Professional Accountants, effective September 28, 2022.

TAKE FURTHER NOTICE THAT:

1. Baker, the former independent auditor of the Corporation, tendered its resignation effective September 28, 2022 and the Corporation has appointed M&K in its place. The resignation was at the request of the Corporation. The Corporation had incorrectly reported that Baker had resigned effective August 10, 2022 and made disclosures in that respect on August 10, 2022. The Corporation's public disclosure of the effective dates of the resignation of Baker and the appointment of M&K is incorrect, which date should each be September 28, 2022.
2. The request of Baker to resign and the appointment of M&K in its place have been recommended by the Audit Committee of the Board of Directors of the Corporation (the "**Board**") and approved by the Board.
3. Baker was engaged to perform an audit of the consolidated financial statements of the Corporation as of and for the year ended December 31, 2021 in accordance with Canadian generally accepted auditing standards. As of the date of this notice, Baker has not completed their audit nor has Baker issued any report.
4. There are no reportable events (as defined under Section 4.11(1) of NI 51-102).
5. The Corporation has requested Baker and M&K to each furnish a letter addressed to the securities regulators in each province in which the Corporation is a reporting issuer stating whether or not they agree with the information contained in this notice. A copy of each such letter to the securities administrators will be filed with this notice.

DATED as of this 3rd day of October, 2022.

CHALICE BRANDS LTD.



Name: Richard Lindsay
Title: Interim Chief Financial Officer



Baker Tilly US, LLP
18500 Von Karman Avenue, 10th Fl.
Irvine, CA 92612
United States of America

T: +1 (949) 222-2999
F: +1 (949) 222-2289

bakertilly.com

October 3, 2022

Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission

Dear Sirs/Mesdames:

Re: Chalice Brands Ltd. (the "Company") – Change of Auditor

As required by National Instrument 51-102 – *Continuous Disclosure Obligations*, we have reviewed the information contained in the Notice of Change of Auditor dated October 3, 2022 given by the Company to M&K CPAS PLLC and ourselves.

Based on our knowledge of such information at this date, we agree with the statements pertaining to our firm set out in the Notice.

Yours truly,

BAKER TILLY US LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.



October 3, 2022

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission

Dear Sirs / Mesdames

Re: Chalice Brands Ltd. (the "Company")

Notice Pursuant to NI 51 – 102 of Change of Auditor

In accordance with National Instrument 51-102, we have read the Company's Change of Auditor Notice dated October 3, 2022 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the writer.
Yours very truly,

M&K CPAS, PLLC

M&K CPAS, PLLC