

CHRISTINA LAKE CANNABIS CORP.

**Annual General Meeting
to be held on March 31, 2020**

**Notice of Annual General Meeting
and
Information Circular**

February 28, 2020

**CHRISTINA LAKE CANNABIS CORP.
789 WEST PENDER STREET, SUITE 810
VANCOUVER, BRITISH COLUMBIA
V6C 1H2**

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Christina Lake Cannabis Corp. (the “**Company**”) will be held at **789 West Pender Street, Suite 810, Vancouver, BC V6C 1H2** on **March 31, 2020** at **11:00** am (Pacific Daylight Time) for the following purposes:

1. to receive the audited financial statements of the Company for the fiscal year ended November 30, 2018;
2. to set the number of directors;
3. to elect the directors of the Company to hold office until the next annual meeting of Shareholders;
4. to appoint DMCL Chartered Professional Accountants, as the Company’s auditor for the current fiscal year ending November 30, 2019 and to authorize the Board of Directors to fix the remuneration to be paid to the auditor;
6. to consider and, if thought fit, pass an ordinary resolution to affirm, ratify and approve the Company’s 2020 Stock Option Incentive Plan, which is more particularly described in the attached Information Circular; and
7. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this Notice of Meeting.

The Company’s Board of Directors has fixed February 28, 2020 as the record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered Shareholder at the close of business on that date is entitled to receive such notice and to vote at the Meeting in the circumstances set out in the accompanying Information Circular.

If you are a registered Shareholder of the Company and unable to attend the Meeting in person, please complete, date and sign the accompanying form of proxy and deposit it with the Company’s transfer agent, National Securities Administrators Ltd., 760 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, no later than 11:00 a.m. on March 27, 2020 or at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of British Columbia) before the time and date of any adjournment or postponement of the Meeting.

If you are a non-registered Shareholder and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada), or a nominee of any of the foregoing that holds your securities on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, the 28th day of February, 2020.

ON BEHALF OF THE BOARD

(signed) “*Joel Dumaresq*”

Joel Dumaresq
Director, Interim Chief Executive Office and Chief Financial Officer

**CHRISTINA LAKE CANNABIS CORP.
789 WEST PENDER STREET, SUITE 810
VANCOUVER, BRITISH COLUMBIA
V6C 1H2**

INFORMATION CIRCULAR

(as at February 28, 2020 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the Management of Christina Lake Cannabis Corp. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on March 31, 2020 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to National Securities Administrators Ltd., (“**National**”) by 11:00 a.m. (Pacific Daylight Time) on March 27, 2020, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to National, or by transmitting a revocation by telephonic or electronic means, to National, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company (the “Management”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Advice to Beneficial Holders of Common Shares

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

shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

The Company has distributed copies of the Notice of Meeting, Circular and VIF to intermediaries for distribution to NOBOs. Unless you have waived your right to receive the Notice of Meeting, Circular and VIF, intermediaries are required to deliver them to you as a NOBO of the Company and to seek your instructions on how to vote your common shares.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 11:00 a.m. (Colorado time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, National Securities Administrators Ltd., unless specifically stated otherwise.

Financial Statements

The audited financial statements of the Company for the year ended November 30, 2018, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares of which 76,723,312 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at February 28, 2020, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

The only person known to the Company who beneficially owns, directly or indirectly, or exercises control or direction over 10% or more of the outstanding Shares (either on an undiluted or fully diluted basis) is Mr. Gil Playford, who beneficially owns, directly or indirectly, and exercises control and direction over, an aggregate of 8,625,303 of the outstanding Shares, being 11.33% of the outstanding Shares.

NUMBER OF DIRECTORS

The articles of the Company provide for a Board of no fewer than three directors and no greater than a number as fixed or changed from time to time by ordinary resolution passed by the Shareholders.

At the Meeting, Shareholders will be asked to pass a resolution to set the number of directors of the Company for the ensuing year at four (4). The number of directors will be approved if the affirmative vote of the majority present or represented by proxy at the Meeting and entitled to vote, are voted in favour to set the number of directors at four (4). **Management recommends the approval of the special resolution to set the number of directors of the Company at four (4).**

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

| Name, province or state and country of residence and position, if any, held in the Company | Principal occupation during the past five years | Served as director of the Company since | Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾⁽²⁾ |
|---|---|---|---|
| Joel Dumaresq ⁽³⁾ Vancouver, BC Director, Interim Chief Executive Officer and Chief Financial Officer | Interim Chief Executive Officer and Chief Financial Officer | February 1, 2018 | 330,367 0.43% |
| Jason Taylor Grand Forks, BC Director | Lawyer and Employee of the Company | January 9, 2019 | 2,500,000 3.25% |
| Peter Nguyen ⁽³⁾ Vancouver, British Columbia Director | Chartered Professional Accountant | January 9, 2019 | Nil |
| Nicco Dehaan Grand Forks, BC Director | Chief Operating Officer and Employee of the Company | January 9, 2019 | 2,711,111 3.53% |

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) On the basis of 76,723,312 issued and outstanding common shares as of the date of this Information Circular.
- (3) A member of the audit committee.

As of the date of this Information Circular, the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, 5,541,478 common shares representing approximately 7.22% of the issued and outstanding common shares.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Corporate Cease Trade Orders or Bankruptcies

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

Penalties or Sanctions

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Compensation, Philosophy and Objectives

The Company does not have a formal compensation program. The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other cannabis companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a technology development Company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers ("NEOs"), as hereinafter defined, is fair and reasonable. A "Named Executive Officer" ("NEO") includes: (i) the Company's CEO; (ii) the Company's CFO; (iii) each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year of November 30, 2018, and whose total compensation was more than \$150,000; and (iv) any additional individuals for whom disclosure would have been required except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year. The Board relies on the experience of its members as officers and directors with other junior companies in assessing compensation levels.

Analysis of Elements

Base salary is used to provide the NEOs a set amount of money during the year with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of options to be a significant component of executive compensation as it allows the Company to reward each NEOs efforts to increase value for shareholders without requiring the Company to use cash from its treasury. options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the option grants, including vesting provisions and exercise prices, are governed by the terms of the stock option plan.

Long Term Compensation and Option-Based Awards

The Company has no long-term incentive plans other than its stock option plan. The Company's directors, officers, employees and certain consultants are entitled to participate in the stock option plan. The stock option plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the stock option plan aligns the interests of the NEO and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Common shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- (a) parties who are entitled to participate in the stock option plan;
- (b) the exercise price for each option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the CSE from the market price on the date of grant;
- (c) the date on which each option is granted;
- (d) the vesting period, if any, for each option;
- (e) the other material terms and conditions of each option grant; and
- (f) any re-pricing or amendment to an option grant.

The Board makes these determinations subject to and in accordance with the provisions of the stock option plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year.

Summary Compensation

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, for the Company's financial years ended November 30, 2018 and 2017.

Named Executive Officer and Director Compensation

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO of the Company during the fiscal years ended November 30, 2018 and November 30, 2017, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite

paid, payable, awarded, granted, given or otherwise provided to the NEO of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

| Table of Compensation | | | | | | | | | |
|---|-------------|------------------------|--|---|--|---|-----------------------------------|--|--|
| NEO Name Principal Position | Year | Salary (\$) | Share Based Awards (\$) | Option Based Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | | Pension Value (\$) | All Other Compensation (\$) | Total compensation (\$) |
| | | | | | Annual Incentive Plans | Long Term Incentive Plans (\$) | | | |
| Joel Dumaesq CFO ⁽¹⁾ | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | 12,000 ⁽⁶⁾ | 12,000 |
| | 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Eugene Beukman Former CEO and Former Corporate Secretary ⁽²⁾ | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | 12,000 ⁽⁷⁾ | 12,000 |
| | 2017 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Marcelin O'Neill Former CEO, CFO, President and Corporate Secretary ⁽³⁾ | 2018 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | 92,000 ⁽⁸⁾ | 92,000 |
| Carlos Cervantes, former CEO ⁽⁴⁾ | 2018 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Kelly Pladson, former CFO ⁽⁵⁾ | 2018 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

- (1) Joel Dumaesq was appointed CFO of the Company on February 1, 2018.
- (2) Eugene Beukman served as CEO and Corporate Secretary of the Company from February 1, 2018 to January 9, 2019.
- (3) Marcelin O'Neill served as CEO and President from January 17, 2017 to February 1, 2018 and as CFO and Corporate Secretary from March 2, 2017 to February 1, 2018.
- (4) Carlos Cervantes served as CEO of the Company from January 30, 2015 to January 17, 2017.
- (5) Kelly Pladson served as CFO from October 26, 2015 to January 17, 2017.
- (6) Rent fees paid to a private company jointly controlled by the CFO
- (7) Consulting fees paid to a private company controlled by the former CEO.
- (8) Consulting on director fees paid to former directors and officers.

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors. The directors of the Company may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors are also eligible to receive incentive stock options to purchase common shares of the Company under the Company's stock option plan.

External Management Companies

During the financial year ended November 30, 2018, the Company entered into a corporate management agreement (the "**Management Agreement**") dated January 1, 2018, with Pender Street Corporate Consulting Ltd. and subsequently assigned to Partum Advisory Services Corp. on April 1, 2019 ("**Partum**") to provide management, accounting and administrative services to the Company in accordance with the terms of the Management Agreement for a monthly fee of \$6,000 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. Partum is also entitled to charge a 15% administration fee on all disbursements paid by Partum to a maximum of 2% per disbursement, and to charge interest of 2% on all disbursements not reimbursed within 30 days. The Management Agreement is for an initial term of 12 months, to be automatically renewed for further 12 month periods, unless either party gives 180 days' notice of non-renewal, in which case the Management Agreement will terminate. The Management Agreement can be terminated by either party on 90 days' written notice. It can also be terminated by the Company for cause without prior notice or upon the mutual consent in writing of both parties. If there is a take-over or change of control of the Company resulting in the termination of the Management Agreement, Partum is entitled to receive an amount equal to 24 months of fees payable as a lump sum payment due on the day after the termination date.

Partum was not indebted to the Company during the Company's last completed financial year, and the Management Agreement remains in effect.

During the most recently completed financial year, the Company paid or accrued a total \$66,000 in management and accounting fees.

Stock Options and Other Compensation Securities

No options or other compensation securities were granted or issued to any NEO or director by the Company in the most recent financial year ended November 30, 2018. On March 1, 2017, the Board approved the adoption of a fixed stock option plan. See "*Options to Purchase Securities*" for a description of the stock option plan.

Termination and Change of Control Benefits

The Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in an NEOs responsibilities.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the stock option plan.

Employment, Consulting and Management Agreements

Except as noted below, management functions of the Company are, and since the beginning of the recently completed financial year have been, performed by the directors and senior officers of the Company, or private companies controlled by such directors or officers, and are not to any substantial degree performed by any other person or Company.

The Company entered into employment agreements with Messrs. Jason Taylor, Nicco Dehaan, Steven Bowering and Timothy O'Donnell. Messrs. Dehaan, Bowering and O'Donnell are experienced master growers and cannabis processors and will oversee the development, and operations of the Facility. Mr. O'Donnell was appointed as the Corporate Secretary and both Messrs. Taylor and Dehaan are directors of the Company.

The employment agreements dated October 16, 2018, between the Company and individually, Messrs. Taylor, Dehaan, Bowering and O'Donnell, provide for the payment of \$60,000 per annum in salaries, reimbursement of reasonable expenses and one-time signing bonuses of \$50,000 per person (paid). Pursuant to the employment agreements, which contain industry standard terms and conditions, each person is entitled to 6 months' notice for termination without cause, and in the case of a change of control, each person is entitled to one years' salary and any unpaid bonuses and expenses. Salaries are to be reviewed annually by the board of directors. Each of the employment agreements also contains non-disclosure terms and a non-compete clause limiting each individual working in competition with the Company for a period of one year following termination of employment for any reason.

Oversight and Description of Director and NEO Compensation

The Board does not have a compensation committee or a formal procedure with respect to determining compensation for its personnel. These functions are currently performed by the Board as a whole; however, this policy may be reviewed in the future depending on the circumstances of the Company. The Board periodically reviews the compensation paid to the Company's officers, directors, and key employees, ensuring that such compensation realistically reflects the responsibilities of such positions and based on such factors as time commitment and level of responsibility, comparative fees paid by other companies in same industry in North America, and the Company's current position as a venture Company. The Company does not currently use a peer group to determine compensation paid to directors and NEOs.

Pension Disclosure

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

Intended Changes to Compensation

The Company intends to review its compensation practices and may enter into consulting arrangements with executive officers of the Company.

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

On March 1, 2017, the Board approved the adoption of a fixed stock option plan reserving for issuance, upon the exercise of options granted pursuant to the stock option plan, a maximum of 20% of the issued and outstanding shares of the Company, less any shares required to be reserved with respect to options granted by the Company prior to the implementation of the stock option plan. The stock option plan was subsequently replaced with the 2018 Plan which was approved by shareholders at its January 9, 2019 Annual General and Special Meeting. The 2018 Plan reserves 8,158,321 common shares (which represents 20% of the Company's outstanding common shares as of the record date for the Meeting).

On February 26, 2020, the Board adopted a 20% rolling stock option plan (the "2020 Plan") subject to shareholder approval to replace the fixed number 2018 Plan. Accordingly, at the Meeting, shareholders will be asked to consider, and if thought fit, to pass an ordinary resolution approving the adoption by the Company of said 2020 Plan, a copy is attached hereto as Schedule "B"

The 2020 Plan is administered by the Board of Directors of the Company that in its sole discretion, will determine all options to be granted pursuant to the 2020 Plan, the exercise price therefore, and any special terms or vesting provisions applicable thereto. The Board will comply with all regulatory requirements in granting options and otherwise administering the 2020 Plan.

The 2020 Plan was established to provide incentive to directors, officers and employees and consultants. The purpose of the 2020 Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Board is of the view that the 2020 Plan provides the Company with the ability to attract and maintain the services of directors, executives, employees and other service providers in compensation with other companies in the industry.

To be eligible to receive a grant of options under the 2020 Plan, regulatory authorities require an optionee to be either a director, officer, employee, consultant or an employee of a Company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

The following is a summary of the material terms of the 2020 Plan.

- the total number of common shares (either issued directly or issuable on exercise of options or other convertible securities of the Company) provided as compensation to Investor Relations Persons (as such term is defined in the 2020 Plan) may not exceed in aggregate 1% of the issued and outstanding common shares of the Company in any 12 month period; and
- approval by shareholders other than directors and senior officers of the Company and shareholders who beneficially own or control, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of the Company, must all be obtained for any grants of options to a director or executive officer of, or of a related entity to, the Company (each a “Related Person”) if, after the grant:

the total number of common shares either issued directly or issuable on exercise of options or the number of securities, calculated on a fully diluted basis, reserves for issuance under options granted to:

- i. Related Persons, exceeds 10% of the outstanding securities of the Company; or
- ii. a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company; or

the number of securities, calculated on a fully diluted basis, issued within 12 months to:

- iii. Related Persons, exceeds 10% of the outstanding securities of the Company; or
- iv. a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company.

Subject to any required approvals of the CSE or any other applicable stock exchange, the Board may amend, suspend or terminate the 2020 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 any applicable regulatory requirement. Further, subject to any required approvals of the CSE or any other applicable stock exchange, 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, approval by Disinterested Shareholders, or by the written consent of the holders of a majority of the securities of the Company entitled to vote:

1. increase the aggregate number of common shares which may be issued under the 2020 Plan;
2. materially modify the requirements as to the eligibility for participation in the 2020 Plan that would have the potential of broadening or increasing insider participation;

3. add any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the 2020 Plan;
4. 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 2020 Plan reserve; and
5. materially increase the benefits accruing to participants under the 2020 Plan.

However, the Board may amend the terms of the 2020 Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

- amendments to the 2020 Plan of a housekeeping nature;
- change the vesting provisions of an option granted under the stock option plan, if applicable;
- change to the vesting provisions of a security or the 2020 Plan;
- change to the termination provisions of a security or the 2020 Plan that does not entail an extension beyond the original expiry date;
- make such amendments to the stock option plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- make such amendments as may otherwise be permitted by regulatory authorities;
- if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- amend the stock option plan to reduce the benefits that may be granted to Employees, Management Company Employees or Consultants.

Incentive Plan Awards – NEOs and Directors

Outstanding Share-Based Awards and Option-Based Awards

The Company did not grant incentive stock options to any of its NEOs or directors during the most recent fiscal year ended November 30, 2018. The Company does not have any share-based award plans for its NEOs or directors.

Indebtedness of Directors and Executive Officers

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the last completed financial year of the Company.

During the last completed financial year, no director, executive officer, or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control

or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

Except as disclosed herein, since the commencement of the last completed financial year, no “informed person” has had any material interest, direct or indirect, in any transaction or any proposed transaction that has materially affected or would materially affect the Company or any of its subsidiaries. “Informed Person” means: (a) a director or executive officer of the Company; (b) a director or officer of a person or company that is itself an informed person or subsidiary of the Company; or (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying more than 20% of the voting rights attached to all outstanding voting securities of the Company.

The directors and officers of the Company have an interest in the resolution concerning the election of directors, the ratification and confirmation of all previous acts of the directors, and the approval of the stock option plan. For more information please refer to the section entitled “*Particulars of Matters to be Acted Upon*”.

AUDIT COMMITTEE

The Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

Audit Committee Charter

The text of the Audit Committee’s charter is attached as Schedule “A” to this Circular.

Composition of Audit Committee and Independence

The members of the Audit Committee are Nicco Dehaan, Peter Nguyen and Jason Taylor. Messrs. Dehaan and Taylor are not considered independent due to their employment agreements with the Company. Mr. Nguyen is not an executive officer of the Company and, therefore, is an independent member of the Audit Committee. All members are considered to be financially literate pursuant to section 1.6 of NI 52-110.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company pursuant to NI-52-110. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

Mr. Dehaan currently oversees the Company’s cultivation and agricultural efforts serving as a Master Grower and as the Chief Operating Officer. Mr. Dehaan has an extensive agricultural background, having been involved with a large, privately-held ranch for over twenty years where he acquired extensive experience and industry knowledge within the agricultural industry.

Mr. Nguyen is a Chartered Professional Accountant and holds a degree from the University of British Columbia. He is an officer of several reporting companies listed on the TSX Venture Exchange and the CSE with national and international operations. He has held senior financial positions for both public and private companies where he provided assurance, corporate finance, tax and business advisory services.

Mr. Taylor obtained his law degree in the UK, he is a corporate lawyer that possesses extensive experience and industry knowledge, particularly in relation to issues of relevance to junior or venture issuers. Mr. Taylor will oversee all aspects of the development and potential operation of the Facility.

Each member of the Audit Committee has adequate education and experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has the Audit Committee made any recommendations to the Board to nominate or compensate its auditor which were not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company 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 of NI 52-110. Part 8 permits a Company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provisions of services other than audit services is compatible with maintaining the auditor's independence and has adopted a policy governing the provision of these services. This policy requires that pre-approval by the Audit Committee of all audit and non-audit services provide by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by the Company's auditor for the financial year ended November 30, 2018 to ensure auditor independence. Fees billed for audit and non-audit services in the last fiscal years for audit fees are outlined in the following table:

| Nature of Services | Fees Billed by Auditor in respect of the financial year ended November 30, 2018 | Fees Billed by Auditor in respect of the financial year ended November 30, 2017 |
|-----------------------------------|--|--|
| Audit Fees ⁽¹⁾ | 8,500 | 3,500 |
| Audit-Related Fees ⁽²⁾ | Nil | Nil |
| Tax Fees ⁽³⁾ | 950 | 650 |
| All Other Fees ⁽⁴⁾ | Nil | Nil |
| Total | 9,450 | 4,150 |

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the financial year ended November 30, 2018. This exemption exempts a "venture Company" from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, which are in the interest of its shareholders and contribute to effective and efficient decision making.

NP 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations. NI 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices in Form 58-101F2, which disclosure is set out below.

Board of Directors

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with:

- (a) the BCBCA;
- (b) the Company's articles of incorporation; and
- (c) other applicable laws and Company policies.

The Board approves all significant decisions that affect the Company before they are implemented. The Board supervises their implementation and reviews the results.

The Board is actively involved in the Company's strategic planning process. The Board discusses and reviews all materials relating to the strategic plan with management. The Board is responsible for reviewing and approving the strategic plan. At least one Board meeting each year is devoted to discussing and considering the strategic plan,

which takes into account the risks and opportunities of the business. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board periodically reviews the Company's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Company's internal control and management information systems. The Board also monitors the Company's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board periodically discusses the systems of internal control with the Company's external auditor.

The Board is responsible for choosing the CEO, CFO and appointing senior management and for monitoring their performance and developing descriptions of the positions for the Board, including the limits on management's responsibilities and the corporate objectives to be met by the management.

The Board approves all the Company's major communications, including annual and quarterly reports, financing documents and press releases. The Board approves the Company's communication policy that covers the accurate and timely communication of all important information. It is reviewed annually. This policy includes procedures for communicating with analysts by conference calls.

The Board, through its Audit Committee, examines the effectiveness of the Company's internal control processes and management information systems. The Board consults with the internal auditor and management of the Company to ensure the integrity of these systems. The internal auditor submits a report to the Audit Committee each year on the quality of the Company's internal control processes and management information systems.

The Board is responsible for determining whether or not each director is an independent director. Directors who also act as officers of the Company are not considered independent. Directors who do not also act as officers of the Company, do not work in the day-to-day operations of the Company, are not party to any material contracts with the Company, or receive any fees from the Company except as disclosed in this Prospectus.

The Board consists of four directors, of whom one is independent based upon the tests for independence set forth in NI 52-110. Peter Nguyen is an independent director. Joel Dumaresq is not independent as he is the Company's interim CEO and CFO. Nicco Dehaan and Jason Taylor are not considered independent due to their employment agreements with the Company. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Directorships

The following directors are also directors of other reporting issuers stated below:

Joel Dumaresq is a director of ArcWest Exploration Inc., Black Isle Resources Corporation, Eastern Zinc Corp., Molori Energy Inc., Organic Flower Investments Group Inc., Solution Financial Inc. and Viridium Pacific Group Ltd.

Peter Nguyen is a director of Cameo Industries Corp.

Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

The Board briefs all new directors with respect to the Board's policies and other relevant corporate and business information. New Board members are also provided with access to all of the Company's publicly filed documents, the Company's records, and the Company's management and professional advisors, including the Company's auditor and legal counsel.

The Board also ensures that each director is up-to-date with current information regarding the Company's business, the role the director is expected to fulfill, and basic procedures and operations of the Board. Board members are encouraged to communicate with management and the Company's auditor.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the applicable corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and to disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an Affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an Affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

Nomination of Directors

The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

Compensation

The Board conducts reviews with regard to directors' compensation annually. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. Compensation packages, including benefits, for executives and key managers will be developed based on performance and the Company's cash flow.

The Board decides the compensation of the Company's officers, based on industry standards and the Company's financial situation.

Other Board Committees

The Board has no committees other than the Audit Committee.

Assessments

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

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgment, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

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

Except as disclosed elsewhere in this Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or any associate or affiliates of any such directors, officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of the Company's Shares or other securities in the Company or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

APPOINTMENT OF AUDITOR

Management intends to nominate DMCL Chartered Professional Accountants for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of DMCL Chartered Professional Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors.

Management recommends that Shareholders vote for the approval of the re-appointment of DMCL Chartered Professional Accountants as the auditor for the Company for the ensuing year at a remuneration to be fixed by the Board.

APPROVAL OF 2020 STOCK OPTION INCENTIVE PLAN

On March 1, 2017, the Board approved the adoption of a fixed stock option plan reserving for issuance, upon the exercise of options granted pursuant to the stock option plan, a maximum of 20% of the issued and outstanding shares of the Company, less any shares required to be reserved with respect to options granted by the Company prior to the implementation of the stock option plan. The stock option plan was subsequently replaced with the 2018 Plan which was approved by shareholders at its January 9, 2019 Annual General and Special Meeting. The 2018 Plan reserves 8,158,321 common shares (which represents 20% of the Company's outstanding common shares as of the record date for the Meeting).

On February 26, 2020, the Board adopted a 20% rolling stock option plan (the "2020 Plan"), a copy is attached hereto as Schedule "B" and remains subject to shareholder approval to replace the fixed number 2018 Plan.

Accordingly, at the Meeting, shareholders will be asked to consider, and if thought fit, to pass an ordinary resolution approving the adoption by the Company of said 2020 Plan. See "Approval Requirements" below.

The 2020 Plan is administered by the Board of Directors of the Company that in its sole discretion, will determine all options to be granted pursuant to the 2020 Plan, the exercise price therefore, and any special terms or vesting provisions applicable thereto. The Board will comply with all regulatory requirements in granting options and otherwise administering the 2020 Plan.

The 2020 Plan was established to provide incentive to directors, officers and employees and consultants. The purpose of the 2020 Plan is to advance the interests of the Company by encouraging equity participation in the

Company through the acquisition of common shares of the Company. The Board is of the view that the 2020 Plan provides the Company with the ability to attract and maintain the services of directors, executives, employees and other service providers in compensation with other companies in the industry.

To be eligible to receive a grant of options under the 2020 Plan, regulatory authorities require an optionee to be either a director, officer, employee, consultant or an employee of a Company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

The following is a summary of the material terms of the 2020 Plan.

- the total number of common shares (either issued directly or issuable on exercise of options or other convertible securities of the Company) provided as compensation to Investor Relations Persons (as such term is defined in the 2020 Plan) may not exceed in aggregate 1% of the issued and outstanding common shares of the Company in any 12 month period; and
- approval by shareholders other than directors and senior officers of the Company and shareholders who beneficially own or control, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of the Company, must all be obtained for any grants of options to a director or executive officer of, or of a related entity to, the Company (each a “Related Person”) if, after the grant:

the total number of common shares (either issued directly or issuable on exercise of options or the number of securities, calculated on a fully diluted basis, reserves for issuance under options granted to:

- i. Related Persons, exceeds 10% of the outstanding securities of the Company; or
- ii. a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company; or

the number of securities, calculated on a fully diluted basis, issued within 12 months to:

- iii. Related Persons, exceeds 10% of the outstanding securities of the Company; or
- iv. a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company.

Subject to any required approvals of the CSE or any other applicable stock exchange, the Board may amend, suspend or terminate the 2020 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 any applicable regulatory requirement. Further, subject to any required approvals of the CSE or any other applicable stock exchange, 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, approval by Disinterested Shareholders, or by the written consent of the holders of a majority of the securities of the Company entitled to vote:

1. increase the aggregate number of common shares which may be issued under the 2020 Plan;
2. materially modify the requirements as to the eligibility for participation in the 2020 Plan that would have the potential of broadening or increasing insider participation;
3. add any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the 2020 Plan;

4. 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 2020 Plan reserve; and
5. materially increase the benefits accruing to participants under the 2020 Plan.

However, the Board may amend the terms of the 2020 Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

- amendments to the 2020 Plan of a housekeeping nature;
- change the vesting provisions of an option granted under the stock option plan, if applicable;
- change to the vesting provisions of a security or the 2020 Plan;
- change to the termination provisions of a security or the 2020 Plan that does not entail an extension beyond the original expiry date;
- make such amendments to the stock option plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- make such amendments as may otherwise be permitted by regulatory authorities;
- if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- amend the stock option plan to reduce the benefits that may be granted to Employees, Management Company Employees or Consultants.

Approval Requirements

As in certain circumstances, approval of the 2020 Plan by Disinterested Shareholders (as hereafter defined) may be required, we believe it prudent to seek Disinterested Shareholder approval of the 2020 Plan at the Meeting.

Shareholders who are not Related Persons (as defined above) entitled to benefit under the 2020 Plan (the "Disinterested Shareholders") will be asked at the Meeting to approve implementation of the 2020 Plan. As at the date of this Information Circular and based on the information available to us, votes attaching to an aggregate 5,541,478 common shares held by the directors and officers of the Company entitled to benefit under the 2020 Plan are not eligible to vote on the resolution to approve implementation of the 2020 Plan.

Disinterested Shareholders will be asked at the Meeting to pass as an ordinary resolution the following:

"RESOLVED THAT:

1. The 2020 Plan of the Company, in the form attached to the Information Circular as Schedule "B", be and the same is hereby confirmed and approved subject to applicable regulatory approval;
2. The form of the 2020 Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;
3. All options outstanding under the 2020 Plan or any previous form of stock option plan shall remain valid and outstanding and be governed by the terms of the applicable previous form of stock option plan as it existed when they were granted;

4. Any director or officer is authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to give effect to the 2020 Plan, and the Board of Directors of the Company is authorized to grant options in the capital stock of the Company pursuant to and in accordance with the provisions of the 2020 Plan so adopted; and
5. Notwithstanding the approval of the shareholders of the Company as herein provided, the Board of Directors may, in its sole discretion, at any time suspend or terminate the 2020 Plan or revoke this resolution before it is acted upon, without further approval of the shareholders of the Company.

Recommendation

We believe the 2020 Plan will enable the Company to better align the interests of its directors, executive officers and employees with those of its shareholders and will reduce the cash compensation the Company would otherwise have to pay. Management recommends that shareholders vote in favour of the resolution approving implementation of the 2020 Plan. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the resolution approving implementation of the 2020 Plan.**

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual financial statements to November 30, 2018, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at 789 West Pender Street, Suite 810, Vancouver, British Columbia, V6C 1H2.

OTHER MATTERS

Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting included at the beginning of this Circular. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named in the proxy to vote on such matters in accordance with their best judgment.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 28th day of February, 2020.

ON BEHALF OF THE BOARD

(signed) "*Joel Dumaresq*"

Joel Dumaresq
Director, Interim Chief Executive Officer and Chief Financial Officer

CHRISTINA LAKE CANNABIS CORP.

Schedule “A” Audit Committee Charter

Purpose of the Committee

The purpose of the audit committee (the “**Audit Committee**”) of the directors of the Company (the “**Board**”) is to provide an open avenue of communication between management, the Company’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company’s independent auditor.

The Audit Committee will also perform any other activities consistent with this Charter, the Company’s articles and governing laws as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Audit Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Company’s financial statements and provide its opinion, based on its audit conducted in accordance with IFRS, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

Authority and Responsibilities

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company’s Chief Financial Officer and Chief Executive Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company’s accounting and financial controls and the adequacy and timeliness of its financial reporting processes.

4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
 - receipt, retention and treatment of complaints regarding accounting, financial disclosure,
 - internal controls or auditing matters; and
 - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of National Instrument 52-110 of the Canadian Securities Administrators, the Business Corporations Act (British Columbia) and the articles of the Company.

CHRISTINA LAKE CANNABIS CORP.

Schedule "B"
20% Rolling Stock Option Plan

PART 1
INTERPRETATION

1.01 Definitions. In this Plan the following words and phrases shall have the following meanings, namely:

- (a) "**Associate**" means, where used to indicate a relationship with any person:
- (i) a partner, other than a limited partner, of that person;
 - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
 - (iii) a company in respect of which that person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the company; or
 - (iv) a relative, including the spouse or child, of that person or a relative of that person's spouse, where the relative has the same home as that person;

and for the purpose of this definition, "**spouse**" includes an individual who is living with another individual in a marriage-like relationship.

- (b) "**Board**" means the Board of Directors of the Company or, if applicable, the Committee.
- (c) "**Committee**" means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
- (d) "**Company**" means Christina Lake Cannabis Corp.
- (e) "**Consultant**" means, in relation to the Company, an individual (or a company wholly-owned by an individual) who:
- (i) provides ongoing consulting services to the Company or an affiliate of the Company under a written contract;
 - (ii) possesses technical, business or management expertise of value to the Company or an affiliate of the Company;
 - (iii) spends a significant amount of time and attention on the business and affairs of the Company or an affiliate of the Company; and
 - (iv) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (f) "**Director**" means any director of the Company or of any of its subsidiaries.

- (g) **"Disinterested Shareholder Approval"** means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval.
- (h) **"Employee"** means:
- (i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);
 - (ii) an individual who is a full-time (i.e. 35 - 40 hours per week) dependent contractor, that is one who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or
 - (iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;

and includes Management Company Employees and Consultants.

- (i) **"Exchange"** means the Canadian Securities Exchange.
- (j) **"Insider"** means:
- (i) a director or senior officer of the Company;
 - (ii) a director or senior officer of a person that is itself an insider or subsidiary of the Company; or
 - (iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or
 - (iv) the Company itself if it holds any of its own securities.
- (k) **"Management Company Employee"** means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities.
- (l) **"Market Price"** means, subject to the exceptions prescribed by the Exchange from time to time, the last closing price of the Company's shares before the issuance of the required news release disclosing the grant of options (but, if the policies of the Exchange provide an exception to such news release, then the last closing price of the Company's shares before the grant of options).

- (m) "**Officer**" means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia).
 - (n) "**Plan**" means this stock option plan as from time to time amended.
 - (o) "**Shares**" means common shares without par value in the capital of the Company.
 - (p) "**Tier 1 Issuer**" and "**Tier 2 Issuer**" have the meanings prescribed by the Canadian Securities Exchange.
- 1.02 Gender. Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

PART 2

PURPOSE OF PLAN

- 2.01 Purpose. The purpose of this Plan is to attract and retain Employees, Officers and Directors and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares. The Plan is expected to benefit the Company's shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering to them an opportunity to share in any increase in the value of the Shares to which they have contributed.

PART 3

GRANTING OR AMENDING OF OPTIONS

- 3.01 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than two (2) of its members) appointed by the Board. Any Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of options pursuant to the Plan, except that no such member shall act upon the granting of an option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to granting options to him).
- 3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:
- (a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;
 - (b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as shall reasonably be deemed necessary or advisable to carry out the

purpose of the Plan;

- (c) determination of the Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, options should be granted, as well as the number of Shares subject to each option;
- (d) determination of the terms and conditions of the option agreement to be entered into with any optionee, consistent with this Plan; and
- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to optionees without constituting a termination of employment for purposes of the Plan.

3.03 Grant by Resolution. The Board, on its own initiative or, if a Committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such Committee, may by resolution designate those Employees, Officers and Directors to whom options should be granted (unless the Committee has been authorized by the Board to pass such resolution in which case they may do as so authorized).

3.04 Terms of Options. The resolution of the Board, or the Committee if applicable, shall specify the number of Shares that should be placed under option to each optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised.

3.05 Written Agreements. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.

3.06 Regulatory Approvals. The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any optionee resides.

3.07 Amendment of Options. Options may also be amended under this Plan, whether granted under this Plan or otherwise, and the terms of this Plan shall apply mutatis mutandis.

PART 4

CONDITIONS GOVERNING THE GRANTING

AND EXERCISING OF OPTIONS

4.01 Exercise Price. The exercise price of an option granted under this Plan shall not be less than the Discounted Market Price, provided that:

- (a) if options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Shares acquired under the distribution;
- (b) the 90 day period begins on the date a final receipt is issued for the prospectus;
- (c) for unit offerings, the minimum option exercise price will be the 'base' (or imputed) price of the shares included in the unit; and

- (d) for all other financings, the minimum exercise price will be the average price paid by the public investors.
- 4.02 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 10 years from the day the option is granted.
- 4.03 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting options under this Plan, specify different time periods following the dates of granting the options during which the optionees may exercise their options to purchase Shares and may designate different exercise prices and numbers of Shares in respect of which each optionee may exercise his option during each respective time period.
- 4.04 Number of Shares. The number of Shares reserved for issuance to any one person pursuant to options granted under this Plan, together with any Shares reserved for issuance pursuant to options granted to that person during the previous 12 months in the case that the Company is a Tier 2 Issuer, shall not exceed 5% of the issued and outstanding Shares at the time of granting of the options, provided that the aggregate number of options granted to each of the following categories of optionee:
- (a) Consultants; and
 - (b) all persons employed in investor relations activities on behalf of the Company;
- must not exceed an aggregate 2% of the issued Shares at the time of grant in any 12 month period.
- 4.05 Death of Optionee. If an optionee dies prior to the expiry of his option, his legal representatives may, by the earlier of:
- (a) one year from the date of the optionee's death (or such lesser period as may be specified by the Board at the time of granting the option); and
 - (b) the expiry date of the option; exercise any portion of such option.
- 4.06 Expiry on Termination or Cessation. If an optionee ceases to be a Director, Officer or Employee for any reason other than death, his option shall terminate as specified by the Board at the time of granting the option (provided however that, if the Company is a Tier 2 Issuer, his option shall terminate 90 days (but for optionees employed in investor relations activities, 30 days) after the optionee's last active working day, or such lesser period as may be specified by the Board at the time of granting the option), and all rights to purchase Shares under such option shall cease and expire and be of no further force or effect.
- 4.07 Leave of Absence. Employment shall be deemed to continue intact during any sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the optionee's reemployment is not so guaranteed, then his employment shall be deemed to have terminated on the ninety-first day of such leave.
- 4.08 Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to him hereunder to a trust or similar legal entity established by such optionee.

- 4.09 Notice. Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company at its principal place of business.
- 4.10 Payment. Subject to any vesting requirements described in each individual option agreement, options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an optionee on exercise of an option shall be paid by cash in full at the time of their purchase (i.e. concurrently with the giving of the requisite notice).
- 4.11 Share Certificate. As soon as practicable after due exercise of an option, the Company shall issue a share certificate evidencing the Shares with respect to which the option has been exercised. Until the issuance of such share certificate, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof.
- 4.12 Vesting. Subject to the discretion of the Board, the options granted to an optionee under this Plan shall fully vest on the date of grant of such options. In accordance with the policies of the Exchange, and subject to their approval to the contrary, options issued to Consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period.
- 4.13 Hold Period. In addition to any resale restrictions under applicable legislation, all options granted hereunder and all Shares issued on the exercise of such options will, if applicable under the policies of the Exchange, be subject to a four month Canadian Securities Exchange hold period from the date the options are granted, and the stock option agreements and the certificates representing such Shares will bear the following legend:
- "Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Canadian Securities Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date]."
- 4.14 Individuals. Options may be granted only to an individual or to a company that is wholly-owned by an individual who is eligible for an option grant. Only individuals who are Directors, Officers, Consultants, Employees or Management Company Employees may be granted stock options. If the optionee is a Consultant, Employee or Management Company Employee, the Company must represent that the optionee is a bona fide Consultant, Employee or Management Company Employee, as the case may be. If the optionee is a company, it must agree not to effect or permit any transfer of ownership or option of shares of the company or to issue further shares of any class in the company to any other individual or entity as long as the incentive stock option remains outstanding, except with the written consent of the Exchange.

PART 5
RESERVE OF SHARES FOR OPTIONS

- 5.01 Maximum Number of Shares Reserved Under Plan. The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed the equivalent of 20% of the issued and outstanding Shares of the Company from time to time. In addition, all options granted outside of this Plan, which are in existence on the effective date of this Plan, shall be counted as if granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing options.

- 5.02 Sufficient Authorized Shares to be Reserved. Whenever the Memorandum or Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan or otherwise. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.
- 5.03 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result in or allow at any time:
- (a) the number of Shares reserved for issuance pursuant to options granted to Insiders exceeding 10% of the outstanding Shares at the time of granting the options;
 - (b) the issuance to Insiders, within a one year period, of a number of Shares exceeding 10% of the outstanding Shares at the time of granting the options; or
 - (c) except in the case of a Tier 1 Issuer (or equivalent), the issuance to any one Insider and such Insider's Associates, within a one year period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the options; or
 - (d) any reduction in the exercise price of options granted to any person who is an Insider at the time of the proposed reduction.

PART 6

CHANGES IN SHARES

- 6.01 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.
- 6.02 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.03 Reorganization. Subject to any required action by its shareholders, if the Company shall be a party to an reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an optionee hereunder by paying to the said optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.

- 6.04 Rights Offering. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the optionee shall remain unaffected.

PART 7
EXCHANGE'S RULES AND POLICIES APPLY

- 7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having jurisdiction and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

PART 8
AMENDMENT OF PLAN

- 8.01 Board May Amend. Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.
- 8.02 Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until accepted for filing by the Exchange.

PART 9
MISCELLANEOUS PROVISIONS

- 9.01 Other Plans Not Affected. This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers and Employees.
- 9.02 Effective Date of Plan. This Plan shall become effective upon the date on which the Company's shares are listed and posted for trading on the Exchange. However, options may be granted under this Plan prior thereto. Any option granted prior thereto may not be exercised prior to such date.
- 9.03 Use of Proceeds. Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.
- 9.04 Headings. The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 9.05 No Obligation to Exercise. Optionees shall be under no obligation to exercise options granted under this Plan.
- 9.06 Termination of Plan. This Plan shall only terminate pursuant to a resolution of the Board or the Company's shareholders.
- 9.07 Deductions under Income Tax Act. If the Corporation is required under the Income Tax Act (Canada) or any other applicable law to make source deductions in respect of employee

stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall:

- (a) pay to the Corporation, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to permit the required tax remittance; or
- (b) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or make other arrangements acceptable to the Corporation to fund the required tax remittance.