



**TRANSCANNA HOLDINGS INC.**

**2019 ANNUAL GENERAL MEETING**

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

**Place:** Pender Island Room at Fairmont Hotel Vancouver  
900 West Georgia Street  
Vancouver, BC V6C 2W6

**Time:** 3:00 p.m. PST

**Date:** June 12, 2019

## Transcanna Holdings Inc.

820, 1130 West Pender Street  
Vancouver, British Columbia  
Canada V6E 4A4

### NOTICE OF 2019 ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the 2019 annual general meeting (the “Meeting”) of the shareholders of **Transcanna Holdings Inc.** (the “Company”) will be held in the Pender Island Meeting Room of the Fairmont Hotel Vancouver, 900 West Georgia, Vancouver, British Columbia, on June 12, 2019 at the hour of 3:00 p.m. (Vancouver time), for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended November 30, 2018 (with comparative statements relating to the preceding fiscal period) together with the report of the auditor thereon. See “*Financial Statements and MD&A*” in the Circular (as defined below);
2. To appoint Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, as auditors of the Company and to authorize the directors to fix the auditors’ remuneration. See “*Appointment of Auditor*” in the Circular;
3. To determine the number of directors to be elected to the board at four (4);
4. To elect directors. See “*Election of Directors*” in the Circular;
5. To approve an ordinary resolution approving the Company’s stock option plan. See “*Particulars of Matters to be Acted Upon – A. Approval of Incentive Stock Option Plan*” in the Circular;
6. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before the shareholders at the Meeting are set forth in the management information circular accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items.

The directors of the Company have fixed May 10, 2019 as the record date for the Meeting (the “Record Date”). Only shareholders of record at the close of business on the Record Date are entitled to vote at the meeting or any adjournment or postponement thereof.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please exercise your right to vote by completing and returning the accompanying form of proxy and deposit it with Odyssey Trust Company. Proxies must be completed, dated, signed and returned to Odyssey Trust Company (Vancouver Office), at 323 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2 or at Odyssey Trust Company (Calgary Office), 350 - 300 5th Avenue SW, Calgary AB T2P 3C4 by 3:00 p.m. PST (Vancouver time) on June 10, 2019, or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Internet voting can be completed at <http://odysseytrust.com/Transfer-Agent/Login>, and mailing voting can be completed at Odyssey Trust Company, Stock Exchange Tower, 350 - 300 5th Avenue SW, Calgary AB, T2P 3C4. Late proxies may be accepted or rejected by the Chairman of the Meeting at his/her discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

If you are a non-registered shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to vote your shares.

DATED at Vancouver, British Columbia, this 14th day of May, 2019.

BY ORDER OF THE BOARD

“James Pakulis” (signed)

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JAMES PAKULIS, President & CEO

# **Transcanna Holdings INC.**

820-1130 West Pender Street  
Vancouver, British Columbia  
Canada V6E 4A4  
Tel: 604.609.6199

## **MANAGEMENT INFORMATION CIRCULAR**

**For the 2019 Annual General Meeting to be held on June 12, 2019  
(information is as at May 10, 2019, except as indicated)**

## **GENERAL PROXY INFORMATION AND CIRCULAR DISCLOSURE**

### **Persons Making the Solicitation**

**This Information Circular is being furnished in connection with the solicitation of proxies by the management of Transcanna Holdings Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of the holders of common shares in the capital of the Company (the “Shareholders”) to be held in the Pender Island Meeting Room of Fairmont Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, Canada on June 12, 2019, at 3:00 p.m. (Vancouver time) for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. The Company may reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute proxies. All costs of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.**

### **Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.** A Proxy will not be valid unless the completed, dated and signed Proxy is received by Odyssey Trust Company at 323 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2 by 3:00 p.m. (Vancouver time) on June 10, 2019 or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Internet voting can be completed at <http://odysseytrust.com/Transfer-Agent/Login>, and mailing voting can be completed at Odyssey Trust Company, Stock Exchange Tower, 350 - 300 5th Avenue SW, Calgary AB, T2P 3C4.

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

A Shareholder who has given a Proxy may revoke it by an instrument in writing executed by the

Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 2080 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the Chairman of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

If you are a non-registered Shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to revoke your voting instructions.

### **Exercise of Discretion**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made. **If you do not provide instructions in your Proxy, the persons named in the enclosed Proxy will vote your shares FOR the matters to be acted on at the Meeting.**

The persons named in the enclosed Proxy will have discretionary authority with respect to any amendments or variations of these matters or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment or other item of business that comes before the Meeting is routine or contested. The persons named in the enclosed Proxy will vote on such matters in accordance with their best judgment. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **Advice to Non-Registered (Beneficial) Shareholders**

The information set out in this section is important to many Shareholders as a substantial number of Shareholders do not hold their shares in their own name.

**Only registered Shareholders or duly appointed proxyholders for registered Shareholders are permitted to vote at the Meeting. Most of the Shareholders of the Company are “non-registered” Shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.**

More particularly, a person is not a registered Shareholder in respect of shares of the Company which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either (a) in the name of an intermediary (the “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively referred to as the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-

Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Meeting Materials you will either:

- (a) be given a form of **proxy which has already been signed by the Intermediary** (typically by a facsimile stamped signature) which is restricted to the number of shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the proxy, this proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a proxy you should otherwise properly complete the executed proxy provided and deposit it with **Odyssey Trust Company**, as provided above; or
- (b) more typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy”, “proxy authorization form” or “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page printed form, the voting instruction form will consist of a regular printed proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy, properly complete and sign the proxy **and return it to the Intermediary or its service company (not the Company or Odyssey Trust Company)** in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Meeting in person as proxyholder for the shares owned by you, you should strike out the names of the management designated proxyholders named in the proxy authorization form or voting instruction form and insert your name in the blank space provided. **In either case, you should carefully follow the instructions of your Intermediary, including when and where the proxy, proxy authorization or voting instruction form is to be delivered.**

The materials with respect to the Meeting are being sent to both registered Shareholders and Non-Registered Holders who have not objected to the Intermediary through which their shares are held disclosing ownership information about themselves to the Company (“**NOBOs**”). If you are a NOBO, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary on your behalf.

If you are a Non-Registered Holder who has objected to the Intermediary through which your shares are held disclosing ownership information about you to the Company (an “**OBO**”), you should be aware that the Company does not intend to pay for Intermediaries to forward the materials with respect to the Meeting, including proxies or voting information forms, to OBOs and therefore an OBO will not receive the materials with respect to the Meeting unless that OBO’s Intermediary assumes the cost of delivery.

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

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or

affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, with the exception of the ratification and approval of the Company's stock option plan.

### **RECORD DATE AND QUORUM**

The board of directors (the "**Board**") of the Company have fixed the record date for the Meeting at the close of business on May 10, 2019, (the "**Record Date**"). Shareholders of common shares the Company of record as at the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, except to the extent that any such shareholder transfers any shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands, not less than ten days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Under the Company's current Articles, the quorum for the transaction of business at the Meeting consists of at least two persons, present in person or represented by proxy, who in the aggregate hold at least 5% of the voting rights attached to issued common shares entitled to be voted at the Meeting.

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

The authorized capital of the Company consists of an unlimited number of common shares without nominal or par value ("common shares") and an unlimited number of preferred shares issuable in series. As at the Record Date, there were 31,720,526, common shares issued and outstanding, each carrying the right to one vote. Common shares of the Company are listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "TCAN.CN"

Only shareholders of record of common shares at the close of business on the Record Date, who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their common shares voted at the Meeting.

As at May 10, 2019, to the knowledge of the directors and senior officers of the Company, and based on the Company's review of the records maintained by Odyssey Trust Company, electronic filings with System for Electronic Document Analysis and Retrieval (SEDAR) and insider reports filed with System for Electronic Disclosure by Insiders (SEDI), no person owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

### **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

No person who is or at any time during the most recently completed financial year was a director, executive officer or senior officer of the Company, no proposed nominee for election as a director of the Company (the "Board of Directors" or the "Board"), and no associate of any of the foregoing persons has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed below, since the beginning of the Company's last financial year, no "informed person" of the Company (including a director, officer or individual or corporation that beneficially owns or controls 10% or more of the issued and outstanding voting securities of the Company), proposed nominee for election as a director of the Company ("proposed director"), or any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. See "*Interest of Certain Persons or Companies in the Matters to be Acted Upon*".

On February 1, 2019, subsequent to the financial year ended November 30, 2018, the Company entered into a letter agreement with its Chief Executive Officer, James Pakulis, to accept the assignment of an option to purchase land and building located in Modesto California (the "**Property**"). Pursuant to the Option, Mr. Pakulis paid a non-refundable deposit of US\$250,000 to secure the exclusive right to acquire the Property for a purchase price of US\$15.0 million (the "**Option**"). Pursuant to the assignment, the Company reimbursed Mr. Pakulis for the US\$250,000 deposit paid. No other consideration was paid. No formal valuation was obtained for the assignment, but the Company intends to obtain an independent valuation for the Property. The Company is not aware of any prior valuations pertaining to the assignment and is continuing its due diligence regarding the Property. The seller of the Property was at arm's length to each of the Company and Mr. Pakulis.

As Mr. Pakulis is the CEO and a director of the Company, the assignment of the Option to the Company constituted a "related party transaction" as such term is defined in Multilateral Instrument 61- 101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements available under MI 61-101. The Company relied on exemptions from the formal valuation and minority approval requirements of MI 61- 101, specifically the exemptions as set forth in sections 5.5(a) and 5.7(1)(a) of MI 61-101 as the fair market value of the transaction, insofar as it involves interested parties, was not more than the 25% of the Company's market capitalization. The board of directors of the Company approved the assignment of the Option, with Mr. Pakulis having declared his interest in, and abstaining from voting on same.

The Company completed the purchase of the Property on April 18, 2019.

## **MANAGEMENT CONTRACTS**

The management functions of the Company and its subsidiaries are primarily performed by the directors and executive officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted.

## **STATEMENT OF EXECUTIVE COMPENSATION**

For the purpose of this information circular:

"CEO" of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“Executive Officer” of an entity means an individual who is:

- (a) the chair of the Company, if any;
- (b) the vice-chair of the Company, if any;
- (c) the president of the Company;
- (d) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the Company (or subsidiary, if any) who performs a policy-making function in respect of the Company; or
- (f) any other individual who performs a policy-making function in respect of the Company;

“Named Executive Officers or NEOs” means:

- (a) the CEO of the Company;
- (b) the CFO of the Company;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000;
- (d) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Company, nor in a similar capacity, as at the end of the most recently completed financial year end.

As of November 30, 2018, the Company had two “Named Executive Officers”, namely James Pakulis, CEO and Greg Ball, CFO.

### **Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Company’s two most recently completed financial years ended November 30, 2018 and 2017.



| Table of compensation excluding compensation securities        |      |   |            |                                |                           |                                      |                         |
|--|------|---|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and position  | Year | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| James Pakulis, President, Chief Executive Officer and Director | 2018 | 323,205   | Nil        | Nil                            | Nil                       | Nil                                  | 323,205                 |
|  | 2017 | 19,500  | Nil        | Nil                            | Nil                       | Nil                                  | 19,500                  |
| Greg Ball, Chief Financial Officer <sup>(1)(2)</sup>           | 2018 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|  | 2017 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Juan Flores, Director <sup>(2)(3)</sup>                        | 2018 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|  | 2017 | Nil   | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Joao da Costa, Director  | 2018 | 72,000  | Nil        | Nil                            | Nil                       | Nil                                  | 72,000                  |
|  | 2017 | 6,363   | Nil        | Nil                            | Nil                       | Nil                                  | 6,363                   |

**Notes:**

- Mr. Ball resigned as a director of the Company on January 20, 2019. Mr. Arni Johansson was appointed as a director on the same date.
- Mr. Ball is an employee of da Costa Management Corp., which provides accounting and administrative services to the Company at a rate of \$6,000 per month. Mr. da Costa is the sole owner of da Costa Management Corp.
- Mr. da Costa resigned as a director of the Company on March 12, 2019. Mr. Stephen Giblin was appointed as a director on the same date.

### External Management Companies

With the exception of Mr. da Costa, who provided services through Da Costa Management Corp. (a company owned controlled by Mr. da Costa) as described above, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Issuer, directly or indirectly.

### Stock Options and Other Compensation Securities

The following table, discloses all compensation securities granted or issued to each NEO or director by the Company or its subsidiaries in the year ended November 30, 2018, for services provided or to be provided, directly or indirectly to the Company or any of its subsidiaries:

| Compensation Securities           |                               |   |                        |  |   |   |                                   |
|-----------------------------------|-------------------------------|---|------------------------|--|---|---|-----------------------------------|
| Name and position                 | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of Issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) <sup>(3)</sup> | Closing price of security or underlying security at period ended September 30, 2018 (\$) <sup>(4)</sup> | Expiry date                       |
| James Pakulis, President, CEO and | share purchase                | 750,000 warrants/   | May 17, 2018           | \$0.50                                   | \$0.50  | N/A   | Three years following the Listing |

| Compensation Securities |                               |   |                        |  |   |   |             |
|-------------------------|-------------------------------|---|------------------------|--|---|---|-------------|
| Name and position       | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of Issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) <sup>(3)</sup> | Closing price of security or underlying security at period ended September 30, 2018 (\$) <sup>(4)</sup> | Expiry date |
| Director                | warrants                      | 33.78% <sup>(1)(2)</sup>  |                        |  |   |   | Date        |

- (1) Pursuant to the terms of the Consulting Agreement (as defined below), Mr. Pakulis was issued 750,000 share purchase warrants exercisable at a price of \$0.50 per common shares until January 8, 2022 (being the date which is three years following the date the common shares became listed on the Canadian Securities Exchange. The warrants issued are subject to restrictions on exercise as more particularly outlined below.
- (2) The fair market value of these warrants is \$123,205, based on a fair market price of \$0.33 per warrant and is recognized within the Company's financial statements for the period ended November 30, 2018 as management fees.
- (3) Based upon the price of the Company's offered its securities pursuant to its then proposed initial public offering, which was completed subsequent to the year end, on January 8, 2019
- (4) As of November 30, 2018, the Company's common shares were not listed for trading on any stock exchange. The common shares were listed on the Canadian Securities Exchange on January 8, 2019

The following table discloses the total amount of compensation securities held by the NEOs and directors as at November 30, 2018.

| Name and Position                          | Number and type of Compensation Securities |
|--|--|
| James Pakulis, President, CEO and Director | 750,000 warrants                           |

No other compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the year ended November 30, 2018.

The 750,000 share purchase warrants issued to Mr. Pakulis bear restrictions on exercise such that 250,000 warrants may be exercised at such time as the Company's gross revenues exceeds US\$1,000,000, a further 250,000 warrants may be exercised at such time as the Company's gross revenues exceeds US\$2,000,000 and the remaining 250,000 warrants may be exercised at such time as the Company's gross revenues exceeds US\$3,000,000.

No compensation securities were exercised by a director or NEO during the year ended November 30, 2018.

During the year ended November 30, 2018, the board of directors of the Company determined to approve the grant of 575,000 stock options on date of the listing of the Company's common shares to directors and officers. The effective date of the grant was January 8, 2019, which was subsequent to the financial year.

## **Stock Option Plans and Other Incentive Plans**

The only incentive plan maintained by the Company is the Stock Option Plan, the material terms of which are described below at “*Particulars of Matters to be Acted Upon – Ratification and Approval of Stock Option Plan*”.

As the Company is recently incorporated, the Stock Option Plan was adopted by its then sole shareholder at the time of incorporation.

## **Employment, Consulting and Management Agreements**

Except as described below, the Company does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s responsibilities.

The Company has entered into a consulting agreement dated November 15, 2017, as amended May 16, 2018 and May 17, 2018 with James Pakulis (the “**Consulting Agreement**”) for the provision of services by Mr. Pakulis to the Company as its Chief Executive Officer. Pursuant to the Consulting Agreement, Mr. Pakulis receives annual compensation of \$144,000 per year, payable monthly, commencing on August 1, 2018, prior to that date, Mr. Pakulis’ annual compensation was set at \$228,000. In consideration for the reduction to Mr. Pakulis’ annual compensation, the Company issued to Mr. Pakulis 750,000 share purchase warrants entitling Mr. Pakulis to acquire 750,000 Shares at a price of \$0.50 per Share for a period of three years following the Listing Date. The exercise of the warrants is restricted such that 250,000 warrants may be exercised at such time as the Company’s gross revenues exceeds US\$1,000,000, a further 250,000 warrants may be exercised at such time as the Company’s gross revenues exceeds US\$2,000,000 and the remaining 250,000 warrants may be exercised at such time as the Company’s gross revenues exceeds US\$3,000,000. The Consulting Agreement has a five-year term ending on November 14, 2022 and is automatically renewed for successive one-year periods thereafter, unless terminated. The Consulting Agreement may be terminated by the Company without cause, provided that the Company shall pay to Mr. Pakulis a lump sum equal to the monthly remuneration due to Mr. Pakulis multiplied by 18 months, regardless of the remaining term of the Consulting Agreement.

## **Oversight and Description of Director and Named Executive Officer Compensation**

The objective of the Company’s compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company’s fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of the Company, the Company’s resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Company does not provide pension or other benefits to the executive officers. The Company does not have pre-existing performance criteria or objectives. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by

the Company on a subjective basis. The Company has not used any peer group to determine compensation for its directors and NEO.

The Board has the responsibility to administer compensation policies related to executive management of the Company, including option-based awards. The Board has approved the Stock Option Plan pursuant to which the Board has granted stock options to executive officers. The Stock Option Plan provides compensation to participants and an additional incentive to work toward long-term company performance. The Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

### Pension Disclosure

The Company does not have any pension or retirement plan which is applicable to the NEOs or directors. The Company has not provided compensation, monetary or otherwise, to any person who now or previously has acted as a NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out details of all the Company's equity compensation plans as of November 30, 2018, being the end of the Company's most recently completed financial year. The Company's equity compensation plan consists of its Stock Option Plan.

| <b>Plan Category</b>                                       | <b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<br/>(a)</b> | <b>Weighted-average exercise price of outstanding options, warrants and rights<br/>(b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (a)<br/>(c)</b> |
|--|--|--|---|
| Equity compensation plans approved by security holders     | Nil  | N/A  | 1,216,497   |
| Equity compensation plans not approved by security holders | Nil  | N/A  | N/A   |
| <b>TOTAL</b>   | Nil  | N/A  | 1,216,497   |

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Corporate Governance**

Corporate governance relates to the activities of the Board of Directors (the “Board”), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 Corporate Governance Guidelines establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI 58-101”), the Company is required to disclose its corporate governance practices, as summarized below. The Board of Directors will continue to monitor such practices on an ongoing basis and, when necessary, implement such additional practices as it deems appropriate.

### **Composition of the Board**

The Board facilitates its exercise of independent supervision over management by ensuring that the Board is composed of a majority of independent directors. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board has four directors, two of which are considered to be independent. Mr. Giblin and Mr. Flores are considered to be independent directors for the purposes of NI 58-101 and Mr. Pakulis and Mr. Johannson are not considered to be independent due to their relationships as senior officers.

The Board of the Company facilitates its exercise of supervision over Company's management through frequent meetings of the Board.

### **Mandate of the Board**

The Board of Directors has responsibility for the stewardship of the Company including responsibility for strategic planning, identification of the principal risks of the Company’s business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company’s internal control and management information systems.

The Board of Directors sets long-term goals and objectives for the Company and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Company to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business. The Board is responsible for protecting Shareholders’ interests and ensuring that the incentives of the Shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board of Directors reviews, as frequently as required, the principal risks inherent in the Company’s business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those

risks. Directly and through the audit committee of the Board, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board of Directors, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Company is authorized to act without Board approval, on all ordinary course matters relating to the Company's business.

The Board of Directors also monitors the Company's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board of Directors is responsible for the appointment of senior management and monitoring of their performance.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

The Board does not hold regularly scheduled meetings without the non-independent directors and members of management. Since the beginning of the Company's last financial year, the independent directors did not hold any ad hoc meetings without the non-independent directors and management.

When a matter being considered involves a director, that director does not vote on the matter. As well, the directors regularly and independently confer amongst themselves and thereby keep apprised of all operational and strategic aspects of the Company's business.

At this time, the Board of Directors does not have a Chairman. In the absence of a Chairman and accordance with the articles of the Company, the President is entitled to preside over meetings of the directors. Additionally, in the absence of a Chairman, meetings of the Company's shareholders will also be presided upon by the Company's President.

### **Other Directorships**

The following is a list of each director of the Company who is also a director of other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction as of the date of this circular:

| <b>Name of Director</b> | <b>Name of other Reporting Issuer</b> | <b>Market on which securities are listed</b> |
|-------------------------|---------------------------------------|--|
| James Pakulis           | Wisdom Homes of America Inc.          | OTC Pink                                     |
| Arni Johannson          | Mega Uranium Ltd.                     | TSX  |
| Stephen Giblin          | Big Rock Brewery Inc.                 | TSX  |

### **Position Descriptions**

The Board has not developed written position descriptions for the chair or the chair of any board committees or for the CEO. Given the size of the Company's infrastructure and the existence of only a small number of officers, the Board does not feel that it is necessary at this time to formalize position descriptions in order to delineate their respective responsibilities.

### **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business and industry and on the responsibilities of directors. New directors also receive historical public information about the Company and the mandates of the committees of the Board. Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business. In addition, new directors are encouraged to visit and meet with management on a regular basis and to pursue continuing education opportunities where appropriate.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

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

### **Nomination of Directors**

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

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

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

Effective November 20, 2017, the Company adopted advance notice provisions within the Articles of the Company (the “**Advance Notice Provisions**”).

The Advance Notice Provisions are intended to facilitate an orderly and efficient annual and/or special meeting process and ensure that all shareholders receive adequate notice and information about director nominees. The Advance Notice Provisions provide a clear process for shareholders to follow to nominate directors, and sets out a reasonable time for nominee submissions to be considered.

The Advance Notice Provisions fix a deadline by which holders of record of the Company’s common shares must submit director nominations to the Company prior to any annual or special meeting of shareholders, and sets out the information that a shareholder must include in such notice to the Company. In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 days nor more than 65 days prior to the date of the annual meeting, unless the annual meeting is to be held less than 40 days after the meeting was first announced, in which case notice may be made no later than the close of business on the 10th day after the announcement. In the case of a special meeting of the shareholders, notice to the Company must be made no later than the close of business on the 15th day following public announcement of the date of the special meeting.

### **Compensation**

The Company has recently established the audit and compensation committee, which will be, among other things, responsible for determining all forms of compensation to be granted to the Chief Executive Officer of the Company and other senior management and executive officers of the Company, for evaluating the Chief Executive Officer’s performance in light of the corporate goals and objectives set for him/her, for reviewing the adequacy and form of the compensation and benefits of the directors in their capacity as directors of the Company to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director. The committee will make recommendations to the Board regarding the compensation for the Company’s officers, based on industry standards and the Company’s financial situation.

### **Other Board Committees**

The Board has no committees other than the Audit and Compensation Committee as described above at “*Compensation*” and below under the heading “*Audit Committee Disclosure*”.

### **Assessments**

The Board of Directors has not established a formal process to regularly assess the Board and the Audit Committee with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, the Audit Committee or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **AUDIT COMMITTEE DISCLOSURE**

Pursuant to section 224(1) of the Business Corporations Act (British Columbia), the policies of the CSE and National Instrument 52-110 Audit Committees (“NI 52-110”), the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company,



as a venture issuer, to make certain disclosure concerning the constitution of its Audit Committee and its relationship with its independent auditor.

The Audit Committee over sees the accounting and financial reporting practices and procedures of the Company and the audits of the Company's financial statements. The principal responsibilities of the Audit Committee include: (i) overseeing the quality, integrity and appropriateness of the internal controls and accounting procedures of the Company, including reviewing the Company's procedures for internal control with the Company's auditors and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Company's internal and external reporting processes, its annual and quarterly financial statements and related management discussion and analysis, and all other material continuous disclosure documents; (iii) establishing separate reviews with management and external auditors of significant changes in procedures or financial and accounting practices, difficulties encountered during auditing, and significant judgments made in management's preparation of financial statements; (iv) monitoring compliance with legal and regulatory requirements related to financial reporting; (v) reviewing and pre-approving the engagement of the auditor of the Company and independent audit fees; and (vi) assessing the Company's accounting policies, and considering, approving, and monitoring significant changes in accounting principles and practices recommended by management and the auditor.

The Audit Committee also forms the Company's compensation committee as discussed above. References in this section to the "Audit Committee" constitute references to the Company's audit and compensation committee.

### **Audit Committee Charter**

The full text of the charter of the Company's Audit Committee is set in Appendix "A" attached hereto.

### **Composition of the Audit Committee**

The members of the Audit Committee are Arni Johannson, Juan Flores and Stephen Giblin, of which Stephen Giblin and Juan Flores are considered independent pursuant to NI 52-110. All members of the Audit Committee are considered to be financially literate.

A member of the audit committee is *independent* if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

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

### **Relevant Education and Experience**

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;

- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and

an understanding of internal controls and procedures for financial reporting, are as follows:

*Arni Johannson:* Mr. Johannson has over thirty years operating and investing in both private & publicly traded companies throughout Canada and the USA. Mr. Johannson currently sits on the audit committee of Mega Uranium Ltd., a TSX listed company.

*Stephen Giblin:* Mr. Giblin is the former President and CEO of Silverbirch Hotels and Resorts a large hotel operations and asset management company and a member of the board of the Fairmont Hot Springs Resort. As the former President and CEO of an operating entity, Mr. Giblin has extensive experience reviewing financial statements. Additionally, Mr. Giblin currently services as a director and the chairman of the audit committee of Big Rock Brewery Inc, a TSX listed company.

*Juan Flores:* Mr. Flores holds an undergraduate degree from the University of Arizona and a law degree from Whitter College. He is an attorney with over 25 years' experience practicing in municipal, government and corporate law, among other areas.

Each of Mr. Johannson and Mr. Giblin have experience in dealing with financial statements, accounting issues, internal controls and other matters relating to private and public companies. Mr. Flores has not served on an audit committee of a public company previously but has experience dealing with and reviewing financial statements and accounting issues for private enterprises and municipalities and will be assisted by the other members of the audit committee, as well as the Company's auditor.

### **Audit Committee Oversight**

At no time since incorporation has the Audit Committee made any recommendations to the Board to nominate or compensate any external auditor.

### **Reliance of Certain Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally**

At no time during the year ended November 30, 2018 has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) (which exempts all non-audit services provided by the Company's auditor from the requirement to be preapproved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### **Pre-Approval Policies on Certain Exemptions**

Except as described in the audit committee charter reproduced above, the Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

## External Auditor Services Fees

The Audit Committee has pre-approved the nature and amount of the services provided by Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, to the Company to ensure auditor independence.

Aggregate fees paid to the auditor during the financial years ended November 30, 2018 and 2017 were as follows:

| Financial Year Ended | Audit Fees | Audit Related Fees <sup>1</sup> | Tax Fees <sup>2</sup> | All Other Fees <sup>3</sup> |
|----------------------|------------|---------------------------------|-----------------------|-----------------------------|
| 2018                 | \$31,640   | \$nil                           | \$800                 | \$nil                       |
| 2017                 | \$nil      | \$nil                           | \$nil                 | \$nil                       |

**Notes:**

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged (or estimated charges) for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A. Financial Statements**

The shareholders will receive and consider the audited financial statements of the Company for the fiscal year ended November 30, 2018 together with the auditor's report thereon. A copy of the financial statements is available for review on [www.sedar.com](http://www.sedar.com).

### **B. Election of Directors**

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *British Columbia Business Corporations Act*, each director elected will hold office until the conclusion of the next annual general meeting of the Company.

Management is proposing to fix the number for which positions exist on the Company's board at four (4).

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company 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 the date of this Information Circular.

| Name of Nominee, Current Position with Company, Province and Country of Residence | Principal Occupation   | Period From Which Nominee Has Been Director | Number of Approximate Voting Securities <sup>(1)</sup> |
|---|--|---|--|
| James Pakulis, Los Angeles, California, Chief Executive Officer and Director      | President, Lifestyle Delivery Systems Inc. from November 2015 to Present; Chairman and CEO of Wisdom Homes of America, Inc. (formerly General Cannabis Inc.), from 2010 to Present | October 26, 2017                            | 1,500,000  |
| Juan Flores, Douglas, Arizona, Director <sup>(1)</sup>                            | Principal of Law Offices of Juan P. Flores since January 2013 to Present   | May 18, 2018                                | Nil  |
| Arni Johannson, North Vancouver, B.C., , Director and President <sup>(1)</sup>    | Founding Partner and President, Canadian Nexus Ventures Ltd., a venture capital firm focused on Canadian public and private equity   | January 20, 2019                            | 1,804,000  |
| Stephen Giblin, Vancouver, B.C., Director   | Member of the Board of the Fairmont Hot Springs Resort and President of Marlin Inc., a private consulting company  | March 12, 2019                              | Nil  |

**Notes:**

1. Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.
2. Member of Audit Committee.

The Company does not have an Executive Committee. The Board has established an Audit and Compensation Committee, details of which are provided under the heading “*Statement of Corporate Governance*”.

Management does not contemplate that any of the nominees will be unable to serve as a director. However, if a nominee should be unable to so serve for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. **The persons named in the enclosed form of proxy intend to vote for the election of all of the nominees whose names are set forth above.**

Except as noted below, as at the date of this Information Circular and within the ten years before the date of this Information Circular, no proposed director:

- (a) is or has been a director or executive officer of any Company (including the Company), that while that person was acting in that capacity:
  - i. was the subject of a cease-trade order or similar order or an order that denied the relevant Company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
  - ii. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the Company being the subject of a cease trade or similar order or an order that denied the relevant Company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- iii. within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has within 10 years before the date of the Information Circular become 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 the assets of the director, officers or shareholders.

### **C. Appointment of Auditor**

Management recommends the re-appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, of Vancouver, British Columbia, the present auditor, as the auditor of the Company to hold office until the close of the next annual meeting of the shareholders. Dale Matheson Carr-Hilton LaBonte LLP has been the Company's audit since incorporation

**Shares represented by proxies in favour of the management nominees will be voted in favour of the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, as auditor of the Company and authorizing the Board to fix the auditor's remuneration, unless a shareholder has specified in his proxy that his shares are to be withheld from voting on the appointment of auditor.**

### **D. Ratification of 10% Rolling Stock Option Plan**

Management is seeking re-ratification by the shareholders of the Company's existing stock option plan (the "Stock Option Plan").

The purpose of the Stock Option Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants of the Company and of its affiliates and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under the Stock Option Plan to purchase Shares.

The Stock Option Plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 10% of the number of Shares of the Company issued and outstanding, from time to time.

The Stock Option Plan will be administered by the Board, which will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan as the Board may from time to time designate. The exercise prices shall be determined by the Board but shall, in no event, be less than the greater of the closing market price of the Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options, in accordance with the policies of the Exchange. The Stock Option Plan provides that the number of all Shares reserved for issuance will not exceed 10% of the issued and outstanding Shares, from time to time. In addition, the number of Shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding Shares. The maximum number of Shares reserved for issuance to insiders, within a one-year period, may not exceed 10% of the Shares issued and outstanding as at the date of grant of the stock option and to any individual director or officer, within a one-year period, may not exceed 5% of the Shares issued and outstanding as at the date of grant of the stock option. Options may be exercised up to 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or consulting

arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Options will expire not later than the date which is five years from the date of grant. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. The Board of the Company may, in its absolute discretion impose such limitations or conditions on the exercise or vesting of any options granted under the Stock Option Plan as it deems appropriate. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

The Stock Option Plan does not require annual approval from its shareholders, but as this is the first annual meeting of the Company's shareholders since its initial public offering, the Company is seeking ratification of the Stock Option Plan.

At the Meeting, shareholders will be asked to consider and, if thought fit, pass the following ordinary resolutions:

“BE IT RESOLVED THAT:

- (i) the Company's Stock Option Plan be ratified, confirmed and approved, including reserving for issuance under the Stock Option Plan at any time of a maximum of 10% of the issued and outstanding Common Shares of the Company;
- (ii) the Company is authorized to grant stock options pursuant to and subject to the terms and conditions of the Stock Option Plan to qualified directors, officers, employees and consultants or management company employees of the Company, or any affiliate of the Company; and
- (iii) any one director or officer of the Company, for and on behalf of the Company, be and is hereby authorized to execute and deliver all documents and instruments and take all such other actions as may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents and instruments and the taking of any such actions.”

#### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents filed with the securities commissions or similar regulatory authorities in British Columbia, Alberta and Ontario are specifically incorporated by reference into, and form an integral part of this information circular:

- Audited annual financial statements for the year ended November 30, 2018;
- Annual management's discussion and analysis for the year ended November 30, 2018;
- Interim financial statements for the three months ended February 28, 2019; and
- Interim management's discussion and analysis for the three months ended February 28, 2019.

Copies of the documents incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at Suite 820-1130 West Pender Street, Vancouver British Columbia,

V6E 4A4. These documents are also available through the internet on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

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

**DATED** at Vancouver, British Columbia, May 10, 2019.

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

*/s/ "James Pakulis"*

**James Pakulis, Chief Executive Officer**

**CHARTER FOR THE AUDIT AND COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS (the "Board") OF  
TRANSCANNA HOLDINGS INC.  
(Adopted by the Board on February 13, 2019)**

**1.0 Purpose of the Committee**

The Audit and Compensation Committee represents the Board in discharging its responsibility relating to:

- (a) the accounting, reporting and financial practices of the Company and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of the Company and its subsidiaries;
- (b) the establishment of key human resources and compensation policies, including all incentive and equity-based compensation plans;
- (c) the performance evaluation of the Chief Executive Officer and the Chief Financial Officer, and determination of the compensation for the Chief Executive Officer, the Chief Financial Officer and other senior executives of Transcanna ;
- (d) appointment, training and evaluation of senior management; and
- (e.) remuneration of directors.

**2.0 Members of the Committee**

- (a) The Board will appoint the members ("**Members**") of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of Transcanna or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.
- (b) The Committee will consist of at least three directors. A majority of Members will meet the criteria for independence established by applicable laws and the rules of any stock exchanges upon which Transcanna 's securities are listed, including section 1.4 of National Instrument 52-110 - Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.
- (c) At least one Member of the Audit and Compensation Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the 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.
- (d) The chairman of the Committee (the "**Chairman**"), if present, will act as the chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee the Members in attendance may select one of their number to act as chairman of the meeting.
- (e) The Committee may delegate any or all of its functions to any of its Members or any sub-set thereof, or other persons, from time to time as it sees fit.



### **3.0 Meeting Requirements**

- (a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than one (1) time per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.
- (b) The Chairman, if present, will act as the chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee the Members in attendance may select one of their number to act as chairman of the meeting.
- (c) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.
- (d) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.
- (e) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Transcanna to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

### **4.0 Duties and Responsibilities**

The Audit and Compensation Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements.

4.1 The duties and responsibilities of the Committee as they relate to audit functions are as follows::

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of the Company (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;
- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and the Company or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors the Company's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of the Company's accounting principles and report on them to the Board;

- (e) review and discuss with management the Company's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to the Company by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to the Company that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of the Company's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of the Company and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on the Company's financial reports, and report on them to the Board;
- (j) oversee and annually review the Company's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at the Company's expense to advise on material issues affecting the Company which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by the Company; and
- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

4.2 The duties and responsibilities of the Committee as they relate to compensation functions are as follows:

- (a) Annually review the performance objectives for the Chief Executive Officer, the Chief Financial Officer and the senior executives' and, in the Committee's discretion, recommend any changes to the Board for consideration;
- (b) Annually review and evaluate the performance of the Chief Executive Officer and the Chief Financial Officer in light of pre-established performance objectives and report its conclusions to the Board;
- (c) Annually review the compensation for the Chief Executive Officer and the Chief Financial Officer and, in the Committee's discretion, recommend any changes to the Board for consideration;
- (d) Annually review the Chief Executive Officer's recommendations for the senior executives' compensation and, in the Committee's discretion, recommend any changes to the Board for consideration;

- (e) Ensure compensation policies for the directors, the Chief Executive Officer, the Chief Financial Officer and the senior executives:
  - (1) properly reflect their respective duties and responsibilities;
  - (2) are competitive in attracting, retaining and motivating people of the highest quality;
  - (3) align the interests of the directors, the Chief Executive Officer, the Chief Financial Officer and the senior executives with shareholders and Transcanna as a whole;
  - (4) are based on established corporate and individual performance objectives; and
  - (5) are clearly distinguishable between each other, that is, the structure of non-executive directors' compensation should be distinguishable from that of executive directors and senior executives;
- (f) Annually review Transcanna's succession plan for the Chief Executive Officer, the Chief Financial Officer and senior management, including appointment, training and evaluation;
- (g) Annually review directors' compensation and, in the Committee's discretion, recommend any changes to the Board for consideration;
- (h) Review all annual executive compensation disclosure before it is publicly released;
- (i) Direct and supervise the investigation into any matter brought to its attention within the scope of the Committee's duties; and
- (j) Perform such other duties as may be assigned to it by the Board from time to time or as may be required by applicable regulatory authorities or legislation.

## **5.0 REPORTING**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve executive compensation disclosure to be included in the management proxy circular. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

## **6.0 ACCESS TO INFORMATION AND AUTHORITY**

The Committee will be granted unrestricted access to all information regarding Transcanna that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members.

The Committee has the authority to retain, at Transcanna's expense, independent legal, financial, compensation consulting and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board.

## **7.0 REVIEW OF CHARTER**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

## **8.0 Miscellaneous**

8.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.