

**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**



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

**January 5, 2018**

**Place:** Brookfield Place  
Suite 4400  
181 Bay Street  
Toronto, Ontario  
Canada M5J 2T3

**Time:** 10 a.m. (Eastern Time)

**Date of Meeting:** Wednesday, January 31, 2018



## **THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

P.O. Box 81025 Fiddlers Green, Ancaster, Ontario L9G 4X1

Tel: (905) 304-4201

### **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting of Shareholders of **The Green Organic Dutchman Holdings Ltd.** (the “Company”) will be held at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario, Canada M5J 2T3 on **Wednesday, January 31, 2018**, at the hour of 10 a.m. (Eastern Time), for the following purposes:

1. To table the audited consolidated financial statements of the Company as at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016, together with the report of the Auditors thereon;
2. To fix the number of directors to be elected at seven (7);
3. To elect Directors for the ensuing year;
4. To appoint the Auditors of the Company for the ensuing year and authorize the Directors to fix their remuneration;
5. To consider, and if thought advisable, pass an ordinary resolution to approve the adoption of a new form 10% “rolling” share option plan and to authorize the grant of all currently available and unallocated option entitlements issuable under the new form share option plan, as detailed in the Information Circular;
6. To consider, and if thought advisable, to pass, with or without variation, a special resolution authorizing the Company to effect a stock split on the basis of the range between two (2) and three (3) post stock split shares of common stock of the Company for each one (1) pre stock split common share of common stock of the Company, to occur at some time prior to the Company’s next annual general meeting, with the exact amount and time of the stock split to be determined by the Board of Directors;
7. To consider, and if thought advisable, to pass, a special resolution confirming an amendment to By-Law No. 1 of the Company to amend the quorum requirement at any meeting of the Company’s shareholders from 51% to 5%; and
8. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

An Information Circular accompanies this Notice. The Information Circular contains details of matters to be considered at the Meeting. No other matters are contemplated, however any permitted amendment to, or variation of, any matter identified in this Notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

Shareholders of record on the Company’s books at the close of business on January 4, 2018 are entitled to attend and vote at the Meeting or at any postponement or adjournment thereof. Each common share is entitled to one vote.

An “ordinary resolution” is a resolution passed by at least a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

A “special resolution” is a resolution passed by at least two-thirds of the votes cast by Shareholders who voted in respect of that resolution at the Meeting.

Copies of the audited consolidated financial statements of the Company as at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016, together with the report of the auditors, are attached to the Information Circular as Schedule A. The accompanying management’s discussion and analysis will be available at the Meeting.

**Registered Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or another suitable**

**form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.**

**Non-registered Shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account, you are not a registered Shareholder.**

DATED at Vancouver, British Columbia, January 5, 2018

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) *“Rob Anderson”*

Chief Executive Officer

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## **THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

P.O. Box 81025 Fiddlers Green  
Ancaster, Ontario L9G 4X1  
Tel: (905) 304-4201

### **INFORMATION CIRCULAR**

(Containing information as at January 5, 2018 unless indicated otherwise)

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of The Green Organic Dutchman Holdings Ltd. (the “**Company**”) for use at the Annual General and Special Meeting of shareholders (the “**Shareholders**”) of the Company (and any adjournment thereof) to be held at 10 a.m. (Pacific Time) on Wednesday, January 31, 2018 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company. **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than any of the persons designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

#### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

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## Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders may choose one of the following options to submit their proxy:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the control number; or
- (c) using the internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the control number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

## Beneficial Shareholders

**The following information is of significant importance to Shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States (the "**U.S.**"), under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the U.S. Broadridge mails a voting instruction form (a "**VIF**") in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you), in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to have the Common Shares voted at the Meeting, or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares.**

## Notice to United States Shareholders

The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the U.S. Exchange Act. Accordingly, this Information Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the

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U.S. should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company shares by Shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for U.S. companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada. Such consequences for the Company Shareholders who are resident in, or citizens of, the U.S. may not be described fully in this Information Circular.

The enforcement by the Company Shareholders of civil liabilities under the U.S. federal securities laws may be affected adversely by the fact that the Company is incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that the major assets of the Company are located outside the U.S.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered Shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor, and as otherwise set out herein.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting is January 4, 2018. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of January 5, 2018, there were 142,684,801 Common Shares issued and outstanding, each carrying the right to one vote. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

The Company is authorized to issue an unlimited number of Common Shares without par value.

Other than as set out below, to the knowledge of the directors and executive officers of the Company, there were no persons/companies who beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at January 5, 2018.

Name	Number of Common Shares	% of Issued and Outstanding Common Shares
2249606 Ontario Inc.	31,350,000	21.97%

Note:

- (1) 2249606 Ontario Ltd., is a wholly-owned subsidiary of 2249605 Ontario Ltd. (“**605 Ontario**”), a private company. The shareholders of 605 Ontario have an indirect interest in shares of the Issuer. Jeffrey Paikin is a beneficiary of The Jeffrey Paikin Family Trust which holds 6.90% of the Common Shares of 605 Ontario. Ian Wilms is a beneficiary of The Ian Wilms Family Trust which holds 3.44% of the Common Shares of 605 Ontario.

#### Appointments and Resignations of Directors and Officers

- Effective November 16, 2016, Marc Cernovitch was appointed President and Secretary
- Effective November 24, 2016:  
Rob Anderson was appointed Director and Chief Executive Officer  
Scott Skinner was appointed Chief Operating Officer  
Jeffrey Paikin was appointed Director  
Ian Wilms was appointed Director  
David Doherty was appointed Director
- Effective December 1, 2016, Brett Allan was appointed Vice President, Investor Relations
- Effective January 12, 2017, Jim Shone was appointed Chief Financial Officer
- Effective May 1, 2017:  
Marc Cernovitch resigned as President  
Csaba Reider was appointed President
- Effective June 1, 2017, Scott Skinner was appointed Director and Chief Facilities Officer
- Effective June 21, 2017, Marc Cernovitch was appointed Executive Vice-President, Project Operations
- Effective September 19, 2017, Marc Bertrand was appointed Director
- Effective September 22, 2017, Amy Stephenson was appointed Chief Financial Officer
- Effective September 22, 2017, Jim Shone resigned as Chief Financial Officer and was appointed Vice-President, Operations
- Effective January 2, 2018, Jeffrey James Scott was appointed Director and Co-Chairman.

### **FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company as at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016, together with the report of the Auditors, are attached to this Information Circular as Schedule A. The management’s discussion and analysis thereon will be available at the Meeting. Additional information relating to these documents may be obtained by a Shareholder upon request without charge from the Company at P.O. Box 81025 Fiddlers Green, Ancaster, Ontario L9G 4X1.

### **ELECTION OF DIRECTORS**

There are currently six directors of the Company. Shareholders are being asked at the Meeting to fix the number of directors at seven.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director’s office is vacated earlier in accordance with the provisions of the *Canada Business Corporations Act* (the “**CBCA**”), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected. The following disclosure sets out the names of management’s nominees for election as directors, all major offices and positions with the Company or any of its significant affiliates each now holds, each nominee’s principal occupation, business or employment (for the five preceding years), the period of time during which each has been a director and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at January 5, 2018:

<b>Name, Country of Residence and Present Office Held</b>	<b>Present Principal Occupation, Business or Employment (Within the Past Five Years for proposed Directors) <sup>(1)</sup></b>	<b>Date Elected or Appointed</b>	<b>Number of Shares Held <sup>(2)</sup></b>
Rob Anderson Panama City, Panama Chief Executive Officer and Director	Chief Executive Officer of Access Capital, a venture capital/merchant bank that provides M&A, financial restructuring and advisory and capital raising services for public and private companies since 2009.	Director and CEO: November 24, 2016	12,166,667 <sup>(3)(6)</sup> (8.52%)
Scott Skinner Ancaster, Ontario Chief Facilities Officer and Director	Cofounder and Chief Facilities Officer of The Green Organic Dutchman Ltd. (“TGOD”) and has been an officer of TGOD since 2012.	Director and Officer: June 1, 2017	11,950,000 <sup>(4)</sup> (8.36%)
Ian Wilms Hamilton, Ontario Director and Director of Compliance and Government Affairs	Vice President of Sales and Marketing for Energy Advantage, a leader in helping corporations become energy efficient and reduce their carbon footprint.	November 24, 2016	1,181,000 <sup>(5)</sup> (0.83%)
David Doherty <sup>(8)(9)(10)</sup> Vancouver, British Columbia Director	President and Chief Executive Officer of Rockshield Capital Corp, an investment issuer, since June 2016, and Founder and former President of DD Mercantile Corp.	November 24, 2016	900,000 <sup>(6)</sup> (0.63%)
Marc Bertrand <sup>(8)(9)(10)</sup> Hudson, Quebec Director	President of PHAZTOO Inc. and former President and Chief Executive Officer of Mega Brands Inc. from 1996 to 2014.	September 19, 2017	965,500 (0.68%)
Jeffrey James Scott <sup>(8)(9)(10)</sup> Calgary, Alberta Co-Chairman and Director	President of Postell Energy Co. Ltd., a private oil and gas production company since June 2001. Founder and former Chairman of Gran Tierra Energy (GTE.TO) from February 2005 to June 2015.	January 2, 2018	615,000 <sup>(7)</sup> (0.43%)
Nicholas Kirton Calgary, Alberta Director Nominee	Chartered Professional Accountant; Independent businessman; audit committee chair for Essential Energy Services Ltd. and Oronova Energy Inc.; the chair of the board of the Canadian Investor Protection Fund	N/A	50,000 (<0.1%)

Notes:

- (1) The information as to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director.
- (2) The information as to the number of Common Shares of the Company beneficially owned or over which a director exercises control or direction, directly or indirectly, and not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Mr. Anderson indirectly owns 3,300,000 shares through Technical Administration Overseas S.A. (“TAO”) which holds 11,000,000 shares of the Company. Mr. Anderson is the President, CEO and owns 30% of TAO.
- (4) In addition to any shares of the Company held directly, the holder also has an interest in shares of the Issuer held by 2454594 Ontario Limited, which holds 11,500,000 Common Shares of the Company. Scott Skinner owns 50% of the common shares of 24545594 Ontario Limited and Jeannette Vandermaer holds the remaining 50%.
- (5) Ian Wilms holds 100,000 Common Shares directly and holds 1,081,034 Common Shares indirectly, through 2249606 Ontario Ltd., a wholly-owned subsidiary of 605 Ontario, a private company. The shareholders of 605 Ontario have an indirect interest in shares of the Issuer. Mr. Wilms is a beneficiary of The Ian Wilms Family Trust which holds 3.44% of the common shares of 605 Ontario.
- (6) The holder has an indirect interest in shares of the Company through such holders shareholdings in 1092991 B.C. Ltd. (“InvestCo”), a company that holds 12,100,000 Common Shares of the Company. Robert Anderson holds 22.87% of the common shares of InvestCo. and DD Mercantile Corp., a company owned by David Doherty, holds 7.43% of the common shares of InvestCo.
- (7) Of these Common Shares, 175,000 are owned by Darringer Enterprises Ltd, a private company owned and controlled by Mr. Scott.
- (8) Member of the Audit Committee.
- (9) Member of the Compensation Committee.
- (10) Member of the Corporate Governance Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.



A Shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company. At the Meeting the above persons will be nominated for election as director.**

#### **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

No proposed director is, as at the date of this Information Circular, or has been, within the last 10 years before the date of this Information Circular, a director, or executive officer of any company (including the Company) that was:

- (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that:

- (a) while that person was acting in that capacity, or within a year of 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; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold the assets of the proposed director.

Mr. Scott was a director of Tuscany International Drilling Inc. (“**Tuscany**”) (formerly listed on the Toronto Stock Exchange and Colombian Stock Exchange) from April 16, 2010 until April 8, 2013, when he resigned from the board. Tuscany filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware on February 2, 2014 and in the Court of Queen’s Bench of Alberta under the Companies’ Creditors Arrangement Act on February 4, 2014.

During 2010, while Mr. Bertrand was the Chief Executive Officer of Mega Brands Inc., the Superior Court of Québec (the “**Court**”) approved a plan of arrangement under the *Canada Business Corporations Act* (the “**CBCA**”) pursuant to which MEGA Brands Inc. completed a restructuring of its business under the CBCA. The arrangement compromised the claims of secured lenders under a credit agreement and two swap agreements as well as the claims of convertible debenture holders. The arrangement also effected a significant dilution of shareholders, but preserved an equity stake in the continuing company for these shareholders. In addition, the Court granted a temporary stay of proceedings against the applicant corporations as well as impleaded parties in the United States, Europe, and Mexico. In March 2010, the U.S. Bankruptcy Court for the District of Delaware granted an order enforcing the arrangement in the U.S., under Chapter 15 of the U.S. Bankruptcy Code.

Other than as set out below, no proposed director has been subject to:

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

Jeffrey J. Scott entered into a settlement agreement with the Alberta Securities Commission (the “**ASC**”) on February 6, 2009 with respect to allegations that Mr. Scott, along with certain other directors of High Plains Energy Inc. (“**High Plains**”) acted contrary to the public interest in connection with their inadequate rectification of incorrect production information disclosed to the public in press releases issued by High Plains between July 2005 and January 2006. Mr. Scott and each of the other respondents to the settlement agreement were ordered to pay \$25,000 to the ASC, of which \$5,000

was a payment towards investigation costs. The ASC noted in the settlement agreement that Mr. Scott and the other directors were provided with false information by management of High Plains and thus had no knowledge of the untrue statements in certain press releases issued by management in late 2005, until January 30, 2006, at the earliest. The ASC also noted that each of the subject directors, upon being made aware of the potential problem with High Plains' reported production, made substantial efforts and committed significant amount of time in a good faith effort to resolving the problems and determining High Plains' actual production and noted that none of the subject directors had been previously sanctioned by the ASC, and each cooperated fully with staff in its investigation. As a result of the above, the TSX Venture Exchange ("TSXV") and the Toronto Stock Exchange (the "TSX") conducted their own reviews as to Mr. Scott's acceptability to serve as a director or officer of any respective listed issuer. They determined, in a letter written on January 20, 2010 by Compliance & Disclosure, that Mr. Scott must obtain written approval prior to occupying such post and the TSXV determined that he should complete one half day workshop "Simplifying Timely Disclosures", which he successfully completed on April 26, 2010 and further that any TSXV listed company on whose board he sits implement a written disclosure policy.

### **Director Biographies**

#### *Rob Anderson, Chief Executive Officer and Director*

Mr. Anderson, 47, was appointed Director and Chief Executive Officer of the Company on November 24, 2016. He has been the Chief Executive Officer of Access Capital, a venture capital/merchant bank that provides M&A, financial restructuring and advisory and capital raising services for public and private companies since 2009. Mr. Anderson has 20 years experience working with micro-cap companies in a broad range of sectors. He spent 12 years working as an investment advisor at a leading Canadian independent brokerage firm.

#### *Scott Skinner, Chief Facilities Officer and Director*

Mr. Skinner, 57, was appointed Chief Facilities Officer and Director of the Company on June 1, 2017. Prior to that, he was the Chief Operating Officer from November 24, 2016 to June 1, 2017. Mr. Skinner is a cofounder and Chief Operating Officer of TGOD and has been an officer of TGOD since 2012. He engineered, designed and oversaw the construction of the TGOD production facility. This state-of-the-art facility now houses over 35 varieties of cannabis. Mr. Skinner's current ongoing projects are the research and development of LED based Light Spectrum Optimization Technology for best cannabis production yields along with the development of Tissue Culture Propagation Protocols for the rapid cloning of cannabis plants. He has a diverse mechanical and engineering background and continues to help direct and lead the expansion plans of TGOD by ensuring the company continues to grow the best possible cannabis using up-to-date and cost effective strategies.

#### *Ian Wilms, Director of Compliance and Government Affairs and Director*

Mr. Wilms, 50, was appointed Director of the Company on November 24, 2016. He has 25 years of global business experience leading successful entrepreneurial and corporate ventures. He was an executive with IBM for 14 years, leading and managing sales and operational teams across North and South America. He is a Certified Client Executive from the Harvard Business School and a graduate of McMaster University in Hamilton. He was the Chairman of the Calgary Police Commission in 2005 and was elected President of the Canadian Association of Police Boards in 2006. Mr. Wilms served 10 years with the Canadian Military as an Officer LT (N) in the Naval Reserve. He is currently the Director of Compliance and Government Affairs.

#### *David Doherty, Director*

Mr. Doherty, 45, was appointed Director of the Company on November 24, 2016. He has been the President and Chief Executive Officer of Rockshield Capital Corp, an investment issuer since June 2016. Mr. Doherty is also the Founder and has been the President of DD Mercantile Corp., offering merchant banking and Corporate Advisory services to a number of companies across many sectors, since 2007. Mr. Doherty holds a Bachelor of Arts Degree from Simon Fraser University, with a major in Finance. Mr. Doherty has over 20 years of investment and finance experience and has been an investment advisor with Canaccord Capital Corporation. He previously sat on the Boards of LP's Organigram and Emblem Corp.

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*Marc Bertrand, Director*

Mr. Bertrand, 49, was appointed Director of the Company on September 19, 2017. He is a consumer products executive with 30 years of experience in brand building, strategic licensing, international markets and manufacturing. Mr. Bertrand is the President of PHAZTOO Inc., and sits on a number of private and public company board. He was the President and Chief Executive Officer of Mega Brands Inc. from 1996 to 2014.

*Jeffrey James Scott, Co-Chairman and Director*

Mr. Scott is President of Postell Energy Co., a private Canadian oil producer in business in western Canada since 1980. He is the Founder and was Chairman of Gran Tierra Energy (GTE. TO), a South American base E&P Company from 2004 to June of 2015. Mr. Scott is also Chairman of Sulvaris Inc., a private fertilizer technology company since February 2012. He is currently a director of Ornova Energy. (ONV.V) and Pentanova Energy (PNO.V).

Mr. Scott has been in the oil and gas business on both the E&P and service sides of the industry for over 34 years. He has extensive management, financing, mergers and acquisition and public company experience. Over the last 20 years he has been involved in a variety of capacities from founder to officer and/or director of numerous publicly traded companies.

Mr. Scott holds a Bachelor of Arts degree from the University of Calgary, and a Masters of Business Administration from California Coast University.

*Nicholas Kirton, Director Nominee*

Nick Kirton, 73, is a professional accountant. He retired in 2004 after a thirty-eight year career with KPMG LLP; he was elected to Partnership in the firm in 1976. Subsequent to his retirement he has served on the boards of a total of eight reporting issuers, in most cases as chair of the audit committee. He is also currently Chair of the Board of the Canadian Investor Protection Fund.

All of the current Directors of the Company are independent, with the exception of Rob Anderson (Chief Executive Officer), Ian Wilms (Director, Compliance and Government Affairs), and Scott Skinner (Chief Operating Officer from November 24, 2016 to June 1, 2017, and Chief Facilities Officer since June 1, 2017).

Each of the nominated Directors is eligible to serve as a Director and has expressed their willingness to do so. Directors who are elected will serve until the end of the next annual meeting, or until a successor is elected or appointed.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.**

**Majority Voting Policy**

The Board has adopted a majority voting policy (the “**Majority Voting Policy**”) that applies to the election of Directors. Under the Majority Voting Policy, a Director who is elected with more votes withheld than cast in favour of his or her election will be required to tender his or her resignation to the Chairman of the Board. The resignation will be effective when accepted by the Board and the nominee Director will not participate in any committee or Board meetings or deliberations on this matter. The Majority Voting Policy does not apply in circumstances involving contested Director elections.

The Corporate Governance and Nominating Committee will consider the resignation and make a recommendation to the Board on whether the resignation should be accepted. In considering the recommendation of the Corporate Governance Committee and Nominating, the Board will consider the factors taken into account by the committee and such additional information and factors that the Board considers to be relevant. The Board expects that resignations will be accepted unless there are extenuating circumstances that warrant a contrary decision.

If the resignation is accepted, subject to any applicable law, the Board may leave the resultant vacancy unfilled until the next annual general meeting, fill the vacancy through the appointment of a new Director, or call a special meeting of Shareholders at which there will be presented one or more nominees to fill any vacancy or vacancies.

A copy of the Majority Voting Policy is attached to this Information Circular as Schedule C.

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## APPOINTMENT OF AUDITOR

Deloitte LLP, Chartered Professional Accountants, 22 Adelaide Street West, Toronto, Ontario, will be nominated at the Meeting for appointment as Auditor of the Company.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information, which will be provided to the Shareholders and the public, the systems of corporate controls, which management and the Board have established, and overseeing the audit process. It has general responsibility to oversee internal controls, accounting and auditing activities and legal compliance of the Company. The Audit Committee also is mandated to review and approve all material related party transactions.

### *Composition of the Audit Committee*

At the present time, the company's Audit Committee is composed of the following members:\

Member	Independent/Not Independent (1)	Financially Literate/ Not Financially Literate (2)	Relevant Education and Experience
David Doherty	Independent	Financially Literate	Investment Professional
Marc Bertrand	Independent	Financially Literate	Senior Corporate Executive
Jeffrey Scott	Independent	Financially Literate	Director of Public Companies and Senior Corporate Executive

Notes:

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the company that could, in the view of the board of directors, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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's financial statements.

### *Audit Committee Charter*

A copy of the Charter of the Audit Committee is attached to this Information Circular as Schedule D.

### *Audit Committee Oversight*

The audit committee has not made any recommendations to the board to nominate or compensate any auditor other than Deloitte LLP.

### *Pre-Approval Policies and Procedures*

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, other than as set out in the Audit Committee Charter.

### *External Auditor Service Fees (By Category)*

Management has reviewed the nature and amount of the audit services provided by Deloitte LLP to the company to ensure auditor independence. The aggregate fees billed by the Company's external auditor during the financial year ended December 31, 2016 were as follows:

Time Period	Audit Fees (\$) <sup>(1)</sup>	Audit Related Fees (\$) <sup>(2)</sup>	Tax Fees (\$) <sup>(3)</sup>	All Other Fees (\$)
Fiscal year ended December 31, 2016	\$32,000	Nil	Nil	\$81,540

<sup>(1)</sup> "Audit Fees" includes fees for the performance of the annual audit and for accounting consultations on matters reflected in the financial statements.

<sup>(2)</sup> "Audit-Related Fees" includes fees for assurance and related services that are related to the performance of the review of the financial statements and "earn-in" audit work and are not reported under (1).

<sup>(3)</sup> "Tax Fees" includes fees for tax compliance, tax planning and tax advice.

## OTHER COMMITTEES OF THE BOARD

The Company also has a Corporate Governance and Nominating Committee and a Compensation Committee, described below:

### Corporate Governance and Nominating Committee

On January 2, 2018, the Board established the Corporate Governance and Nominating Committee. The members of the Corporate Governance and Nominating Committee are: David Doherty, Marc Bertrand, and Jeffrey Scott, all of whom are considered to be independent. The Company adopted a Nominating and Corporate Governance Charter. The Corporate Governance and Nominating Committee is responsible for screening nominees to the Board. The Corporate Governance and Nominating Committee annually assesses the skills and qualifications of directors and nominees to ensure the members of the Board of Directors have the skills and qualifications appropriate to the current needs of the Company. This Committee meets as required to review and make recommendations to the Board of Directors on all direct and indirect compensation, benefits and perquisites for senior management and Directors of the Company.

This year the Board has decided that seven directors are to be elected. The Company's goal is to assemble a board with the appropriate background, knowledge, skills and diversity to effectively carry out its duties, oversee the Company's strategy and business affairs and foster a climate that allows the board to constructively guide and challenge management.

### Key Attributes

The Company expects all Board members to be financially literate, independent minded and team players. The Corporate Governance and Nominating Committee also considers the below factors when assessing potential candidates:

- the Board's overall mix of skills and experience
- how actively the candidates participate in meetings and develop an understanding of our business
- their character, integrity, judgment and record of achievement
- diversity (including gender, aboriginal heritage, age, sexual orientation and geographic representation)

50% of the current Directors of the Company are independent. If all of the nominated Directors are elected, 4 of the 7 directors of the Company will be independent.

Each of the nominated directors is eligible to serve as a director and has expressed their willingness to do so. Directors who are elected will serve until the end of the next annual meeting, or until a successor is elected or appointed.

See "Director Biographies/Nominee Biography" above for more information about the Board.

### Compensation Committee

On January 2, 2018, the Board established a Compensation Committee. The members of the Compensation Committee are Jeffrey Scott (Chair), Marc Bertrand and David Doherty, all of whom are considered to be independent. The Company has adopted a Compensation Committee Charter. The Compensation Committee conducts reviews with regard to the Directors' and the Chief Executive Officer's compensation once a year. To make its recommendation on Directors' and the Chief Executive Officer's compensation, this Committee takes into account the types of compensation and the amounts paid to Directors and Chief Executive Officers of comparable Canadian companies. Members of the Compensation Committee do not currently receive any remuneration for acting in such capacity.

The Company also has in place a Code of Business Conduct and Ethics, a Disclosure Confidentiality and Insider Trading Policy, a Securities Trading and Reporting Policy, and Whistle Blower Policy.

## CORPORATE GOVERNANCE

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 Corporate Governance Guidelines, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA has implemented National Instrument 58-101F2 Disclosure of Corporate Governance Practices, which prescribes certain disclosure of corporate governance practices. A complete description of corporate governance is set out in the Statement of Corporate Governance Practices attached as Schedule B to this Information Circular.

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The Company intends to adopt a Diversity Policy prior to the Company's next Annual General Meeting. The Company recognizes the benefits of having a diverse Board, and seeks to increase diversity at the Board level. The Company does not currently maintain quotas or targets regarding gender representation on the Board or in executive officer positions. All Board appointments will be made based on merit, in the context of the skills, experience, independence, knowledge and other qualities which the Board as a whole requires to be effective, with due regard for the benefits of diversity (including the level of representation of women on the Board). The Company recruits, manages and promotes on the basis of an individual's competence, qualification, experience and performance, regardless of gender, age, ethnic origin, religion, sexual orientation or disability or other aspects of diversity in executive officer positions.

The Board's mandate expressly encourages a diversity of background skills and experience and personal characteristics among the directors. As a result, while neither a written policy nor targets relating to the identification and nomination of female directors have been adopted to date and the emphasis in filling Board vacancies is on finding the best qualified candidates given the needs and circumstances of the Board, a nominee's diversity will be considered favourably in the identification and selection process.

The Board has not adopted any policies that specifically address the appointment of women to executive officers positions. The Board believes that executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of management at the time. The Company believes that considering the broadest group of individuals is required to provide the leadership needed to achieve the Company's business objectives; however, due to the relatively small size of the Company's executive leadership, the representation of women in executive officer positions has not been considered when making executive officer appointments and the Company has yet not adopted targets regarding the representation of women in executive officer positions for the reasons stated above.

## **COMPENSATION OF EXECUTIVE OFFICERS**

The Board has assessed the Company's compensation plans for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

## **COMPENSATION DISCUSSION AND ANALYSIS**

This section provides the Company's approach to executive compensation by outlining the processes and decisions supporting the determination of the amounts which the Company paid to its Chief Executive Officer, Chief Financial Officer and its three other most highly compensated executives during the financial year ended December 31, 2016 (the "NEOs"). While this discussion relates to the NEOs, the other executives of the Company participate in the same plans and are subject to a similar process.

The Board's responsibilities relating to the compensation and retention of Executive Officers include, but are not limited to:

- Setting policies for Executive Officers' remuneration;
- Reviewing and approving salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the Chief Executive Officer;
- Considering the recommendations of the Chief Executive Officer and setting the terms and conditions of employment including, approving the salary, bonus, and other benefits, direct or indirect, and any change-of-control packages, of the Executive Officers of the Company; and
- Overseeing the administration of the Company's compensation plans, including its share option plan and such other compensation plans or structures as are adopted by the Company from time to time.

The following executive compensation principles guide the Board in fulfilling its roles and responsibilities in the design and ongoing administration of the Company's executive compensation program:

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- Compensation levels and opportunities must be market competitive to attract and retain qualified and experienced executives, while being fair and reasonable to Shareholders;
- Compensation must incorporate an appropriate balance of short and long-term rewards; and
- Compensation programs must align executives' long-term financial interests with those of Shareholders by providing equity-based incentives.

The Company does not have formal benchmarks for assessing and setting executive compensation, however, the Company reviews compensation programs of companies in its peer group to ensure that executive compensation is within the parameters of companies of a similar size and in the same industry. Levels of compensation are also established and maintained with the intent of attracting and retaining superior quality employees while ensuring that the levels are not contrary to the interests of Shareholders.

The Company's general executive compensation philosophy is to, whenever possible, pay its Executive Officers "base" compensation in the form of salaries that are competitive in comparison to those earned by executive officers holding comparable positions with other Canadian entities similar to the Company while at the same time providing its Executive Officers with the opportunity to earn above average "total" compensation through the share option plan and other equity-based compensation structures as may be approved by the Company's Shareholders.

The Company's executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. For NEOs, the compensation program is designed to provide a larger portion of variable incentives tied to corporate performance. NEO compensation includes base salary, bonus and benefits, and share options ("**Options**"). Salaries are a base level of compensation designed to attract and retain executive offices with the appropriate skills and experience. Option grants through the Company's share option plan were designed to provide incentives to increase shareholder value over the longer-term and thereby better align executive compensation with the interests of Shareholders.

Each element of executive compensation is carefully considered by the Board to ensure that there is the right mix of short-term and long-term incentives for the purposes of achieving the Companies goals and objectives.

#### Base Salary

Salaries paid to the NEOs in 2016 are reflected in the "Summary Compensation Table" below. An NEO's base salary is intended to remunerate the NEO for discharging job responsibilities and reflects the executive's performance over time. Individual salary adjustments take into account performance contributions in connection with their specific duties. The base salary of each executive officer is determined by the Board based on an assessment by the Board of his or her sustained performance and consideration of competitive compensation levels for the markets in which the Company operates. In making its determinations, the Board also considers the particular skills and experience of the individual. A final determination on executive compensation, including salary, is made by the Board in its sole discretion and its knowledge of the industry and geographic markets in which the Company operates. The Board does not use any type of quantitative formula to determine the base salary level of any of the NEOs.

Base salaries are reviewed annually to ensure that they properly reflect a balance of market conditions, the levels of responsibilities and accountability of each individual, their unique experience, skills and capability and level of sustained performance.

#### Option Based Awards

The Option component of Executive Officers' compensation is intended to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to remain associated with the Company and providing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. Grants under the share option plan are intended to provide long term awards linked directly to the market value performance of the Company's shares. The Board reviews management's recommendations and Options are granted according to the specific level of responsibility of the particular executive and the number of Options for each level of responsibility is determined by the Board.

The number of outstanding Options is considered by the Board when determining the number of Options to be granted in any particular year due to the limited number of Options which are available for grant under the share option plan.

Refer to heading "PARTICULARS OF MATTERS TO BE ACTED UPON – Adoption of New Form 10% "Rolling" Share Option Plan/Unallocated Option Entitlements" below.

As described in this Information Circular, the compensation policy for the Company’s directors and NEOs is primarily tied to financial performance of the business and not specifically to Common Share performance. The performance criteria is based on the Company’s relative Shareholder return as compared to a peer index. See “Statement of Executive Compensation” contained herein.

## STATEMENT OF EXECUTIVE COMPENSATION

### General Provisions

In this section “Named Executive Officer” means

- (a) the Chief Executive Officer (or an individual who acted in a similar capacity) (the “CEO”);
- (b) the Chief Financial Officer (or an individual who acted in a similar capacity) (the “CFO”);
- (c) each of the Company’s three other most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity (except those whose total salary and bonus does not exceed \$150,000) at the end of that financial year; and
- (d) each individual who would be an Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

During the fiscal year ended December 31, 2016, the Named Executive Officers (the “NEOs”) of the Company were Robert Anderson, CEO; Scott Skinner, President of TGOD; and Jeannette Vandermarel, Secretary and Treasurer of the Subsidiary.

During the nine month period ended September 30, 2017, the NEO’s of the Company were Robert Anderson, CEO; Jim Shone, Former CFO; Amy Stephenson, CFO; Csaba Reider, President; Marc Cernovitch, Former President and Current Secretary and Executive Vice-President, Project Operations; Scott Skinner , Chief Facilities Officer and Director; and Brett Allen, Vice-President, Investor Relations.

### Summary Compensation Tables

The table below is a summary of the compensation received by the NEOs for the fiscal year ended December 31, 2016.

Name and principal position	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual incentive plan <sup>(2)</sup> (\$)	Long-term incentive plans (\$)			
Robert Anderson, CEO and Director <sup>(3)</sup>	1.00	Nil	Nil	Nil	Nil	Nil	Nil	1.00
Marc Cernovitch, Former President, Current Secretary and Executive Vice-President, Project Operations <sup>(4)</sup>	7,000	Nil	Nil	Nil	Nil	Nil	Nil	7,000
Scott Skinner, President and Director of the Subsidiary <sup>(5)</sup>	15,205	Nil	Nil	Nil	Nil	Nil	Nil	15,205
Jeannette Vandermarel, Secretary, Treasurer and Director of the Subsidiary <sup>(6)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- <sup>(1)</sup> Options are valued using the Black-Scholes option pricing model as described in the Company’s audited financial statements for the year ended December 31, 2016. These amounts represent the fair value of the Options at the date of grant.
- <sup>(2)</sup> Non-equity annual incentive plan compensation consists of accrued bonuses for the year.
- <sup>(3)</sup> Mr. Anderson was appointed CEO on November 24, 2016. Mr. Anderson does not receive any compensation for his role as a Director.



- (4) Mr. Cernovitch was the President of the Company from November 16, 2016 to May 1, 2017. He has been the Secretary of the Company since November 16, 2016 and the Executive Vice-President, Project Operations of the Company since June 21, 2017.
- (5) Mr. Skinner was appointed President of the Subsidiary on January 10, 2013. Mr. Skinner does not receive any compensation for his role as a Director. Mr. Skinner is also the Director and Chief Facilities Officer of the Company since June 1, 2017.
- (6) Ms. Vandermarel was appointed Secretary and Treasurer of the Subsidiary on July 30, 2014. Ms Vandermarel does not receive any compensation for her role as a Director.

The table below is a summary of the compensation received by the NEOs for the nine months ended September 30, 2017.

Name and principal position	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
				Annual incentive plan <sup>(2)</sup> (\$)	Long-term incentive plans (\$)			
Robert Anderson, CEO and Director <sup>(2)</sup>	1	800,000	328,527	Nil	Nil	Nil	Nil	1,128,528
Jim Shone Former Chief Financial Officer <sup>(3)</sup>	63,000	Nil	213,643	Nil	Nil	Nil	Nil	276,643
Amy Stephenson Chief Financial Officer <sup>(4)</sup>	23,333	Nil	49,212	Nil	Nil	Nil	Nil	72,545
Csaba Reider President <sup>(5)</sup>	83,333	Nil	615,150	Nil	Nil	Nil	Nil	698,483
Marc Cernovitch, Former President, Current Secretary and Executive Vice-President, Project Operations <sup>(6)</sup>	63,000	Nil	241,860	Nil	Nil	Nil	Nil	304,860
Scott Skinner, Chief Facilities Officer and Director <sup>(7)</sup>	1	175,000 <sup>(8)</sup>	84,651	Nil	Nil	Nil	Nil	102,152
Brett Allan Vice-President, Investor Relations <sup>(9)</sup>	63,000	Nil	228,802	Nil	Nil	Nil	Nil	291,802

Notes:

- (1) Options are valued using the Black-Scholes option pricing model as described in the Company's audited financial statements for the year ended December 31, 2016. These amounts represent the fair value of the Options at the date of grant.
- (2) Mr. Anderson was appointed CEO on November 24, 2016. Mr. Anderson does not receive any compensation for his role as a Director. Mr. Anderson through Technical Administration Overseas S.A. received 11,000,000 Shares as compensation for financing efforts.
- (3) Mr. Shone was the CFO of the Company from January 12, 2017 to September 22, 2017. On September 22, 2017, Mr. Shone was appointed the Executive Vice-President, Operations.
- (4) Ms. Stephenson was appointed the CFO of the Company on September 22, 2017.
- (5) Mr. Reider was appointed President of the Company on May 1, 2017.
- (6) Mr. Cernovitch was the President of the Company from November 16, 2016 to May 1, 2017. He has been the Secretary of the Company since November 16, 2016 and the Executive Vice-President, Project Operations of the Company since June 21, 2017.
- (7) Mr. Scott Skinner received 350,000 Shares valued at \$175,000.
- (8) Mr. Allen was appointed Vice-President, Investor Relations of the Company on December 1, 2016.

### Compensation Oversight

The Board considers the compensation including grants of equity-based compensation to directors and officers of the Company.

### INCENTIVE PLAN AWARDS

During fiscal 2016, the Company did not grant any Options.

During the nine months ended September 30, 2017, the Company granted 7,245,000 Options at a fair value of \$3,519,000. These Options are exercisable at between \$0.50 to \$1.15 per share and expire between February 7, 2020 to June 1, 2020.

These Options are subject to certain vesting conditions over three years from the date of grant, based on years of service and share price appreciation.

The Company records compensation expense for the fair value of the Options granted under its incentive share option plan using the Black-Scholes option pricing model. This model determines the fair value of Options granted and amortizes it to earnings over the vesting period.

### Incentive Plan Awards – Option-based Awards for the fiscal year ended December 31, 2016

No option-based and share-based awards were awarded to any NEO during the fiscal year ended December 31, 2016.

The following table sets out all option-based and share-based awards outstanding at September 30, 2017, for each NEO.

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date m – d – y	Value of unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of Shares or units of Shares that have not vested (#)	Market or payout value of Share-based awards that have not vested (\$)	Market or payout value of vested Share based awards not paid out or distributed (\$)
Robert Anderson, CEO and Director	815,000	0.50	February 7, 2020	937,250	Nil	Nil	Nil
Jim Shone Former Chief Financial Officer	530,000	0.50	February 7, 2020	609,500	Nil	Nil	Nil
Amy Stephenson Chief Financial Officer	60,000	1.15	June 1, 2020	30,000	Nil	Nil	Nil
Csaba Reider President	750,000	1.15	June 1, 2020	375,000	Nil	Nil	Nil
Marc Cernovitch, Former President, Current Secretary and Executive Vice-President, Project Operations	600,000	0.50	February 7, 2020	690,000	Nil	Nil	Nil
Scott Skinner, Chief Facilities Officer and Director	210,000	0.50	February 7, 2020	241,500	Nil	Nil	Nil
Brett Allen Vice-President, Investor Relations	415,000	0.50	February 7, 2020	514,750	Nil	Nil	Nil
	75,000	1.15	June 1, 2020				

Note:

<sup>(1)</sup> Based on the price of the Shares of the Company's Offering Memorandum private placement which as of December 31, 2017, being \$1.65.

### Incentive Plan Awards – Value Vested or Earned for the fiscal year ended December 31, 2016

The following table sets out all incentive plan values vested (or earned) during the fiscal year ended December 31, 2016, for each NEO:

Named Executive Officer	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Anderson, CEO and Director	Nil	Nil	Nil
Marc Cernovitch, Former President, Current Secretary and Executive Vice-President, Project Operations	Nil	Nil	Nil
Scott Skinner, President and Director of the	Nil	Nil	Nil

Named Executive Officer	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Subsidiary			
Jeannette Vandermarel, Secretary, Treasurer and Director of the Subsidiary	Nil	Nil	Nil

The following table sets out all incentive plan values vested (or earned) during the nine months ended September 30, 2017, for each NEO:

Named Executive Officer	Option-based awards – Value vested during the period <sup>1)</sup> (\$)	Share-based awards – Value vested during the period (\$)	Non-equity incentive plan compensation – Value earned during the period (\$)
Robert Anderson, CEO and Director	187,450	17,350,000	Nil
Jim Shone Former CFO	121,900	Nil	Nil
Amy Stephenson CFO	Nil	Nil	Nil
Csaba Reider President	Nil	Nil	Nil
Marc Cernovitch, Former President, Current Secretary and Executive Vice-President, Project Operations	138,000	Nil	Nil
Scott Skinner, Chief Facilities Officer and Director	48,300	402,500	Nil
Brett Allen Vice-President, Investor Relations	95,450	Nil	Nil

Notes:

<sup>(1)</sup> The value of vested Options that would have been realized if exercised on the vesting date is determined by the difference between the deemed value of the underlying securities of \$1.65 (being the price of the Common Shares of the Company's Offering Memorandum private placement as of December 31, 2017) and the exercise price of the Options on the vesting date.

### Pension Plan Benefits

The Company has no pension plans that provide for payments or benefits at, following, or in connection with the retirement of the Named Executive Officers.

### Directors' and Officers' Liability Insurance

The Company maintains an insurance policy with respect to directors' and officers' liability covering directors and officers of the Company and its subsidiaries as a group. The policy provides coverage to an annual limit of \$10,000,000. The annual premium for the policy period is \$17,370. The Company's coverage under the policy is for a period of 12 months until January 20, 2018, with terms and premiums to be established at each renewal.

## DIRECTOR COMPENSATION

### Director Compensation Table

Non-employee directors of the Company not paid any fees in their capacities as directors:

#### Fiscal year ended December 31, 2016

The following table sets forth the compensation provided to the non-employee directors of the Company during the fiscal year ended December 31, 2016:

Name of Director	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Jeffrey Paikin	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Doherty	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Nine months ended September 30, 2017

The following table sets forth the compensation provided to the non-employee directors of the Company during the nine months ended September 30, 2017:

Name of Director	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Jeffrey Paikin	Nil	Nil	66,512	Nil	Nil	Nil	66,512
David Doherty	Nil	Nil	227,752	Nil	Nil	Nil	227,752
Marc Bertrand <sup>(2)</sup>	Nil	Nil	184,545	Nil	Nil	Nil	184,545

Notes:

<sup>(1)</sup> Options are valued using the Black-Scholes option pricing model as described in the Company's interim consolidated financial statements for the nine month period ended September 30, 2017. These amounts represent the fair value of the Options at the date of grant.

<sup>(2)</sup> Mr. Bertrand was appointed Director of the Company on September 19, 2017.

### Incentive Plan Awards – Option-based Awards for the fiscal year ended December 31, 2016

The following table sets out all option-based awards outstanding at fiscal year ended December 31, 2016, for each non-employee director:

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date (m - d - y)	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share based awards not paid out or distributed (\$)
Jeffrey Paikin	Nil	N/A	N/A	N/A	N/A	N/A	N/A
David Doherty	Nil	N/A	N/A	N/A	N/A	N/A	N/A

### Incentive Plan Awards – Option-based Awards for the nine months ended September 30, 2017

The following table sets out all option-based awards outstanding at September 30, 2017, for each non-employee director:

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date (m - d - y)	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share based awards not paid out or distributed (\$)
Jeffrey Paikin	165,000	\$0.50	February 7, 2020	189,750	N/A	N/A	N/A

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date (m - d - y)	Value of unexercised in-the-money Options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share based awards not paid out or distributed (\$)
David Doherty	565,000	\$0.50	February 7, 2020	649,750	N/A	N/A	N/A
Marc Bertrand	225,000	\$1.15	June 1, 2020	112,500	N/A	N/A	N/A

Notes:

<sup>(1)</sup> The value of the in-the-money Options is based the deemed value of the underlying securities of \$1.65 (being the price of the Shares of the Company's Offering Memorandum private placement as of December 31, 2017) and the exercise price of the Options on the vesting date.

### Incentive Plan Awards – Value Vested or Earned for the fiscal year ended December 31, 2016

The following table sets out all incentive plan values vested (or earned) during the fiscal year ended December 31, 2016, for each non-employee director:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jeffrey Paikin	Nil	N/A	N/A
David Doherty	Nil	N/A	N/A

### Incentive Plan Awards – Value Vested or Earned for the nine months ended September 30, 2017

The following table sets out all incentive plan values vested (or earned) during the nine months ended September 30, 2017 for each non-employee director:

Name	Option-based awards – Value vested during the period <sup>(1)</sup> (\$)	Share-based awards – Value vested during the period (\$)	Non-equity incentive plan compensation – Value earned during the period (\$)
Jeffrey Paikin	37,950	N/A	N/A
David Doherty	129,950	N/A	N/A
Marc Bertrand	Nil	N/A	N/A

Notes:

<sup>(1)</sup> The value of vested Options that would have been realized if exercised on the vesting date is determined by the difference between the deemed value of the underlying securities of \$1.65 (being the price of the Shares of the Company's Offering Memorandum private placement as of December 31, 2017) and the exercise price of the Options on the vesting date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets out equity compensation plan information for the nine month period ended September 30, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding Options, under equity compensation plans (a)	Weighted-average exercise price of outstanding Options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans Approved by Shareholders	None	N/A	N/A
Equity compensation plans not approved by securityholders – 2017 Option Plan	9,580,000 <sup>(1)</sup>	\$0.76	2,559,722 <sup>(2)(3)</sup>
Total	9,580,000 <sup>(1)</sup>	\$0.76	2,559,722 <sup>(2)(3)</sup>

Notes:

- (1) The outstanding Options are governed by the Company's 2017 Option Plan, to be replaced by the New Option Plan after the Meeting.
- (2) Represents the aggregate number of shares remaining available for issuance under the Company's 2017 Option Plan for the nine months ended September 30, 2017, less the number of Common Shares issuable upon the exercise of outstanding Options.
- (3) The Company has an incentive share option plan, which provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant non-transferable Options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares of the Company. At the nine month period ended September 30, 2017, the Company had approximately 121,397,222 Common Shares issued and outstanding.

The following table sets out equity compensation plan information at fiscal year ended December 31, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding Options, under equity compensation plans (a)	Weighted-average exercise price of outstanding Options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) <sup>(1)</sup>
Equity Compensation Plans Approved by Shareholders	None	N/A	N/A
Equity Compensation Plans not approved by securityholders – 2017 Option Plan	None <sup>(1)</sup>	N/A	6,038,940 <sup>(2)(3)</sup>
Total	None <sup>(1)</sup>	N/A	6,038,940 <sup>(2)(3)</sup>

Notes:

- (1) As at December 31, 2016, no Options had been issued under the Company's 2017 Option Plan.
- (2) Represents the aggregate number of shares remaining available for issuance under the Company's 2017 Option Plan for the fiscal year ended December 31, 2016, less the number of Common Shares issuable upon the exercise of outstanding Options.
- (3) The Company has an incentive share option plan, which provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant non-transferable Options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares of the Company. At the fiscal year ended December 31, 2016, the Company had 60,389,400 Common Shares issued and outstanding.

### Share Option Plan

The Company's current 10% "rolling" share option (the "**2017 Option Plan**") plan is a venture issuer share option plan that was established by the Board on February 2, 2017. The Board will adopt a new form of 10% "rolling" share option plan in replacement of the 2017 Option Plan. Refer to heading "PARTICULARS OF MATTERS TO BE ACTED UPON - Adoption of New Form 10% "Rolling" Share Option Plan/Unallocated Option Entitlements" below.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the Company's last completed financial year, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries, indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, including the disclosure below, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

During the fiscal year ended December 31, 2017, the Company paid fees and wages to key management personnel that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of December 31, 2017, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, Executive Vice President of Project Operations, Vice-President of Investor Relations, Chief Facilities Officer and Corporate Secretary). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows:

- a) Management fees and wages of \$386,085;
- b) Director fees of \$0;
- c) Consulting fees of \$188,333; and
- d) Share-based compensation of \$975,000

## MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### **A. Adoption of the 10% Rolling Share Option Plan/Unallocated Option Entitlements**

On February 2, 2017, the Board adopted a 10% "rolling" share option plan (the "**2017 Option Plan**"), in accordance with provisions of a venture exchange issuer. Information as to the number of Options outstanding is included under the heading "Equity Compensation Plan Information" in this Information Circular.

Prior to the Meeting, the Board intends to adopt a new form of "rolling" share option plan, being a "rolling maximum" or "evergreen" plan (the "**New Option Plan**") which fixes a maximum number of shares issuable thereunder as a percentage of the issued and outstanding securities of an issuer. If approved, the Company's New Option Plan will be dated effective January 31, 2018. A "rolling" plan is a share option plan which does not have a fixed number of securities issuable. The New Option Plan has been established to provide incentives to increase individual performance and shareholder value, and to assist with the retention of employees.

The New Option Plan is subject to Shareholder approval.

Under the 2017 Option Plan, a total of 9,580,000 Options have been granted and are outstanding, which represents 6.71% of the 142,684,801 issued and outstanding share capital at January 5, 2018. The Company will not be granting further Options under the 2017 Option Plan. The New Option Plan will be the sole share option plan utilized by the Company for security based compensation and long term incentive.

All of the 9,580,000 outstanding Options outstanding under the 2017 Option Plan will be transferred over to the Company's New Option Plan. Following Shareholder approval of the New Option Plan, the 2017 Option Plan will cease

to exist, and those outstanding Options which have been granted prior to the implementation of the New Option Plan shall, for the purpose of calculating the number of Options that may be granted under the New Option Plan, be treated as Options granted under the New Option Plan. The aggregate maximum number of Common Shares that may be reserved for issuance under the New Option Plan is 10% of the issued and outstanding Common Shares, being 14,268,480 Common Shares.

The aggregate maximum number of Common Shares that may be reserved for issuance under the Option Plan is 10% of the issued and outstanding Common Shares, which as of the date hereof is 14,246,480 Common Shares.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve by ordinary resolution, the adoption of the New Option Plan. A copy of the New Option Plan is attached to this Information Circular as Schedule E.

### **Summary of Material Terms of the New Option Plan**

The following is a summary of material terms of the New Option Plan.

**Eligible Persons.** Options may be granted to directors, officers, employees or consultants of the Company or any of its subsidiaries as determined by the Board as being eligible for participation in the New Option Plan (a “**Eligible Person**”).

**Restriction on Option Grants to Insiders.** The New Option Plan is subject to restrictions that:

- (a) the number of Common Shares issued to Insiders as a group pursuant to Options granted under the New Option Plan, when combined with Common Shares issued to Insiders under all the Company’s other Share Compensation Arrangements shall not exceed 2% of the issued Common Shares within any 12 month period;
- (b) the number of Common Shares issuable to Insiders at any time as a group under the New Option Plan, when combined with Common Shares issuable to Insiders under all the Company’s other Share Compensation Arrangements, shall not exceed 10% of the Company’s issued Common Shares; and
- (c) no exercise price of an Option granted to an Insider may be reduced nor an extension to the term of an Option granted to an Insider extended without further approval of the disinterested Shareholders of the Company.

**Plan Administrator.** The Board (“**Plan Administrator**”) is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

**Maximum Number of Shares Issuable.** The number of Common Shares issuable under the New Option Plan, together with all of the Company’s other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. In addition to this 10% cap,

- (a) The aggregate number of Common Shares issuable upon the exercise of all Options granted under the Plan and under all other Share Compensation Arrangement (pre-existing or otherwise) shall not exceed 10% of the issued and outstanding Common Shares as at the date of grant of each Option under the New Option Plan. If any Option granted hereunder shall expire, terminate for any reason in accordance with the terms of the New Option Plan or be exercised, Common Shares subject thereto shall again be available for the purpose of the New Option Plan.
- (b) The aggregate number of Common Shares which may be issuable at any time pursuant to the New Option Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Common Shares then outstanding.
- (c) The aggregate number of Common Shares which may be issued pursuant to the New Option Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Common Shares then outstanding.

**Exercise Price.** The exercise price per Common Share shall be determined by the Board at the time the Option is granted, but, in any event, shall not be less than the closing price of the Common Shares on the Exchange ending on the Trading Day immediately preceding the grant date of the Option.

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***Vesting of Options.*** Options granted pursuant to the New Option Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board, and may be made subject to performance conditions as the Board may determine at the time of granting such Options.

***Term of Options.*** Subject to the blackout provisions described below, the Option Period shall be determined by the Board at the time of granting the Options provided, however, that the Option Period must not extend beyond five years from the grant date of the Option.

***Termination of Options.*** Subject to any provisions with respect to vesting of Options in an Optionee's employment agreement with the Company, if an Optionee ceases to be an Eligible Person, other than as a result of termination for cause, any Option held by such Optionee at the date such person ceases to be an Eligible Person shall be exercisable only to the extent that the Optionee is entitled to exercise the Option on such date and only for 90 days thereafter (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion) or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Subject to the provisions with respect to vesting of Options in an Optionee's employment agreement with the Company, in the case of an Optionee being terminated for cause, the Option shall immediately terminate and shall no longer be exercisable as of the date of such termination, subject to the Board determining otherwise. Notwithstanding the foregoing, when an Optionee ceases to be an Eligible Person, the Board has discretion to accelerate the vesting of his/her Options and/or allow such Options to continue for a period beyond 90 days, except however, that such Options may not be extended beyond the expiry of their original Option Period.

In the case of an Optionee who is being dismissed from employment or service for cause, or whose services are terminated for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

***Assignability or Transferability of Options.*** Options are not assignable or transferable other than by will or by the applicable laws of descent, except to a Holding Company of the Optionee or by a Holding Company to the Optionee, with the consent of the Company. During the lifetime of an Optionee, all Options may only be exercised by the Optionee or such Holding Company.

***Black-Out Period.*** In the event that the expiry of an Option Period falls within, or within two (2) Trading Days after the end of, a trading blackout period imposed by or on the Company (the "**Blackout Period**"), the expiry date of such Option Period shall be automatically extended to the close of the 10th Trading Day following the end of the Blackout Period.

***Amendment, Modification or Termination of the New Option Plan.*** Subject to the requisite regulatory approvals, and Shareholder approval as prescribed under the New Option Plan and any applicable rules of the TSE, the Board may, from time to time, amend or revise the terms of the New Option Plan (including Options granted thereunder) or may discontinue the New Share Option Plan at any time provided however that no such amendment may, without the consent of the Optionee, in any manner materially adversely affect his rights under any Option theretofore granted under the New Option Plan.

(a) The Board may, subject to receipt of requisite Shareholder and regulatory approval, make the following amendments to the New Option Plan (including Options granted thereunder):

- (i) any amendment to the New Option Plan including, without limitation, any amendment to the percentage of securities reserved and issuable under the New Option Plan;
  - (ii) any change to the definition of "Eligible Persons" that would have the potential of narrowing or broadening or increasing Insider participation;
  - (iii) the addition of any form of financial assistance;
  - (iv) any amendment to a financial assistance provision that is more favourable to Eligible Persons;
  - (v) the addition of deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Company;
  - (vi) any amendment to the New Option Plan to permit Options to be transferred or assigned other than for normal estate settlement purposes;
  - (vii) any amendment that reduces the exercise price or permits the cancellation and re-issuance of Options;
  - (viii) any amendment that extends Options beyond the original Option Period of such Options;
-

- (ix) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities; and
- (x) any reduction to the range of amendments requiring Shareholder approval contemplated in this Section or any other amendments to the New Option Plan;

(b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion (without Shareholder approval), make all other amendments to the New Option Plan (including Options granted thereunder) that are not of the type contemplated in the New Option Plan above, including, without limitation:

- (i) amendments which are of a typographical, grammatical, clerical or of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of a security or the New Option Plan;
- (iii) the addition of a cashless exercise feature; and
- (iv) a change to the termination provisions of a security or the Plan that does not entail an extension beyond the original Option Period.

(c) Notwithstanding the provisions of the New Option Plan, the Company shall additionally obtain requisite Shareholder approval in respect of amendments to the New Option Plan that are contemplated pursuant to the New Option Plan to the extent such approval is required by any applicable law or regulations.

The text of the ordinary resolution to confirm and ratify, with or without amendment, the adoption of the New Option Plan is as follows:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

- 1) the Company's “rolling” share option plan attached as Schedule E (the “**New Option Plan**”) to the Company's Information Circular dated January 5, 2018, be and is hereby approved and adopted;
  - 2) the effective date of the New Option Plan shall be January 31, 2018;
  - 3) subject to any required regulatory approvals, including Shareholder approval, the New Option Plan be approved, and that the New Option Plan be forthwith adopted and implemented by the Company, with such further deletions, additions and other amendments as are required by any securities regulatory authority or which are not substantive in nature and the Chief Executive Officer of the Company deems necessary or desirable;
  - 4) the Board (or such other committee the Board may appoint), be and is hereby appointed to be the Administrator under the New Option Plan and such appointment to be effective until revoked by resolution of the Board;
  - 5) the outstanding Common Shares of the Company that have been granted prior to the implementation of the New Option Plan under the Company's former option plan, shall, for the purpose of calculating the number of stock options that may be granted under the New Option Plan, be treated as Options granted under the New Option Plan;
  - 6) the Company have the ability to grant Options under the New Option Plan on a 10% of the issued Common Shares rolling basis;
  - 7) the maximum number of Shares issuable to insiders of the Company under security-based compensation arrangements at any time cannot exceed 10% without disinterested Shareholder approval;
  - 8) the directors and officers of the Company be authorized and directed to perform all acts and deeds and things and execute, under seal of the Company, or otherwise; all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions;
  - 9) the directors of the Company are hereby authorized to make such other amendments to the New Option Plan as the directors of the Company may, in their sole discretion, determine are necessary, desirable or useful, without limiting the generality thereof, from time to time, to make amendments to the New Option Plan without approval of or further authority from the Shareholders; and
  - 10) all currently available and unallocated Options issuable pursuant to the New Option Plan are hereby approved and authorized for grant.”
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To pass, the resolution must be approved by a simple majority of votes cast at the meeting (50% plus one vote) to approve the New Option Plan.

**Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the adoption of the ordinary resolution authorizing the approval of the New Option Plan.**

**B. Approval of Stock Split**

In order for the Company to have a more flexible capital structure to attract capital and ensure trading liquidity, the Board will adopt a resolution seeking Shareholder approval to effect a stock split of its Common Shares in the event the Board deems it necessary and in the best interest of the Shareholders. If the stock split is approved by the Shareholders, the Board may subsequently effect, in its sole discretion, the stock split on up to a one-for-three ratio (the “**Stock Split**”).

Approval of this proposal by the Shareholders would give the Board authority to implement the Stock Split at any time prior to the Company’s next annual meeting of Shareholders. In addition, notwithstanding approval of this proposal by the Shareholders, the Board may, in its sole discretion, determine not to effect, and abandon, the Stock Split without further action by our Shareholders.

The Board believes that Shareholder approval of a range for the exchange ratio of the Stock Split (as contrasted with approval of a specified ratio of the split) provides the Board with maximum flexibility to achieve the purposes of a stock split, and, therefore, is in the best interests of the Shareholders. The actual ratio for implementation of the Stock Split will be determined by the Board of Directors based upon its evaluation as to what ratio of post-split shares to pre-split shares would be most advantageous to the Shareholders.

The Board also believe that Shareholder approval of a time range until the next annual general meeting of Shareholders for the effectuation of the Stock Split (as contrasted with approval of a specified time of the split) provides the Board of Directors with maximum flexibility to achieve the purposes of a stock split, and, therefore, is in the best interests of the shareholders. The actual timing for implementation of the Stock Split would be determined by the Board based upon its evaluation as to when and whether such action would be most advantageous to the Shareholders.

The Company currently has 142,684,801 Common Shares issued and outstanding and approximately 46,049,431 additional Common Shares may be issued upon the exercise of outstanding options or warrants. The Company is authorized to issue an unlimited number of its Common Shares.

The Board intends to implement the Stock Split only if it believes that this action would be in the best interests of the Company. If the Stock Split is approved by the Shareholders, the Board of Directors would have the discretion to implement the Stock Split at any time before its next annual meeting, or to affect no Stock Split at all. If the Shareholders approve the Stock Split proposal, the Stock Split would be affected, if at all, only upon a determination by the Board that the Stock Split is in the best interests of the Company and its shareholders at that time. The Board of Directors is still studying the advantages and disadvantages of implementing a Stock Split.

No further action on the part of the Shareholders will be required to either effect or abandon the Stock Split. If no Stock Split is affected before our next annual meeting, the Board of Directors’ authority to effect the Stock Split would terminate.

The Stock Split will not affect any Shareholder’s proportionate equity interest in the Company or the rights, preferences, privileges or priorities of any shareholder. The implementation of the Stock Split would not affect the total shareholders’ equity of the Company or any components of shareholders’ equity as reflected on the Company’s financial statements except: (1) to change the number of the issued and outstanding Common Shares, and (2) to change the stated capital of the Common Shares to reflect the Stock Split. In connection with the Stock Split proportionate adjustments to the per share exercise or conversion price and the number of shares obtainable upon exercise of outstanding stock options, warrants and convertible notes would be made. The number of shares issuable under our current stock option plan would also be increased proportionately based on the Stock Split ratio.

If the Stock Split is implemented, it is intended that the Company shall, through its transfer agent, exchange certificates representing Common Shares outstanding immediately prior to the Effective Date of the Stock Split into new certificates representing the appropriate number of Common Shares resulting from the Stock Split.

No fractional shares will be issued in connection with the Stock Split. If, as a result of the Stock Split, the holder becomes entitled to a fractional share, such fraction will be rounded down to the nearest whole number.

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### *Shareholder Approval of Stock Split*

The Stock Split is subject to Shareholder approval. Shareholders will be asked at the Meeting to consider, and if thought fit, approve a special resolution, with or without variation, as follows:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT** effective as of the date the board of directors in the resolutions adopted by it authorizes the implementation of the forward stock split, all outstanding Common Shares of the Company automatically shall be divided at the rate of up to three for each one share issued and outstanding, without the necessity of any further action on the part of the holders thereof or the Company.”

**Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the adoption of the special resolution authorizing the Stock Split.**

To pass, the resolution must be approved by a two-thirds (66 2/3%) of votes cast at the Meeting to approve the Stock Split.

### **C. Amendment to the Quorum Requirement in By-Law No. 1**

The Board will approve and adopt an amendment to By-Law No. 1 of the Company (the “**By-Law**”), being a by-law relating generally to the transaction of the business and affairs of the Corporation. The amendment (the “**By-Law Amendment**”) would decrease the number of shares necessary to constitute a quorum at any meeting of the Corporation’s shareholders from 51% to 5% of the shares entitled to vote at such meeting.

Section 10.10 of the By-Law provides as follows:

#### “10.10 Quorum

Subject to the provisions of section 10.20, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for an absent shareholder so entitled, and together holding or representing by proxy not less than 51% of the outstanding shares of the Corporation entitled to vote at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.”

Following the amendment, Section 10.10 of the By-Law will provide as follows:

#### “10.10 Quorum

Subject to the provisions of section 10.20, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder for an absent shareholder so entitled, and together holding or representing by proxy not less than 5% of the outstanding shares of the Corporation entitled to vote at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.”

### *Shareholder Approval of By-Law Amendment*

The By-Law Amendment is subject to shareholder approval. Shareholders will be asked at the Meeting to consider, and if thought fit, approve a special resolution, with or without variation, as follows:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT** an amendment to Section 10.10 of By-Law No. 1 of the Company is hereby approved to change the quorum requirement from 51% to 5%, as more specifically set out in the Company’s Information Circular dated January 5, 2018, to be effective as of the date of the resolutions of the board of directors authorizing the implementation thereof.”

**Unless otherwise instructed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the adoption of the special resolution authorizing the By-Law Amendment.**

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To pass, the resolution must be approved by a two-thirds (66 2/3%) of votes cast at the meeting to approve the By-Law Amendment.

#### **ADDITIONAL INFORMATION**

Shareholders of the Company may request copies of the Company's financial statements by contacting the Company at P.O. Box 81025 Fiddlers Green, Ancaster, Ontario L9G 4X1 or at (905) 304-4201.

#### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders has been approved by the Board.

**DATED** at Vancouver, British Columbia, January 5, 2018.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Rob Anderson*"

Rob Anderson  
Chief Executive Officer

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**SCHEDULE A**  
**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**  
**AUDITED FINANCIAL STATEMENTS**

[see attached.]

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Consolidated financial statements of

# **The Green Organic Dutchman Holdings Ltd.**

As at December 31, 2016 and for the period from the date of  
incorporation on November 16, 2016 to December 31, 2016

# **The Green Organic Dutchman Holdings Ltd.**

As at December 31, 2016 and for the period from the date of incorporation on November 16, 2016 to December 31, 2016

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# Independent Auditor's Report

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To the Board of Directors of  
The Green Organic Dutchman Holdings Ltd.

We have audited the accompanying consolidated financial statements of The Green Organic Dutchman Holdings Ltd., which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period from the date of incorporation on November 16, 2016 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion the consolidated financial statements present fairly, in all material respects, the financial position of The Green Organic Dutchman Holdings Ltd. as at December 31, 2016, and its financial performance and its cash flows for the period from the date of incorporation on November 16, 2016 to December 31, 2016 in accordance with International Financial Reporting Standards.

**Emphasis of Matter**

We draw attention to Note 2 to the financial statements which describes the uncertainty related to The Green Organic Dutchman Holdings Ltd.'s ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

/s/Deloitte LLP

Chartered Professional Accountants  
Licensed Public Accountants  
October 19, 2017

# The Green Organic Dutchman Holdings Ltd.

## Consolidated statement of financial position

as at December 31, 2016

(In Canadian dollars)

	\$
<b>Assets</b>	
Current assets	
Cash	2,808,738
Restricted cash (Note 8)	3,175,764
Prepaid expenses	49,643
Harmonized Sales Tax receivable	41,836
Biological assets (Note 4)	33,301
	<b>6,109,282</b>
Property, plant and equipment (Note 5)	965,915
Deposit on property (Notes 10 and 15)	250,000
Intangible assets (Notes 6 and 7)	5,870,099
Goodwill (Note 6)	2,163,513
	<b>15,358,809</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable and accrued liabilities	123,541
Deferred subscription receipts (Note 8)	3,175,764
Loans from related parties (Notes 10 and 15)	250,000
Deferred tax liability (Note 9)	1,555,576
	<b>5,104,881</b>
<b>Shareholders' equity</b>	
Share capital (Note 8)	10,415,082
Deficit	(161,154)
	<b>10,253,928</b>
	<b>15,358,809</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Green Organic Dutchman Holdings Ltd.

Consolidated statement of operations and comprehensive loss  
period from the date of incorporation on November 16, 2016 to  
December 31, 2016

(In Canadian dollars)

	\$
<b>Unrealized gain on changes in fair value of biological assets</b>	<b>33,301</b>
Expenses	
Marketing	18,171
Research and development	59,438
General and administration	49,143
Depreciation and amortization	35,143
Acquisition cost	40,484
	<b>202,379</b>
Loss before income taxes	<b>(169,078)</b>
Income tax recovery (Note 9)	7,924
<b>Net loss and total comprehensive loss</b>	<b>(161,154)</b>
<b>Loss per share, basic and diluted</b>	
Net loss per share (Note 3)	<b>(0.00291)</b>
Weighted average number of outstanding common shares	<b>55,471,032</b>

The accompanying notes to the consolidated financial statements are an integral part of  
this consolidated financial statement.

# The Green Organic Dutchman Holdings Ltd.

## Consolidated statement of changes in shareholders' equity

period from the date of incorporation on November 16, 2016 to December 31, 2016

(In Canadian dollars)

	Number of shares	Share capital	Accumulated deficit	Total
		\$	\$	\$
<b>Opening balance November 16, 2016</b>	-	-	-	-
Issuance of shares for TGOD acquisition	11,550,000	2,656,500	-	2,656,500
Issuance of shares to fund TGOD acquisition	34,851,009	4,408,781	-	4,408,781
Issuance of shares to settle debt	8,598,991	665,101	-	665,101
Issuance of agent compensation shares	22,400	11,200	-	11,200
Private placement of common shares	5,367,000	2,673,500	-	2,673,500
Net loss and comprehensive loss	-	-	(161,154)	(161,154)
<b>Balance, December 31, 2016</b>	<b>60,389,400</b>	<b>10,415,082</b>	<b>(161,154)</b>	<b>10,253,928</b>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Green Organic Dutchman Holdings Ltd.

## Consolidated statement of cash flows

period from the date of incorporation on November 16, 2016 to  
December 31, 2016

(In Canadian dollars)

	\$
<b>Operating activities</b>	
Net loss after income taxes	(161,154)
Items not affecting cash	
Depreciation of property, plant and equipment	5,239
Amortization of intangible assets	29,904
Unrealized gain on change in fair value of biological assets	(33,301)
Agent compensation shares issued	11,200
Deferred tax recovery	(7,924)
Changes in non-cash operating working capital items (Note 11)	59,357
	<u>(96,679)</u>
<b>Investing activities</b>	
Net cash outflow on acquisition of subsidiary (Note 6)	(3,937,445)
Purchases of property, plant and equipment (Note 5)	(24,318)
Deposit on property acquisition	(250,000)
	<u>(4,211,763)</u>
<b>Financing activities</b>	
Proceeds from issuance of common shares to fund acquisition	4,408,781
Proceeds from issuance of shares in private placement	2,673,500
Deferred share subscription receipts	3,175,764
Proceeds of loans from related parties	250,000
Repayment of shareholder loan	(215,101)
	<u>10,292,944</u>
Net cash inflow (outflow)	5,984,502
Cash, beginning of period	-
Less: restricted cash (Note 8)	(3,175,764)
<b>Cash, end of period</b>	<u><b>2,808,738</b></u>

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

# The Green Organic Dutchman Holdings Ltd.

## Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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### 1. Description of business

The Green Organic Dutchman Holdings Ltd. is a corporation, incorporated on November 16, 2016, in Canada, under the *Canada Business Corporations Act* with its registered head office located at Brookfield Place, Suite 4400, 181 Bay Street, Toronto, Ontario M5J 2T3.

The consolidated financial statements as at December 31, 2016 and for the period from the date of incorporation of November 16, 2016 to December 31, 2016 include The Green Organic Dutchman Holdings Ltd. and its subsidiary (together referred to as "TGODH" or the "Company"). The Company's subsidiary is The Green Organic Dutchman Ltd. ("TGOD" or the "Subsidiary") which is a licensed producer of medical cannabis in Canada. The principal activities of TGOD are the production of medical cannabis including the growing and possession of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR").

On November 24, 2016, the Company acquired TGOD which included all the issued and outstanding common shares of TGOD. TGOD became a subsidiary of the Company upon the closing of the transaction. Additional information on the transaction is disclosed in Note 6.

### 2. Basis of presentation

#### *Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on October 19, 2017.

#### *Basis of measurement*

These consolidated financial statements have been presented in Canadian dollars on a historical cost basis. The Company's functional currency is Canadian dollars. Historical cost is generally based upon the fair value of the consideration given in exchange for assets. The expenses within the statements of operations and comprehensive loss are presented by function. The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function.

#### *Going concern*

During the period November 16, 2016 to December 31, 2016, the Company had a net loss of \$169,078 and negative cash flows from operations of \$96,679 and positive working capital of \$1.0 million. The positive working capital balance was mainly due to having a cash balance of \$2.8 million. Given the Company maintained positive cash flows in the absence of revenues, it believes that it will have sufficient capital to operate over the next 12 months, however additional funding will be necessary to complete its expansion plan and to bring the growing operation to commercial scale. There is also uncertainty at December 31, 2016 whether the Company will be successful in obtaining a license to sell dried marijuana products. As the Company is in the start-up stage of its life cycle whether, and when, the Company can attain profitability and positive cash flows from operations remains uncertain. The Company will need to raise capital in order to fund its operations. The Company's ability to raise capital may be adversely impacted by uncertain market conditions, negative result of application for a sell license, and inability to reach growth targets. To address its financing requirements the Company is seeking financing through equity financings. Additional capital and a sell license were obtained subsequent to December 31, 2016 as described in Note 15 to these financial statements. Continuing access to financing and the outcome of these matters cannot be predicted at this time.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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### 3. Significant accounting policies

#### *Basis of consolidation*

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiary.

#### *Business combinations*

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements.) The excess of the consideration transferred to obtain control, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

#### (a) Biological assets

The Company measures biological assets consisting of medical cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year.

#### (b) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a declining basis over the following terms:

Building	5%
Furniture and fixtures	20-33%
Production equipment	20-50%
Building improvements	5-20%
Computer equipment	33%-56%

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Assets in process are transferred to property, plant and equipment when available for use and depreciation of the assets commences at that point.

#### (c) Finite-lived and indefinite-lived intangible assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

Health Canada license	Useful life of facility, 20 years
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The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Company does not currently have any intangible assets with indefinite useful lives.



# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 3. Significant accounting policies (continued)

### (d) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previous.

### (e) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates. The Company has determined that the goodwill associated with the acquisition belongs to the medical marijuana CGU. Currently, the Company has one reportable segment and one CGU.

Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

### (f) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

### (g) Income taxes

#### *Current taxes*

Current tax is based on taxable earnings for the period. Taxable earnings may differ from earnings as reported in the Statement of Operations and Comprehensive Loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### *Deferred taxes*

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary

# The Green Organic Dutchman Holdings Ltd.

## Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to  
December 31, 2016

(In Canadian dollars)

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### 3. Significant accounting policies (continued)

#### *Income taxes (continued)*

differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

#### (h) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share based payments granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

#### (i) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

#### (j) Financial instruments

##### Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as financial assets at fair value through profit or loss or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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### 3. Significant accounting policies (continued)

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

#### Financial instruments (continued)

##### Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

##### Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	<u>Classification</u>
Cash, and restricted cash	Loans and receivables
Harmonized Sales Tax receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Deferred subscription receipts	Other liabilities
Loans from related parties	Other liabilities

##### Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

##### Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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### 3. Significant accounting policies (continued)

#### (k) Related party transactions

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid or received as established and agreed to by the related parties.

Related party transactions not in the normal course of business are measured at the fair value of the goods or services acquired.

#### (l) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### Biological assets

In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant.

#### Share-based compensation

In calculating the share-based compensation expense, management is required to estimate the fair value of the good or service received or the fair value of the equity instruments granted in the case where the fair value of the good or service received cannot be estimated.

#### Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

#### Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

In determining the allocation of the purchase price in a business combination, including any acquisition-related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Non-controlling interests in the acquiree are measured on the basis of the non-controlling interests' proportionate share of this equity in the acquiree's identifiable net assets.

Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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### 3. Significant accounting policies (continued)

#### Critical accounting estimates and judgments (continued)

recognized according to specific requirements.) The excess of the aggregate of (a) the consideration transferred to obtain control, the amount of any non-controlling interest in the acquiree over (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

#### (m) New and revised IFRS in issue but not yet effective

##### Amendments to IAS 12

Amends IAS 12 *Income Taxes* to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is applicable to annual periods beginning on or after January 1, 2017 and is applied retrospectively. The Company is in the process of determining the impact of the amendments to IAS 12 on its consolidated financial statements.

##### Amendments to IAS 7

Amends IAS 7 *Statement of Cash Flows* to improve information provided to users of financial statements about an entity's financial activities by making the following changes:

- The following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes;
- The International Accounting Standards Board ("IASB") defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition; and
- Changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

This amendment is applicable to annual periods beginning on or after January 1, 2017. The Company is in the process of determining the impact of the amendments to IAS 7 on its consolidated financial statements.

##### IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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### 3. Significant accounting policies (continued)

#### *Business combinations (continued)*

annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is assessing the potential impact of IFRS 15.

#### (l) *New and revised IFRS issued but not yet effective (continued)*

##### IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018. The Company is assessing the potential impact of IFRS 9.

### 4. Biological assets

The Company's biological assets consist of seeds and medical cannabis plants. The continuity of biological assets for the period November 16, 2016 to December 31, 2016 is as follows:

	<b>December 31, 2016</b>
Balance, beginning of period	\$ -
Transfer to inventory upon harvest	-
Unrealized gain on changes in FV of biological assets	33,301
Balance, end of period	<u>\$ 33,301</u>

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- wastage of plants based on their various stages;
- seeds are valued at cost;
- mother plants are valued at nil;
- yield by strain of plant;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

On average, the grow cycle is 16-19 weeks depending on the strain. All of the plants are to be harvested as agricultural produce (i.e., medical cannabis) and produced into oils. As at December 31, 2016 the Company had not yet harvested and therefore held no inventory.

# The Green Organic Dutchman Holdings Ltd.

## Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to  
December 31, 2016

(In Canadian dollars)

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#### 4. Biological assets (continued)

The Company estimates the harvest yields for the plants at various stages of growth. As of December 31, 2016, it is expected that the Company's biological assets will yield approximately 35g per plant or 315g total. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets.

The valuation of biological assets is level 3 on the fair value hierarchy and there have been no changes between levels during the period.

#### 5. Property, plant and equipment

A continuity of property, plant and equipment for the period November 16, 2016 to December 31, 2016 is as follows:

	Balance at November 16, 2016	Additions from acquisitions	Additions	Balance at December 31, 2016
	\$	\$	\$	\$
Cost				
Land	-	633,333	-	633,333
Computer equipment	-	519	-	519
Furniture and fixtures	-	4,964	-	4,964
Production equipment	-	24,975	-	24,975
Building and improvements	-	283,044	24,318	307,362
	-	946,835	24,318	971,153
	Balance at November 16, 2016	Additions		Balance at December 31, 2016
	\$	\$		\$
Accumulated depreciation				
Computer equipment	-	29		29
Furniture and fixtures	-	101		101
Production equipment	-	746		746
Building and improvements	-	4,363		4,363
	-	5,239		5,239
Net book value	-			965,915

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 6. Acquisition

On November 24, 2016 the Company purchased 100% of the issued and outstanding shares of TGOD, a licensed producer of medical cannabis and TGOD purchased land and building from an original shareholder. The transaction was accounted for as a business combination. The consideration for the transaction consisted of cash payment of \$3,970,263 and 11,550,000 shares issued at a deemed price of \$0.23 per share which totaled \$2,656,500 less cash acquired of \$32,818.

The preliminary purchase price allocation is as follows:

	\$
Net liabilities acquired	(1,436,750)
Health Canada license	5,900,000
Goodwill	2,163,513
<b>Total purchase price</b>	<b>6,626,763</b>

The net assets acquired included the following

Cash	32,818
Harmonized Sales Tax receivable	32,797
Property, plant and equipment	946,835
<b>Total assets</b>	<b>1,012,450</b>

Accounts payable and accrued liabilities	5,498
Purchaser loan	665,101
Shareholder loan	215,101
Deferred tax liability	1,563,500
<b>Total liabilities</b>	<b>2,449,200</b>
<b>Net liabilities acquired</b>	<b>(1,436,750)</b>

Acquisition costs of \$40,484 were recognized as an expense in the period November 16, 2016 to December 31, 2016.

Net cash outflow on acquisition of TGOD is as follows:

	\$
Consideration paid in cash	3,970,263
Less: cash acquired	32,818
<b>Net cash outflow</b>	<b>3,937,445</b>

Goodwill arose because the consideration paid to acquire the Subsidiary reflected the strategic value of an agreement to acquire adjacent land to allow for expansion of the licensed property.

The accounting for the land and building purchased from an original shareholder is incomplete. The Company is determining the fair value of the land and building acquired.



# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 7. Intangible asset

A continuity of the intangible assets for the period November 16, 2016 to December 31, 2016 is as follows:

	Balance at November 16, 2016	Additions from acquisitions	Amortization	Balance at December 31, 2016
	\$	\$	\$	\$
Intangible assets				
Health Canada license	-	5,900,003	(29,904)	<b>5,870,099</b>

## 8. Share capital

### *Authorized*

An unlimited number of common shares.

As at December 31, 2016, the Company has 60,389,400 common shares issued and outstanding.

### *Acquisitions*

On November 24, 2016, the Company acquired 100% of all the outstanding shares of TGOD for cash and shares (Note 6). Pursuant to the Amended and Restated Purchase Agreement, the Company issued 11,550,000 common shares at a deemed price of \$0.23 per share as part of the total purchase price and also issued 8,598,991 shares to settle debt of \$665,101.

### *Equity raises*

On November 24, 2016, the Company completed four subscription agreements with two investors:

- Issued 3,124,462 common shares at \$0.23 per share for an aggregate purchase price of \$710,132.
- Issued 8,975,538 common shares at \$0.23 per share for an aggregate purchase price of \$2,039,869
- Issued 9,180,534 common shares at \$0.08 per share for an aggregated purchase price of \$710,132
- Issued 13,570,475 common shares at \$0.07 per share for an aggregated purchase price of \$948,650

On December 22, 2016, the Company completed a brokered private placement of 26,581,172 common shares at \$0.50 per share for gross proceeds of \$13,290,586. Pursuant to the private placement, the Company also issued 2,096,060 agent compensation shares for a total of 28,677,232 shares of which 5,389,400 shares were issued as at December 31, 2016 and 23,287,832 shares were issued subsequent to year end. As of December 31, 2016 the Company had received cash of \$3,175,764 for shares issued after year end. This cash is presented on the balance sheet as restricted cash as it is payable to the subscribers if the shares are not issued.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

## 9. Income taxes

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss on operations before income taxes, shown as follows:

	<b>December 31, 2016</b>
Expected tax rate	<b>26.50%</b>
Expected tax benefit resulting from loss	<b>\$ (44,806)</b>
Non-capital losses not recognized	<b>\$ 44,806</b>
Income tax (recovery) expense	<b>\$ -</b>

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

The following deferred tax assets and liabilities have been recognized for accounting purposes:

	<b>December 31, 2016</b>
	<b>\$</b>
Deferred tax asset	<b>-</b>
Deferred tax liability	<b>1,555,576</b>
Net deferred tax liability	<b>1,555,576</b>

The effect of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax liability, which has been recognized in the year are as follows:

	November 16, 2016	Recognized in profit and loss	Recognized in goodwill	<b>December 31, 2016</b>
	\$	\$	\$	\$
Deferred tax liability				
Licenses	-	7,924	(1,563,500)	<b>(1,555,576)</b>

The tax effects of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax assets, which have not been recognized, are approximately as follows:

	<b>December 31, 2016</b>
	<b>\$</b>
Unrecognized deferred tax asset	
Fixed assets and land	<b>378,783</b>
Loss Carryforwards	<b>169,900</b>
	<b>548,683</b>

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 9. Income taxes (continued)

The Company has the following non-capital losses available to reduce future years' federal and provincial taxable income which expires as follows:

	\$
2033	14,440
2034	74,035
2035	176,016
2036	376,640
	<hr/>
	641,131

Certain of the above losses were acquired as part of the Company's acquisition of TGOD.

As at December 31, 2016, the Company does not have any gross temporary differences associated with investments in subsidiaries.

## 10. Related parties

### *Key management personnel compensation*

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors, who control approximately 22.22% of the outstanding shares of the Company.

The Subsidiary entered into a consulting agreement with 2454594 Ontario Limited, a company 50% owned by Scott Skinner, dated November 24, 2016 pursuant to which Mr. Skinner will provide cannabis related consulting services to TGOD for an indefinite term for an annual fee of \$50,000.

Total key management personnel compensation for the period is \$29,205 and consists of salaries and consulting fees.

### *Shareholder loan and Purchaser loan acquired November 24, 2016 (Note 6)*

On November 24, 2016 the Company repaid the shareholder loan in TGOD on the date of acquisition of \$215,101 and issued 8,598,991 shares to a shareholder of the Company to settle the purchaser loan of \$665,101 (Note 8).

### *Loans from related parties*

Related parties provided bridge loans totaling \$250,000 to the Company on November 24, 2016 for the deposit on purchase of an adjacent property. The bridge loans bear interest at 6% annually and matures on the earlier of: (a) the day the Company executes an Assignment and Assumption Agreement, and (b) January 27, 2017. Subsequent to year end, the loans were repaid in full. See Note 15 for details on repayment.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 11. Supplementary cash flow information

The changes in non-cash working capital items are as follows:

	December 31, 2016
	\$
Prepaid expenses	(49,643)
Harmonized Sales Tax receivable	(9,039)
Accounts payable and accrued liabilities	118,039
	<u>59,357</u>

Cash consists of amounts of currency held in bank accounts and a trust account.

## 12. Financial instruments

### *Currency risk*

As at December 31, 2016, the Company has no financial assets and liabilities for which cash flows are denominated in foreign currencies other than cash. The Company is holding \$39,986 of cash denominated in U.S. dollars as at December 31, 2016. The Company has very limited currency risk.

### *Interest rate risk*

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2016, the Company has no short-term investments.

Amounts due to shareholders are non-interest bearing and has no exposure to interest rate risk.

### *Credit risk*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and Harmonized sales tax receivable represents the maximum exposure to credit risk and at December 31, 2016. Since the inception of the Company, no losses have been suffered in relation to cash held by the bank, prepaid expenses or amounts receivable.

At December 31, 2016, the Harmonized Sales tax receivable accounted for 100% of accounts receivable.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. During the period November 16, 2016 to December 31, 2016, the Company completed equity financings for gross cash proceeds of \$7,082,281.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

## 12. Financial instruments (continued)

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	As at December 31, 2016				
	Carrying amount	Contractual cash flows	Year 1	Years 2-3	Years 4 and after - 5
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	123,541	123,541	123,541	-	-
Deferred subscription receipts	3,175,764	3,175,764	3,175,764	-	-
Due to related parties	250,000	250,000	250,000	-	-
	<b>3,549,305</b>	<b>3,549,305</b>	<b>3,549,305</b>	-	-

### *Fair values*

The Company's financial instruments include cash, accounts payable and accrued liabilities, deferred subscription receipts and loans from related parties which are carried at cost which approximates their fair value due to the relatively short maturity of those instruments.

### *Fair value hierarchy*

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period November 16, 2016 to December 31, 2016, there were no transfers of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

## 13. Segmented information

The Company operates in one segment, the production of medical cannabis. All property, plant and equipment and intangible assets are located in Canada. No revenues were generated during the period November 16, 2016 to December 31, 2016.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 14. Capital management

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at December 31, 2016 total managed capital was comprised of shareholders' equity of \$10,415,082 and related party loans of \$250,000.

There were no changes in the Company's approach to capital management during the period November 16, 2016 to December 31, 2016.

## 15. Subsequent events

- a) The Company established an employee stock option plan February 2, 2017 which is administered by the Board of Directors of the Company who establishes exercise prices, at not less than the market price at the date of grant, and expiry dates, which have been set at three years from issuance. Options under the Plan remain exercisable in increments with 1/3 being exercisable on each of the first, second and third anniversaries from the date of the grant, except as otherwise approved by the Board of Directors. The maximum number of common shares reserved for issuance for options that may be granted under the Plan is 10% of the common shares outstanding. The Company has issued 7,535,000 options valued at \$3,669,000 to date.
- b) On February 9, 2017, the Company repaid related party loans (See Note 10) for \$250,000 plus accrued interest of \$2,918.
- c) On March 8, 2017 the Company closed on purchase of 75 acres of land adjacent to the existing facility for total purchase price of \$1,900,000.
- d) On March 24 and April 4, 2017, the Company completed a private placement financing and issued 25,087,496 units, consisting of 23,934,671 private placement units and 1,152,825 finder's units, at \$1.15 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of \$2.15 per share for a period of 2 years expiring March 24, 2019 and April 4, 2019.
- e) On March 31, 2017 the Company advanced \$125,000 to a related party in exchange for a promissory note for the same amount at an interest rate of 0% and a maturity date of June 30, 2017. This note payable was settled June 30, 2017 with a replacement promissory note in the same amount and interest rate with a maturity date of June 30, 2018.
- f) In April 2017 the Company completed private placement financing raise issuing 25,870,663 units of common shares and warrants at \$1.15 per share. Each warrant is exercisable to acquire one common share at a price of \$2.15 per share for a period expiring March 24, 2019.
- g) On April 5, 2017, the Company issued 11,500,000 common shares to Technical Administration Overseas S.A. ("TAO") pursuant to a financing services agreement with TAO as compensation for performance of certain financial and advisory services in connection with obtaining financing. The financing services agreement specified compensation of 11,000,000 common shares therefore in September 2017 the Company did a return to treasury of the 11,500,000 common share and issued 11,000,000 common shares to TAO.

# The Green Organic Dutchman Holdings Ltd.

Notes to the consolidated financial statements

Period from the date of incorporation on November 16, 2016 to

December 31, 2016

(In Canadian dollars)

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## 15. Subsequent events (continued)

- h) On November 24, 2016, the Subsidiary entered into an employment agreement with the President of TGOB for total compensation of \$150,000 plus a 50% contingent bonus provided certain milestones were achieved. On May 26, 2017, the full amount of the annual compensation and \$25,000 bonus was paid by way of issuance of 350,000 shares. Of this compensation \$15,209 was earned but not paid in the period of November 16, 2016 to December 31, 2016.
- i) On May 26, 2017, the Company issued 10,400 common shares as compensation for financial services in connection with raising capital.
- j) On June 26, 2017 the Company advanced \$104,000 USD to a related party in exchange for a promissory note for the same amount with interest at 0% and maturity date of September 26, 2017. This promissory note was settled September 26, 2017 with a replacement promissory note in the same amount and interest rate with a maturity date of September 26, 2018.
- k) The Subsidiary obtained a Health Canada license to sell medical marijuana on August 10, 2017.
- l) On August 19, 2017, the Company issued 508,927 Units for Debt Settlement, with each Unit consisting of one common share and one full warrant at a price of \$1.15 per Unit. Each warrant is exercisable to acquire one Common Share at a price of \$2.15 per share for a period expiring August 18, 2019.
- m) On August 21, 2017, the Company entered into a Line of Credit Agreement with Alterna Savings (the "Lender") for a revolving line of credit in the amount of \$5,000,000 at an interest rate equal to the Lender's prime rate plus 1.50% per annum calculated monthly on the daily outstanding balance. The line of credit is secured by an assignment of a term deposit. The principal outstanding and accrued interest are repayable upon demand. As at the date of these financial statements, the Company has not drawn on the line of credit.
- n) On September 15, 2017 the Company advanced \$150,000 USD to a related party in exchange for a promissory note for the same amount with interest at 0% and maturity date of March 26, 2018.

## SCHEDULE B

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**Schedule B attached to The Green Organic Dutchman Holdings Ltd. Information Circular dated January 5, 2018  
Disclosure of Corporate Governance**

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The Company is committed to maintaining high standards of corporate governance. The Company is in the process of establishing a comprehensive corporate governance policy to continually assess its governance practices as corporate governance policies, practices and requirements evolve.

The following disclosure has been approved by the Board. Unless otherwise stated, the information contained herein is current as of September 30, 2017, unless otherwise stated. The following is a report under Form 58-101F1 in accordance with National Instrument 58 201 Disclosure of corporate Governance Practices (“NI 58-101”):

NI 58-101	Corporate Governance Practices																					
<p><b>1. Board of Directors</b></p> <p>(a) Disclose the identity of directors who are independent.</p>	<p>NI 58-101 states that a director is independent if a reasonable person with knowledge of all the relevant circumstances would conclude that the director is independent of management of the Company and of any significant security holder of the Company.</p> <p>During 2017, the Company had six directors listed below, half of whom meet the independence standards as set out by NI 58-101.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Independent</th> <th style="width: 20%; text-align: center;">Not Independent</th> </tr> </thead> <tbody> <tr> <td>Robert Anderson</td> <td></td> <td style="text-align: center;">X</td> </tr> <tr> <td>Scott Skinner</td> <td></td> <td style="text-align: center;">X</td> </tr> <tr> <td>Jeffrey Paikin</td> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td>Ian Wilms</td> <td></td> <td style="text-align: center;">X</td> </tr> <tr> <td>David Doherty</td> <td style="text-align: center;">X</td> <td></td> </tr> <tr> <td>Marc Bertrand</td> <td style="text-align: center;">X</td> <td></td> </tr> </tbody> </table>		Independent	Not Independent	Robert Anderson		X	Scott Skinner		X	Jeffrey Paikin	X		Ian Wilms		X	David Doherty	X		Marc Bertrand	X	
	Independent	Not Independent																				
Robert Anderson		X																				
Scott Skinner		X																				
Jeffrey Paikin	X																					
Ian Wilms		X																				
David Doherty	X																					
Marc Bertrand	X																					
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>Explanations for the determination of these directors’ non-independence is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <tbody> <tr> <td style="width: 30%;">Robert Anderson</td> <td>Mr. Anderson is a non-independent director as he is the Chief Executive Officer of the Company.</td> </tr> <tr> <td>Scott Skinner</td> <td>Mr. Skinner has been a Director and Chief Facilities Officer since June 1, 2017. .</td> </tr> <tr> <td>Ian Wilms</td> <td>Mr. Wilms is the Director of Compliance and Government Affairs.</td> </tr> </tbody> </table>	Robert Anderson	Mr. Anderson is a non-independent director as he is the Chief Executive Officer of the Company.	Scott Skinner	Mr. Skinner has been a Director and Chief Facilities Officer since June 1, 2017. .	Ian Wilms	Mr. Wilms is the Director of Compliance and Government Affairs.															
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<p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>The Board has determined that 50% of directors are independent within the meaning of NI 58-101.</p> <p>The Company currently has a board comprised of six directors, three of whom are independent. The independent directors are able to, and at ad hoc, as necessary intervals, meet without the presence of management to ensure that the board may function independent of management. During the nine months ended September 30, 2017, there have been 2 meetings of the board.</p>																					
<p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or foreign jurisdiction, identify both the director and the other issuer.</p>																						



**NI 58-101**

**Corporate Governance Practices**

(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

Directors are invited to hold *in camera* sessions at any time, including after Board and committee meetings. During these *in camera* sessions, members of management are not present. The Company believes that these *in camera* sessions contribute to the Board's independent oversight.

During the nine months ended September 30, 2017, the following meetings were held:

Board Meetings	2
Audit Committee	0

<sup>(1)</sup> Meetings of the independent members of the board of directors are held, as required, within the context of scheduled regular board meetings, or as cases may arise pertaining to related party transactions.

(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

Jeff Paikin was appointed Chairman of the Board on November 24, 2017. Mr. Paikin is considered an independent director.

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

The following chart sets out meeting attendance record of our directors during the nine months ended September 30, 2017.

**Committees**

Director	Board Meetings	Committee		
		Audit	Nominating and Corporate Governance	Compensation
Robert Anderson	2	N/A	N/A	N/A
Scott Skinner	2	N/A	N/A	N/A
Jeffrey Paikin	2	N/A	N/A	N/A
Ian Wilms	2	N/A	N/A	N/A
David Doherty	2	N/A	N/A	N/A
Marc Bertrand <sup>(1)</sup>	N/A	N/A	N/A	N/A

Note:

(1) Mr. Bertrand was appointed Director on September 19, 2017.

NI 58-101	Corporate Governance Practices
<p><b>2. Board Mandate</b></p> <p>Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p> <p><b>3. Position Descriptions</b></p> <p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p> <p>(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>The Board of Directors oversees the management of the business and affairs of the Company. The Board has a written charter that outlines its duties and responsibilities. The Board is responsible for, amongst other things, overseeing the</p> <ul style="list-style-type: none"> <li>• Strategic planning process</li> <li>• Identification of principal business opportunities</li> <li>• Identification of management of risks, and</li> <li>• Internal controls and management information systems</li> </ul> <p>The Board discharges its responsibilities directly and through its committees which, as of January 2, 2018, consists of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee.</p> <p>The Board has not yet developed written position descriptions for the following:</p> <ul style="list-style-type: none"> <li>• Chairman of the Board</li> <li>• Committee Chairs</li> </ul> <p>The Company’s Audit Committee Charter further specifies the role of the Audit Committee.</p> <p>The Company has one CEO. Effective February 1, 2017, the Company entered into an agreement to retain Robert Anderson as the CEO.</p>

NI 58-101	Corporate Governance Practices
<p><b>4. Orientation and Continuing Education</b></p> <p>(a) Briefly describe what measures the board takes to orient new directors regarding</p> <ul style="list-style-type: none"> <li>(i) the role of the board, its committees and its directors, and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul> <p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p> <p><b>5. Ethical Business Conduct</b></p> <p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> <li>(i) disclose how a person or company may obtain a copy of the code;</li> <li>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul> <p>(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>The Company will provide to all new directors, a corporate governance package that includes, a "Directors Binder" containing company by-laws, corporate governance statement, committees and terms of references, director compensation, insider trading policy, meeting schedule, contact lists for directors and senior management, copies of the most recent annual report, proxy circular, annual information form, press releases, investment analyst reports, meeting minutes, quarterly financial statements and budgets.</p> <p>The Company provides a continuing education program for those directors which the Company deems would benefit from such a program. The board is comprised of seasoned, experienced business professionals who, in most cases, possess previous experience as directors of a company. The Nominating and Corporate Governance Committee is responsible for updating the directors on changes in corporate governance.</p> <p>The Company has adopted a formal Code of Business Conduct and Ethics for directors, officers and employees as contemplated by NI 58-101 prior to its next Annual General Meeting.</p> <p>N/A.</p> <p>The Board monitors compliance in various ways. The Nominating and Corporate Governance Committee meets with management and with its auditors as needed to, <i>inter alia</i>, review compliance issues, including compliance with the Company's policies and procedures. The Nominating and Corporate Governance Committee's mandate includes ensuring compliance by the Company's directors, officers, employees, agents and representatives with internal policies and procedures.</p> <p>The Company is not a reporting issuer and as such has not filed any material change report that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p> <p>In the ordinary course of business, the Company enters into transactions with persons with which the director may have a relationship. If any such transactions are brought before the Board for discussion or approval, the director declares a conflict of interest and withdraws from any discussion or vote on the transaction.</p> <p>The Company's Nominating and Corporate Governance Committee also monitors compliance with the internal policies and procedures of the Company.</p>

NI 58-101	Corporate Governance Practices
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	<p>The Company prepares training modules for employees, officers and directors in respect of compliance with the Company's policies and procedures. The Company has a Corporate Manual which is being reviewed and will be provided to employees at the commencement of employment and annually thereafter, each employee reviews and provides written acknowledgement of adherence to the policies contained within the Manual which includes policies on Code of Conduct, Confidentiality, Conflict of Interest and Non-Disclosure.</p>
<p><b>6. Nomination of Directors</b></p>	<p>The Company has adopted a Whistle Blower Policy prior to its next Annual General Meeting which will support maintaining the highest possible ethical standards in our business practices, will promote a climate of openness and accountability and will encourage employees to come forward in good faith to disclose genuine concerns and to detect, forestall the continuation of, and prevent any violations of the Company's internal policies and procedures.</p>
(a) Describe the process by which the board identifies new candidates for board nomination.	<p>The Nominating and Corporate Governance Committee consists of all independent directors under the National Policy 58-201 Corporate Governance Guidelines and is responsible for proposing to the full board new nominees to the board. See "Other Board Committees".</p> <p>Directors are elected by the shareholders at each annual meeting to serve for a term expiring on the date of the following annual meeting.</p>
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	<p>The Nominating and Corporate Governance Committee is composed of all independent directors. The Committee Chair is an independent director.</p> <p>The Board encourages an objective nominating process for new directors by open discussion at Board meetings, and review of candidates by the independent members of the committee.</p>
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	<p>The Nominating and Corporate Governance Committee consists of all independent directors and is responsible for proposing to the full board new nominees to the Board. See "Other Board Committees".</p>
<p><b>7. Compensation</b></p>	<p>The Board reviews directors' compensation annually and considers the current compensation to be appropriate for the responsibilities and risks assumed by the directors.</p>
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	<p>The Board has a Compensation Committee that is composed of all independent directors. On an annual basis, the board reviews management compensation having regard to market factors and industry comparable compensation.</p>
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	<p>The Board has a Compensation Committee that is composed of all independent directors. On an annual basis, the board reviews management compensation having regard to market factors and industry comparable compensation.</p>
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	<p>See "Other Board Committees."</p>

NI 58-101	Corporate Governance Practices
<p><b>8. Other Board Committees</b></p> <p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>Other than the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee, there are no other committees of the Company.</p>
<p><b>9. Assessments</b></p> <p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The Board has delegated ongoing assessment of the board, its committees and individual directors to the Nominating and Corporate Governance Committee, which reports its findings to the Board. No formal annual assessment is presently conducted.</p>
<p><b>10. Director Term Limits and Other Mechanisms of Board Renewal</b></p> <p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Board does not limit the time a director can serve. Imposing a term limit means it may lose the contributions of longer serving directors who have developed a deep knowledge and understanding of the Company over time. The Company considers the benefits of regular renewal in the context of the needs of the Board at the time.</p>
<p><b>11. Policies regarding the Representation of Women on the Board</b></p> <p>(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p> <p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <ul style="list-style-type: none"> <li>(i) a short summary of its objectives and key provisions,</li> <li>(ii) the measures taken to ensure that the policy has been effectively implemented,</li> <li>(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and</li> <li>(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy</li> </ul>	<p>The Board has not adopted any policies but has made efforts to address the identification and nomination of directors in regard to Board diversity. The Company is committed to nominating highly qualified individuals to fulfill director roles. The Board believes that a diverse and inclusive environment that values a variety of backgrounds, skills and experience will best ensure that Board members provide the necessary range of perspectives, experience and expertise required to provide leadership needed to achieve the Company's business objectives, without reference to their age or gender of the Company.</p>

**12. Consideration of the Representation of Women in the Director Identification and Selection Process**

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election on the board, disclose the issuer's reasons for not doing so.

The Company does not specifically focus on the level of representation of women on the Board in identifying nominees, but does consider gender as one of many diversity factors. The Company assesses the knowledge and skills personal qualities or professional experiences of a director nominee in light of the current skills on the Board. The Company takes measures to identify and recruit a well-qualified group of candidates who will complement the other board members and improve the effectiveness of the Board, as a whole.

**13. Consideration Given to the Representation of Women in Executive Officer Appointments**

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The Company does not specifically focus on the level of representation of women in executive officer positions in identifying candidates for those positions, but considers the same diversity factors applied to the selection of nominees for the Board. The Company's commitment to the level of representation of women in executive officer positions is not considered when making executive officer appointments. The Board takes into account a candidate's knowledge, qualifications and expertise, with diversity factors such as gender, age, cultural background and other personal characteristics.

**14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

- (a) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.
- (b) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.
- (c) If the issuer has adopted a target, disclose:
  - (i) the target, and
  - (ii) the annual and cumulative progress of the issuer in achieving the target.

The Board and the Company have not established or imposed quotas or targets regarding for the appointment of women to the Board or to executive officer positions. Instead of establishing firm targets, the Board and the Company prefer to consider gender as one of a number of factors in selecting candidates.

**15. Number of Women on the Board and in Executive Officer Positions**

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women .
- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

As of September 30, 2017, there were no directors of the Company who were women.

As of September 30, 2017, there was one Officer of the Company who was a woman and a visible minority (Amy Stephenson, the Chief Financial Officer), being 14% of the Executive Officers of the Company.

## SCHEDULE C

### THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

<b>MAJORITY VOTING POLICY</b>
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The board of directors of the Corporation believes that each of its members should carry the confidence and support of its shareholders. To this end, the directors have unanimously adopted this statement of policy. Future nominees for election to the board will be asked to subscribe to this statement before their names are put forward.

Forms of proxy for the vote at a shareholders' meeting where directors are to be elected will enable the shareholder to vote in favour of, or to withhold from voting, separately for each nominee. At the meeting, the Chair will call for a vote by ballot and the scrutineers will record with respect to each nominee the number of shares in his or her favour and the number of shares withheld from voting. At the conclusion of the meeting, the final scrutineer's report on the ballot must be filed on SEDAR.

If, with respect to any particular nominee, the number of shares withheld exceeds the number of shares voted in favour of the nominee, then for purposes of this policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law.

A person elected as a director who is considered under this test not to have the confidence of the shareholders is expected forthwith to submit to the board of directors his or her resignation, to take effect upon acceptance by the board of directors. The board will accept the resignation as soon as possible, consistent with an orderly transition. In any event, it is expected that the resignation will be accepted within 90 days.

This policy does not apply in any case where the election involves a proxy battle -- i.e., where proxy material is circulated, or where an exempt solicitation occurs, in support of one or more nominees who are not part of the slate supported by the board of directors.

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## SCHEDULE D

### THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.

#### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

##### Article 1 – mandate and responsibilities

The audit committee is appointed by the board of directors of the Corporation (the “board”) to oversee the accounting and financial reporting process of the Corporation and audits of the financial statements of the Corporation. The audit committee’s primary duties and responsibilities are to:

- (a) recommend to the board the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation;
- (b) recommend to the board the compensation of the external auditor;
- (c) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation’s external auditor;
- (e) review the Corporation’s financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information;
- (f) be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Corporation’s financial statements, and to periodically assess the adequacy of those procedures;
- (g) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
- (h) review and approve the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

The board and management will ensure that the audit committee has adequate funding to fulfill its duties and responsibilities.

##### Article 2 – pre-approval of non-audit services

The audit committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Corporation or its subsidiaries by the Corporation’s external auditor. The pre-approval of non-audit services must be presented to the audit committee at its first scheduled meeting following such pre-approval.

The audit committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the

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audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.

### **Article 3 – external advisors**

The audit committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The audit committee has the ability to retain, at the Corporation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

### **Article 4 – external auditors**

The external auditors are ultimately accountable to the audit committee and the board, as representatives of the shareholders. The external auditors will report directly to the audit committee. The audit committee will:

- (a) review the independence and performance of the external auditors and annually recommend to the board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;
- (b) approve the fees and other significant compensation to be paid to the external auditors;
- (c) on an annual basis, review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the external auditors' independence;
- (d) review the external auditors' audit plan to see that it is sufficiently detailed and covers any significant areas of concern that the audit committee may have;
- (e) before or after the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;
- (f) consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in the Corporation's financial reporting;
- (g) resolve any disagreements between management and the external auditors regarding financial reporting;
- (h) approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Corporation; and
- (i) receive from the external auditors timely reports of:
  - (i) all critical accounting policies and practices to be used;
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and
  - (iii) other material written communications between the external auditors and management.

### **Article 5 – legal compliance**

On at least an annual basis, the audit committee will review with the Corporation's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

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## **Article 6 - complaints**

Individuals are strongly encouraged to approach a member of the audit committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The audit committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the audit committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Corporation will not condone any retaliation for a complaint made in good faith.

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**SCHEDULE E**

**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

**NEW OPTION PLAN**

[see attached.]

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**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.  
SHARE OPTION PLAN**

**ARTICLE I  
INTRODUCTION**

1.1 Purpose of Plan

The purpose of the Share Option Plan is to secure for The Green Organic Dutchman Holdings Ltd. (the “Company”) and its shareholders the benefits of incentives inherent in the share ownership by the directors, employees and consultants of the Company and its Subsidiaries who, in the judgment of the board of directors of the Company, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Company.

1.2 Definitions

- (a) “**Affiliate**” means any corporation that is an affiliate of the Company as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as may be amended from time to time.
- (b) “**Associate**” with any person or corporation is as defined in the Securities Act.
- (c) “**Board**” means the board of directors of the Company, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.
- (d) “**Blackout Period**” has the meaning ascribed thereto in Section 2.6.
- (e) “**Change of Control**” means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Common Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after completion of the transaction;
  - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Company and its Subsidiaries;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
  - (iv) any person, entity or group of persons or entities acting jointly or in concert (an “**Acquiror**”) acquires, or acquires control (including, without limitation, the right

to vote or direct the voting) of, Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror controls, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror, to cast or to direct the casting of 50% or more of the votes attached to all of the Company's outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors); or

- (v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its Affiliates and another corporation or other entity (a "**Transaction**"), fewer than 50% of the directors of the Company or the successor corporation are persons who were directors of the Company immediately prior to the Transaction.

For the purposes of the foregoing definition of Change of Control, "Voting Securities" means Common Shares and any other shares entitled to vote for the election of directors and, for the purposes of calculating the number of securities of the Company owned or controlled by the Acquiror, it shall include any security, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

- (f) "**Common Shares**" means the common shares in the capital of the Company.
- (g) "**Consultant**" has the meaning ascribed to such term under section 2.22 of National Instrument 45-106 – *Prospectus and Registration Exemptions* or any successor provisions thereto.
- (h) "**Company**" means The Green Organic Dutchman Holdings Ltd, a corporation existing under the *Canada Business Corporations Act*.
- (i) "**Director**" means a director of the Company or any of its Subsidiaries.
- (j) "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
  - (i) being employed or engaged by the Company, its Subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its Subsidiaries; or
  - (ii) acting as a director or officer of the Company or its Subsidiaries.
- (k) "**Eligible Person**" means any employee, officer, Director or Consultant of the Company or any of its Subsidiaries.

- (l) “**Exchange**” means the Toronto Stock Exchange or, if the Common Shares are not listed on the Toronto Stock Exchange, the principal stock exchange on which the Common Shares are listed as determined by the Board.
- (m) “**Holding Company**” means a company of which the Optionee holds the majority of the voting securities.
- (n) “**Insider**” has the meaning ascribed thereto in the TSX Company Manual.
- (o) “**Option**” shall mean an option granted under the terms of the Plan.
- (p) “**Option Commitment**” means the notice of grant of an Option delivered by the Company hereunder to an Optionee and substantially in the form of Exhibit A hereto.
- (q) “**Option Period**” shall mean the period during which an Option may be exercised.
- (r) “**Optionee**” shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.
- (s) “**Plan**” means this Share Option Plan established and operated pursuant to Article II hereof.
- (t) “**Securities Act**” means the *Securities Act* (Ontario) amended from time to time.
- (u) “**Share Compensation Arrangement**” means the Plan described herein and any other security based compensation arrangements implemented by the Company including stock options, other stock option plans, employee stock purchase plans, share distribution plans, stock appreciation rights, restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares of the Company.
- (v) “**Subsidiary**” has the meaning ascribed thereto in the Securities Act.
- (w) “**Trading Day**” means a day on which the Exchange is open for trading and on which the Common Shares have not been halted.
- (x) “**TSX**” means the Toronto Stock Exchange and any successor thereto; and
- (y) “**TSX Policies**” means the rules and policies of the TSX as amended from time to time.

## ARTICLE II STOCK OPTION PLAN

### 2.1 Participation

Options to purchase Common Shares may be granted hereunder to Eligible Persons.

## 2.2 Determination of Option Recipients

The Board or as the Board may delegate to the Compensation Committee shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the past and potential contributions of a particular Eligible Person to the success of the Company and any other factors that it may deem proper and relevant.

## 2.3 Exercise Price

The exercise price per Common Share shall be determined by the Board at the time the Option is granted, but, in any event, shall not be less than the closing price of the Common Shares on the Exchange ending on the Trading Day immediately preceding the grant date of the Option.

## 2.4 Grant of Options

The Board may, at any time, authorize the granting of Options to such Eligible Persons as it may select for the number of Common Shares that it shall designate, subject to the provisions of the Plan. The grant date of an Option shall be the date the Board approves such grant or a later effective date of grant, if so determined by the Board at the time of approving the grant of such Option. No Option is intended to qualify as an “incentive stock option” as described in Section 422 of the *Internal Revenue Code* (United States).

## 2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and, upon delivery of the Option Commitment to the Optionee by the Company, the Optionee shall have the right to purchase the Common Shares underlying the Option at the exercise price set out therein, subject to any provisions as to the vesting of the Option and the other terms of the Plan.

## 2.6 Terms of Options

The Option Period shall be determined by the Board at the time of granting the Options provided, however, that the Option Period must not extend beyond five years from the grant date of the Option.

Notwithstanding the foregoing, in the event that the expiry of an Option Period falls within, or within two (2) Trading Days after the end of, a trading blackout period imposed by or on the Company (the “**Blackout Period**”), the expiry date of such Option Period shall be automatically extended to the close of the 10th Trading Day following the end of the Blackout Period.

## 2.7 Vesting

Options granted pursuant to the Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board, and may be made subject to performance conditions as the Board may determine at the time of granting such Options.

## 2.8 Exercise of Option

Subject to any provisions of the Plan, an Option may be exercised from time to time by delivery to the Company of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Common Shares to be purchased and any amount required to be withheld for tax purposes. At the discretion of the Chief Financial Officer, a declaration of residency may also be required from an Optionee prior to the issuance of Common Shares. Certificates for such Common Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Unless otherwise determined by the Board, the Company shall not offer financial assistance regarding the exercise of an Option and any such financial assistance will require shareholder approval.

## 2.9 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options.

## 2.10 Death or Disability of Optionee

If an Optionee ceases to be an Eligible Person due to death or Disability, any Option held by the Optionee at the date of death or Disability shall be exercisable by the Optionee or the Optionee's legal heirs or personal representatives, as applicable. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of death or Disability and only for 12 months after the date of death or Disability or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise in its own discretion upon the grant of such Options or after the occurrence of such death or Disability.

## 2.11 Termination of Employment or Ceasing to be an Eligible Person

Subject to any provisions with respect to vesting of Options in an Optionee's employment agreement with the Company, if an Optionee ceases to be an Eligible Person, other than as a result of termination for cause, any Option held by such Optionee at the date such person ceases to be an Eligible Person shall be exercisable only to the extent that the Optionee is entitled to exercise the Option on such date and only for 90 days thereafter (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion) or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Subject to the provisions with respect to vesting of Options in an Optionee's employment agreement with the Company, in the case of an Optionee being terminated for cause, the Option shall immediately terminate and shall no longer be exercisable as of the date of such termination, subject to the Board determining otherwise. Notwithstanding the foregoing, when an Optionee ceases to be an Eligible Person, the Board has discretion to accelerate the vesting of his/her Options and/or allow such Options to continue for a period beyond 90 days, except however, that such Options may not be extended beyond the expiry of their original Option Period.



In the case of an Optionee who is being dismissed from employment or service for cause, or whose services are terminated for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

#### 2.12 Effect of Take-Over Bid

If a bona fide offer (the "**Offer**") for Common Shares is made to shareholders generally or to a class of shareholders that would include the Optionee, which Offer, if accepted in whole or in part, would result in the offeror (the "**Offeror**") exercising control over the Company within the meaning of the Securities Act, then the Company shall, as soon as practicable following receipt of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such otherwise unvested Option may be conditionally exercised in whole or in part by the Optionee and the underlying Common Shares may be conditionally issued so (and only so) as to permit the Optionee to tender the Common Shares received in connection with the exercise (the "**Optioned Shares**") pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or
- (c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the Offeror in respect thereof;

then at the discretion of the Board, the Options shall be deemed not to have been exercised and the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be deemed not to have been issued and shall be reinstated as authorized but unissued Common Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Company under this Section, the Company shall refund, subject to Company's obligations under applicable tax law, the exercise price to the Optionee for such Optioned Shares.

#### 2.13 Effect of a Change of Control

Subject to the terms of an Optionee's employment agreement with respect to a Change of Control of the Company, and unless otherwise determined by the Board prior to such Change of Control, if a Change of Control occurs, all Options then outstanding shall automatically vest, so that, notwithstanding the other terms of this Plan, such Options may be exercised in whole or in part by the Optionee and upon the exercise of an Option under the Plan and, subject to applicable tax withholding requirements, the holder thereof shall be entitled to receive any securities, property or cash (or a combination thereof) which the Optionee would have received upon such Change of Control, if the Optionee had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted, as applicable, by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan.

#### 2.14 Adjustment in Common Shares

If there is any change in the Common Shares through or by means of a declaration of stock dividends of Common Shares or consolidations, subdivisions or reclassifications of Common Shares, or otherwise, the number of Common Shares, subject to any Option, and the exercise price thereof and the maximum number of Common Shares that may be issued under the Plan in accordance with Section 3.1(a) shall be adjusted appropriately by the Board, subject to any applicable rules of the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan. An adjustment under Section 2.13 or 2.14 (the “**Adjustment Provisions**”) will take effect at the time of the event that gives rise to the adjustment, and the Adjustment Provisions are cumulative. The Company will not be required to issue fractional Common Shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company. If any questions arise at any time with respect to the exercise price or number of Common Shares deliverable upon exercise of an Option in connection with any of the events set out in Sections 2.12, 2.13 or 2.14, such questions will be conclusively determined by the Company’s auditors, or, if they decline to so act, any other firm of Chartered Accountants that the Company may designate and who will have access to all appropriate records, and such determination will be binding upon the Company and all Optionees.

### **ARTICLE III GENERAL**

#### 3.1 Maximum Number of Shares

(a) The aggregate number of Common Shares issuable upon the exercise of all Options granted under the Plan and under all other Share Compensation Arrangement (pre-existing or otherwise) shall not exceed 10% of the issued and outstanding Common Shares as at the date of grant of each Option under the Plan. If any Option granted hereunder shall expire, terminate for any reason in accordance with the terms of the Plan or be exercised, Common Shares subject thereto shall again be available for the purpose of the Plan.

(b) The aggregate number of Common Shares which may be issuable at any time pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Common Shares then outstanding.

(c) The aggregate number of Common Shares which may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Common Shares then outstanding.

#### 3.2 Transferability

Options are not assignable or transferable other than by will or by the applicable laws of descent, except to a Holding Company of the Optionee or by a Holding Company to the Optionee, with the consent of the Company. During the lifetime of an Optionee, all Options may only be exercised by the Optionee or such Holding Company.

### 3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Company or any Subsidiary, or interfere in any way with the right of the Company, or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

### 3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Company with respect to any of the Common Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the issuance of the Common Shares by the Company.

### 3.5 Record Keeping

The Company shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

### 3.6 Necessary Approvals

The Plan shall be effective only upon the approval of both the Board and the shareholders of the Company by ordinary resolution. The obligation of the Company to sell and deliver Common Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Common Shares are listed for trading that may be required in connection with the authorization, issuance or sale of such Common Shares by the Company. If any Common Shares cannot be issued to any Optionee for any reason whatsoever including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Common Shares shall terminate and any exercise price paid by an Optionee to the Company shall be returned to the Optionee.

### 3.7 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### 3.8 Taxes

The Company shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Company, the required amount to satisfy federal, provincial, territorial or foreign taxes, required by law or regulation to be deducted or withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any Option. With respect to any required withholding, the Company shall have the irrevocable right to, and the Optionee consents to, the Company setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Company to the Optionee (whether arising pursuant to the

Optionee's relationship as a director, officer, employee or consultant of the Company or otherwise), or may make such other arrangements that are satisfactory to the Optionee and the Company. In addition, the Company may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares issuable upon exercise of the Options as it determines are required to be sold by the Company, as agent for the Optionee, to satisfy any withholding obligations net of selling costs. The Optionee consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Common Shares issuable upon exercise of the Options and acknowledges and agrees that the Company does not accept responsibility for the price obtained on the sale of such Common Shares issuable upon exercise of the Options.

### 3.9 Restrictions on Option Grants to Insiders

The Plan is subject to restrictions that:

- (a) the number of Common Shares issued to Insiders as a group pursuant to Options granted under the Plan, when combined with Common Shares issued to Insiders under all the Company's other Share Compensation Arrangements shall not exceed 2% of the issued Common Shares within any 12 month period;
- (b) the number of Common Shares issuable to Insiders at any time as a group under the Plan, when combined with Common Shares issuable to Insiders under all the Company's other Share Compensation Arrangements, shall not exceed 10% of the Company's issued Common Shares; and
- (c) no exercise price of an Option granted to an Insider may be reduced nor an extension to the term of an Option granted to an Insider extended without further approval of the disinterested shareholders of the Company.

### 3.10 Amendment, Modification or Termination of Plan

Subject to the requisite regulatory approvals, and shareholder approval as prescribed under subparagraph 3.9 (a) below and any applicable rules of the Exchange, the Board may, from time to time, amend or revise the terms of the Plan (including Options granted thereunder) or may discontinue the Plan at any time provided however that no such amendment may, without the consent of the Optionee, in any manner materially adversely affect his rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan (including Options granted thereunder):
  - (i) any amendment to Section 3.1 including, without limitation, any amendment to the percentage of securities reserved and issuable under the Plan;
  - (ii) any change to the definition of "Eligible Persons" that would have the potential of narrowing or broadening or increasing Insider participation;
  - (iii) the addition of any form of financial assistance;
  - (iv) any amendment to a financial assistance provision that is more favourable to Eligible Persons;

- (v) the addition of deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Company;
- (vi) any amendment to Section 3.2 to permit Options to be transferred or assigned other than for normal estate settlement purposes;
- (vii) any amendment that reduces the exercise price or permits the cancellation and re-issuance of Options;
- (viii) any amendment that extends Options beyond the original Option Period of such Options;
- (ix) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities; and
- (x) any reduction to the range of amendments requiring shareholder approval contemplated in this Section or any other amendments to this Section 3.10;

(b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion (without shareholder approval), make all other amendments to the Plan (including Options granted thereunder) that are not of the type contemplated in subparagraph 3.9 (a) above, including, without limitation:

- (i) amendments which are of a typographical, grammatical, clerical or of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of a security or the Plan;
- (iii) the addition of a cashless exercise feature; and
- (iv) a change to the termination provisions of a security or the Plan that does not entail an extension beyond the original Option Period.

(c) Notwithstanding the provisions of subparagraph 3.9 (b), the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to subparagraph 3.9 (b) to the extent such approval is required by any applicable law or regulations.

### 3.11 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

### 3.12 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

### 3.13 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**EXHIBIT A**  
**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**  
**SHARE OPTION PLAN**  
**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_ day of \_\_\_\_\_ (the "Effective Date"), The Green Organic Dutchman Holdings Ltd. (the "Company") has granted to \_\_\_\_\_, an option (the "Option") to acquire \_\_\_\_\_ Common Shares in the capital of the Company on or prior to 5:00 p.m. Vancouver time on the \_\_\_\_ day of \_\_\_\_\_ (the "Expiry Date") at an exercise price of Cdn. \$ \_\_\_\_\_ per Common Shares.

The Option shall vest and become exercisable in accordance with the following schedule:

[Schedule to be inserted.]

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Share Option Plan (the "Share Option Plan"), the terms and conditions of which are hereby incorporated herein and consented to by the undersigned Optionee.

To exercise your Option, deliver to the Company either (i) a written notice specifying the number of Common Shares you wish to acquire, together with a certified cheque or bank draft payable to the Company for the aggregate exercise price; or (ii) written notice of exercise by cashless option specifying the number of Common Shares with respect to which the Option is being exercised by cashless option. At the discretion of the Company a declaration of residence may also be requested prior to the issuance of any Common Shares. Upon receipt by the Company of requisite documents and payments, the Company's transfer agent will then issue a certificate for the Common Shares so acquired as soon as practicable thereafter.

The undersigned Optionee hereby authorizes the Company to withhold any remuneration payable to the undersigned for the purposes of paying any taxes required to be deducted or withheld as a result of the undersigned's participation in the Share Option Plan.

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide Eligible Person (as defined in the Plan), entitled to receive Options under TSX Policies.

**THE GREEN ORGANIC DUTCHMAN  
HOLDINGS LTD.**

**OPTIONEE**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name: