

# CHRISTINA LAKE CANNABIS CORP.

## 2018 Stock Option Incentive Plan

### 1. PURPOSE

The purpose of this 2018 Stock Option Incentive Plan is to provide an incentive to Eligible Persons to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

### 2. DEFINITIONS

In this Plan, the following words have the following meanings:

- (a) “Board” means the Board of Directors of the Company;
- (b) “CSE” means the Canadian Securities Exchange;
- (c) “Common Shares” means the Common Shares of the Company;
- (d) “Company” means Christina Lake Cannabis Corp.;
- (e) “Effective Date” means the day following the date upon which the Plan has been approved by the last to approve of the Board, the Company’s shareholders, the CSE and, if required, any other regulatory authority having jurisdiction over the Company’s securities;
- (f) “Eligible Person” means any director, executive officer, employee of or consultant to the Company or of a Related Entity of the Company (as those terms are defined by National Instrument 45-106 – *Prospectus Exemptions*, as amended or replaced from time to time);
- (g) “Exchange” means any stock exchange or stock quotation system other than the CSE on which the Common Shares trade;
- (h) “Fair Market Value” means, as of any date, the value of the Common Shares, determined as follows:
  - (i) if the Common Shares are listed on the CSE, the Fair Market Value shall be such price that is not lower than the greater of the closing market price of the Common Shares on the CSE on:
    - A. the trading day prior to the Option Date; and
    - B. the Option Date;
  - (ii) if the Common Shares are listed on an Exchange, the fair market value shall be the closing sales price of such shares (or the closing bid, if no sales were reported) as quoted on such Exchange for the market trading day immediately prior to the time of determination less any discount permitted by such Exchange; and

- (iii) if the Common Shares are not listed on an Exchange, the Fair Market Value shall be determined in good faith by the Board;
- (i) “Investor Relations Activities” has the meaning set out in National Instrument 45-106 – *Prospectus Exemptions*, as amended or replaced from time to time;
- (j) “Investor Relations Person” means a person that is a registrant or that provides services that include Investor Relations Activities;
- (k) “Option” means the option granted to an Optionee under this Plan and the Option Agreement;
- (l) “Option Agreement” means such option agreement or agreements as is approved from time to time by the Board and as is not inconsistent with the terms of this Plan;
- (m) “Option Date” means the date of grant of an Option to an Optionee;
- (n) “Optionee” means a person to whom an Option has been granted;
- (o) “Option Price” is the price at which the Optionee is entitled pursuant to the Plan and the Option Agreement to acquire Option Shares;
- (p) “Option Shares” means, subject to the provisions of Article 8 of this Plan, the Common Shares which the Optionee is entitled to acquire pursuant to this Plan and the applicable Option Agreement;
- (q) “Plan” means this 2018 Stock Option Incentive Plan;
- (r) “Related Entity” means, for the Company, a person that controls or is controlled by the Company or that is controlled by the same person that controls the Company;
- (s) “Related Person” means, for the Company,
  - (i) a director or executive officer of the Company or of a Related Entity of the Company, or
  - (ii) an associate of a director or executive officer of the Company or of a Related Entity of the Company; and
- (t) “Vested” means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

Other words used herein and not otherwise defined shall have the meaning ascribed thereto by applicable securities legislation.

### 3. **ADMINISTRATION**

The Plan shall be administered by the Board and, subject to the rules of the CSE or an Exchange from time to time and except as provided for herein, the Board shall have full authority to:

- (a) determine and designate from time to time those Eligible Persons to whom Options are to be granted and the number of Option Shares to be optioned to each such Eligible Person;
- (b) determine the time or times when, and the manner in which, each Option shall be exercisable and the duration of the exercise period;
- (c) determine from time to time the Option Price, provided such determination is not inconsistent with this Plan; and
- (d) interpret the Plan and to make such rules and regulations and establish such procedures as it deems appropriate for the administration of the Plan, taking into consideration the recommendations of management.

4. **OPTIONEES**

Optionees must be Eligible Persons who, by the nature of their jobs or their participation in the affairs of the Company, in the opinion of the Board, are in a position to contribute to the success of the Company.

5. **EFFECTIVENESS AND TERMINATION OF PLAN**

The Plan shall be effective as of the Effective Date and shall terminate on the earlier of:

- (a) the date which is ten years from the Effective Date; and
- (b) such earlier date as the Board may determine.

Any Option outstanding under the Plan at the time of termination of the Plan shall remain in effect in accordance with the terms and conditions of the Plan and the Option Agreement.

6. **THE OPTION SHARES**

The aggregate number of Option Shares reserved for issuance under the Plan, Common Shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time (the "Other Plans") and Common Shares reserved for issuance under incentive stock options not granted under the Plan or the Other Plans, may not exceed in aggregate **8,158,321** (40,791,605 x 20%) Common Shares.

7. **GRANTS, TERMS AND CONDITIONS OF OPTIONS**

Options may be granted by the Board at any time and from time to time prior to the termination of the Plan. Options granted pursuant to the Plan shall be contained in an Option Agreement and, except as hereinafter provided, shall be subject to the following terms and conditions:

- (a) Option Price

The Option Price shall be determined by the Board, provided that such price shall not be lower than the Fair Market Value of the Option Shares on the date of grant of the Option.

(b) Duration and Exercise of Options

Except as otherwise provided elsewhere in this Plan, the Options shall be exercisable for a period, or in percentage installments over a period, to be determined in each instance by the Board, not exceeding ten years from the Option Date. The Options must be exercised in accordance with this Plan and the terms of the respective Option Agreement.

Except as contemplated in (c) below, no Option may be exercised by an Optionee who was an Eligible Person at the time of grant of such Option unless the Optionee shall have been an Eligible Person continuously since the Option Date. Absence on leave, with the approval of the Company, shall not be considered an interruption of employment for the purpose of the Plan.

(c) Termination

All rights to exercise Options shall terminate upon the earliest of:

- (i) the expiration date of the Option;
- (ii) the 90<sup>th</sup> day after the Optionee ceases to be an Eligible Person for any reason other than death, disability or cause;
- (iii) the 30<sup>th</sup> day after the Optionee who is engaged in Investor Relations Activities for the Company ceases to be employed to provide Investor Relations Activities;
- (iv) the date on which the Optionee ceases to be an Eligible Person by reason or termination of the Optionee as a director, executive officer, employee or consultant for cause (which, in the case of a consultant, includes any breach of an agreement between the Company and the consultant);
- (v) the first anniversary of the date on which the Optionee ceases to be an Eligible Person by reason of termination of the Optionee as a director, executive officer, employee or consultant on account of disability; or
- (vi) the first anniversary of the date of death of the Optionee.

(d) Re-issuance of Options

Options which are cancelled or expire prior to exercise may be re-issued under the Plan without shareholder approval.

(e) Transferability of Option

Options are non-transferable and non-assignable.

(f) Vesting of Option Shares

The Directors may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Options issued to Investor Relations Persons must vest in stages over 12 months with no more than one-quarter of the Options vesting in any three month period.

(g) Other Terms and Conditions

The Option Agreement may contain such other provisions as the Board deems appropriate, provided such provisions are not inconsistent with the Plan and the requirements of the CSE or an Exchange.

In addition, for as long as the Common Shares of the Company are listed on the CSE:

- (i) The total number of Common Shares of the Company (either issued directly or issuable on exercise of Options or other convertible securities of the Company) provided as compensation to Investor Relations Persons may not exceed in aggregate 1% of the issued and outstanding Common Shares of the Company in any 12 month period.
- (ii) The approval of the shareholders of the Company shall be obtained for any grants of Options to an employee or consultant of the Company who is an Investor Relations Person, an associated consultant of the Company, or a director or executive officer of the Company, or a permitted assign of those persons if, after the grant:
  - A. the number of securities, calculated on a fully diluted basis, reserves for issuance under Options granted to:
    - (1) Related Persons, exceeds 10% of the outstanding securities of the Company; or
    - (2) a Related Person, exceeds 5% of the outstanding securities of the Company; or
  - B. the number of securities, calculated on a fully diluted basis, issued within 12 months to:
    - (1) Related Persons, exceeds 10% of the outstanding securities of the Company; or
    - (2) a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company.

8. **ADJUSTMENT OF AND CHANGES IN THE OPTION SHARES**

- (a) If the Common Shares are at any time to be listed or quoted on any stock exchange or stock quotation system, to the extent that there are any Options which are outstanding and unexercised at the time of such application for listing, the Option Price, the aggregate

number of Option Shares, the exercise period, and any other relevant terms of such Options, and the Option Agreements in relation thereto, shall be amended in accordance with the requirements of any applicable securities regulation or law or any applicable governmental or regulatory body (including the CSE or an Exchange). Subject to the requirements of the CSE or an Exchange, any such amendment shall be effective upon receipt of Board approval of it, and the approval of any of the shareholders of the Company or any of the Optionees is not required to give effect to such amendment.

- (b) If the Common Shares, as presently constituted, are changed into or exchanged for a different number or kind of shares or other securities of the Company or of another Company (whether by reason of merger, consolidation, amalgamation, recapitalization, reclassification, split, reverse split, combination of shares, or otherwise), then there shall be substituted for or added to each Common Share subject to or which may become subject to an Option under this Plan, the number and kind of shares or other securities into which each outstanding Common Share is so changed, or for which each such Common Share is exchanged, as the case may be. Outstanding Options under the Option Agreements shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event that there is any other change in the number or kind of the outstanding Common Shares or of any shares or other securities into which such Common Shares are changed, or for which they have been exchanged, then, if the Board shall, in its sole discretion, determine that such change equitably requires an adjustment in any Option theretofore granted or which may be granted under the Plan, such adjustment shall be made in accordance with such determination.
- (c) Fractional shares resulting from any adjustment in Options pursuant to this Section 8 will be cancelled. Notice of any adjustment shall be given by the Company to each holder of an Option which has been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

## 9. **PAYMENT**

Subject as hereinafter provided, the full purchase price for each of the Option Shares shall be paid by certified cheque in favour of the Company upon exercise thereof. An Optionee shall have none of the rights of a shareholder in respect of the Option Shares until the shares are issued to such Optionee.

## 10. **SECURITIES LAW REQUIREMENTS**

No Option shall be exercisable in whole or in part, nor shall the Company be obligated to issue any Option Shares pursuant to the exercise of any such Option, if such exercise and issuance would, in the opinion of counsel for the Company, constitute a breach of any applicable laws from time to time, or the rules from time to time of the CSE or an Exchange. Each Option shall be subject to the further requirement that if at any time the Board determines that the listing or qualification of the Option Shares under any securities legislation or other applicable law, or the consent or approval of any governmental or other regulatory body (including the CSE or an Exchange), is necessary as a condition of, or in connection with, the issue of the Option Shares hereunder, such Option may not be exercised in whole or in part unless such listing,

qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

11. **AMENDMENT OF THE PLAN**

- (a) The Board may amend, suspend or terminate the Plan or any portion thereof at any time, but an amendment may not be made without shareholder approval if such approval is necessary to comply with applicable regulatory requirement.
- (b) The Board shall have the power, in the event of:
  - (i) any disposition of substantially all of the assets of the Company, dissolution or any merger, amalgamation or consolidation of the Company, with or into any other Company, or the merger, amalgamation or consolidation of any other Company with or into the Company; or
  - (ii) any acquisition pursuant to a public tender offer of a majority of the then issued and outstanding Common Shares;

but subject to compliance with the rules of the CSE or an Exchange, to amend any outstanding Options to permit the exercise of all such Options prior to the effectiveness of any such transaction, and to terminate such Options as of such effectiveness in the case of transactions referred to in subsection (i) above, and as of the effectiveness of such tender offer or such later date as the Board may determine in the case of any transaction described in subsection (ii) above. If the Board exercises such power, all Options then outstanding and subject to such requirements shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Board prior to the effectiveness of such transaction, and such Options shall also be deemed to have terminated as provided above.

12. **POWER TO TERMINATE OR AMEND PLAN**

Subject to the approval of the CSE or an Exchange on which the Company's securities are listed, the Board may terminate, suspend or amend the terms of the Plan; provided that the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, shareholder approval, and, where required, disinterested shareholder approval, or by the written consent of the holders of a majority of the securities of the Corporation entitled to vote:

- (a) increase the aggregate number of Common Shares which may be issued under the Plan;
- (b) materially modify the requirements as to the eligibility for participation in the Plan which would have the potential of broadening or increasing insider participation;
- (c) add any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the Plan;
- (d) add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Plan reserve; and

- (e) materially increase the benefits accruing to participants under the Plan.

However, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

- (f) amendments of a housekeeping nature to the Plan;
- (g) a change to the vesting provisions of a security or the Plan; and
- (h) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date.

***Approved by the Shareholders of the Company on January 9, 2019.***

**CHRISTINA LAKE CANNABIS CORP.**

**STOCK OPTION PLAN OPTION CERTIFICATE**

This certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of **CHRISTINA LAKE CANNABIS CORP.** (the “**Company**”) and evidences that [NAME OF OPTIONEE] is the holder of an option (the “**Option**”) to purchase up to ● common shares (“**Shares**”) in the capital stock of the Company at a purchase price of \$● per Share.

Subject to the provisions of the Plan:

- (a) The Award Date of this Option is ●; and
- (b) The Expiry Date of this Option is ●.

Applicable Vesting or Other Restrictions

The Options will vest to the Optionee, and be eligible to be exercised immediately following the Award Date.

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Vancouver time) on the Expiry Date, by delivering to the Administrator of the Plan an Exercise Notice in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

**CHRISTINA LAKE CANNABIS CORP.**

by its authorized signatory

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Arie Prins  
President / CEO

**EXERCISE NOTICE**

To: **CHRISTINA LAKE CANNABIS CORP.**  
The Administrator, Stock Option Plan

The undersigned hereby irrevocably gives notice, pursuant to the **CHRISTINA LAKE CANNABIS CORP.** (the “**Company**”) stock option plan (the “**Plan**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares, which are the subject of the Option Certificate attached hereto.

Calculation of total Exercise Price:

(i) Number of Shares to be acquired on exercise: \_\_\_\_\_ Shares;

(ii) Times the Exercise Price per Share: \$●

TOTAL EXERCISE PRICE, enclosed herewith: \$\_\_\_\_\_.

The undersigned tenders herewith a certified cheque or bank draft (**circle one**) in the amount of \$\_\_\_\_\_ payable to the Company in an amount equal to the Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Option Holder

\_\_\_\_\_  
Name of Witness (please print)

\_\_\_\_\_  
Name of Option Holder (please print)