

LUFF ENTERPRISES LTD

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION

Annual Meeting Date

Luff Enterprises Ltd., (the “**Company**”) will be holding an annual general meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares in the Company (the “**Common Shares**”) on Wednesday, September 22, 2021, at 10:00 am (Vancouver Time) at the Company’s registered office at Suite 800 – 543 Granville Street, Vancouver, BC V6C 1X8.

Date of Information

Information in this management information circular (the “**Circular**”) is given as of August 13, 2021, unless otherwise noted.

Voting Shares and Principal Holders

As of August 13, 2021, the Company’s authorized capital consists of an unlimited number of Common Shares and an unlimited number of preferred shares, of which 401,983,032¹ Common Shares are issued and outstanding. All Common Shares in the capital of the Company carry the right to one vote.

Shareholders registered as at August 10, 2021, are entitled to attend, and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, there are no persons that beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding Common Shares of the Company.

Meeting Materials – Use of Notice and Access

In light of the ongoing concerns with the spread of COVID-19, the Company has elected to use the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (the “**Notice-and-Access Provisions**”) for the Meeting in respect of mailings to Shareholders. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that are intended to reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post online an information circular and related materials in respect of a meeting of its shareholders. Shareholders will receive a notice containing information prescribed by the Notice-and-Access Provisions and a voting instruction form.

¹ This includes 11,400,000 Common Shares issued to Directors and Officers of the Company pursuant to an amended Employee Stock Option Plan, which is subject to the ratification and approval of Shareholders at the Meeting.

All documents related to the Meeting which includes, this Circular, a Form of Proxy, and Notice of Meeting can be accessed at www.luffbrands.com.

Additional Information

Additional information concerning the Company, including the Company's audited consolidated financial statements and related notes and MD&A for the twelve month period ended December 31, 2020, and unaudited consolidated financial statements and related notes for the quarterly periods ended March 31, 2020, June 30, 2020, September 30, 2020, and March 31, 2021 (together referred to as the "**Financial Disclosure**") is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which may be accessed at www.sedar.com. This information may also be accessed on the Company's website at www.luffbrands.com.

Upon request by a Shareholder to the Company's Corporate Secretary at the address set out below, the Company will provide to such securityholder, without charge, copies of the items included in the Financial Disclosure.

Contact Information

Address: Suite 800 – 543 Granville Street,
Vancouver, BC, V6C 1X8

Attention: Corporate Secretary

Telephone: 778-819-0330

VOTING INFORMATION

General Voting Information

Proxy Solicitation

Proxies are being solicited by management of the Company to be used at the Meeting, or any adjournment(s) of the Meeting. Solicitations will be primarily by mail but may also be by newspaper publication, in person or by telephone, electronic transmission or communication by directors, officers, employees or agents of the Company. All costs of the solicitation will be paid by the Company.

Voting

If you are a registered holder of Common Shares at the close of business on August 10, 2021 (the "**Record Date**"), you are entitled to receive notice of and vote at the Meeting. You will be entitled to vote all of the Common Shares that you held on the Record Date at the Meeting except to the extent that:

- a. you have transferred ownership of any such Common Shares after the Record Date; and

- b. not later than ten days before the Meeting, the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that they own such Common Shares and demands that their name be included on the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote those Common Shares at the Meeting.

When Common Shares are held jointly by two or more persons, those shares may be voted at the Meeting (either in person or by proxy) by any one of those holders, or, alternatively, by all such holders jointly. Each Common Share is entitled to one vote. A simple majority of votes cast (50% plus one vote) is required to approve all of the known matters to come before the Meeting.

Quorum

A quorum for the transaction of business is two individuals present in person, each being a Shareholder or proxyholder entitled to vote at the Meeting, who together represent at least 25% of the votes entitled to be cast at the Meeting.

Proxy Voting

You can indicate on your proxy how you want your proxyholder to vote your Common Shares or you can let your proxyholder decide for you. If you specify how you want your Common Shares voted, then your proxyholder must vote in accordance with your instructions. In the absence of specific instructions, your proxyholder can vote your Common Shares as he or she sees fit. **If you appoint Mr. Jeremy South of West Vancouver, British Columbia, or failing him, Mr. Rod Kirkham also of Vancouver, British Columbia, and do not specify how you want your Common Shares to be voted, your Common Shares will be voted as follows:**

The number of Directors shall be set at three (3)	FOR
Election of each nominee as a director	FOR
Appointment of Auditor	FOR
Annual Approval of 2017 Incentive Stock Option Plan, as amended	FOR
Other Matters	FOR

Amendments or Other Matters

At the time of printing this Circular, the Company's management does not know of any matter that may come before the Meeting other than the matters referred to above or of any potential amendment to, or variation of, these matters. If any other matters or any amendments to, or variations of, the above matters do properly come before the Meeting, your proxyholder will vote on them using his or her best judgment.

Registered Shareholder Voting

If your Common Shares are held in your name and you have a share certificate, then you are a registered Shareholder. You may vote at the Meeting by submitting a proxy as described below or by fax or internet as set out in the instructions in the form of proxy provided to you. **Due to restrictions on mass gatherings implemented by the Government of British Columbia in response to the COVID-19 (Coronavirus) outbreak and out of concern for the well-being of all participants,**

Shareholders, and guests will not be permitted to physically attend the Meeting. Shareholders are encouraged to exercise their voting rights by mail, fax, or internet in advance of the Meeting.

Voting by Proxy

You may vote your Common Shares by proxy. If you choose to vote by proxy, you may use the enclosed proxy or complete another proper instrument of proxy. The persons named in the enclosed proxy are elected representatives of the Company. **You may appoint some other person to be your proxyholder at the Meeting by inserting that person's name in the blank space provided in the enclosed form of proxy or by completing another proper instrument of proxy.** In either case, you must deliver the completed and executed proxy using one of the following methods:

BY INTERNET: www.eproxy.ca

BY EMAIL: proxy@transferagent.ca

BY FACSIMILE: 604-559-8908

BY MAIL: National Securities Administrators Ltd.
702 – 777 Hornby Street,
Vancouver, BC V6Z 1S4

no later than 10:00 a.m. (Pacific Daylight Savings Time) on September 20, 2021, or, if the Meeting is adjourned, at least 48 hours (excluding weekends and holidays) before the time set for the Meeting to resume. **The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion without notice.**

Revoking your Proxy

You may revoke your proxy any time before it is acted upon by:

- a. signing a new proxy bearing a later date and delivering it to the Company's registered office or to Company's transfer agent, National Securities Administrators Ltd., at the above address at least 48 hours (excluding weekends and holidays) prior to the commencement of the Meeting or any adjournment of the Meeting; or
- b. depositing written notice of revocation at the Company's registered office or to the Company's transfer agent, National Securities Administrators Ltd., at the above address at any time prior to the Meeting or any adjournment thereof.

Beneficial Shareholder Voting

If your Common Shares are held in the name of a nominee (i.e. deposited with a securities broker, bank or other institution) then you are a Beneficial Shareholder. You may vote by providing voting instructions to the registered holder of your Common Shares via mail, telephone, or internet. For further instructions, see the voting instruction or proxy form provided to you.

Voting Instructions

Applicable regulatory policies require registered shareholders who hold their shares as nominees to seek (or have an intermediary seek on their behalf) voting instructions from their respective beneficial shareholders in advance of shareholders' meetings. Every nominee and intermediary has its own mailing procedures and provides its own voting and return instructions. The voting and return instructions for your applicable nominee or intermediary are set out in the voting instruction or proxy form that they have provided to you. You must carefully follow the instructions on this form in order to ensure your Common Shares are voted at the Meeting. The vast majority of nominees now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). If your nominee has appointed Broadridge, you should have received a scannable voting instruction form from Broadridge, and you will need to either complete and return this form to Broadridge by mail, or alternatively, convey your voting instructions to them via the internet or by calling a toll-free telephone number as set out in the form. Broadridge will tabulate the results of all instructions that it receives and provide appropriate voting instructions to National Securities Administrators Ltd., for use at the Meeting. **A beneficial Shareholder must comply with the instructions on the voting instruction or proxy form provided to it well in advance of the Meeting in order to ensure their Common Shares can be voted at the Meeting.**

FINANCIAL STATEMENTS

The Company’s financial statements and independent auditors’ report as included in the Financial Disclosure have been filed on Sedar and will be placed before the Shareholders at the Meeting.

ELECTION OF DIRECTORS

The authority to determine the number of directors of the Company rests with the Shareholders. The Company’s Articles stipulate that the board of directors (the “**Board of Directors**”) shall consist of a minimum of three and a maximum of fifteen directors. Following the Company’s last annual general meeting held on June 24, 2020, the Shareholders voted in favour of setting the number of directors at 3. Management of the Company is again seeking to fix the number of directors to be elected to 3, each of whom are to serve until the next annual meeting of Shareholders or until their respective successors are elected or appointed. Management believes that limiting the size of the Board to 3 members will allow the Company to further focus on its current operations and business objectives while promoting cost savings and efficient deliberation.

The Board of Directors recommends that Shareholders vote FOR this resolution to fix the number of directors at 3 members. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the resolution to fix the Board of Directors size at 3 members.

Advance Notice Provisions

Pursuant to Part 10.10 of the Company’s Articles, any additional director nominations for an annual meeting must be received by the Company not later than the close of business on the 30th day before the date of the Meeting, that date being August 22, 2021.

Management Nominees

The following table sets out the names of the nominees for election as directors, his or her name, province or state and country of residence, his or her principal occupation, business, or employment within the five preceding years, and the number of common shares of the Company beneficially owned, or controlled or directed, directly or indirectly as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Present Principal Occupation, Business or Employment and Principal Occupation, Business or Employment During the Preceding Five Years	Served as director of the Company since	Number of Common Shares Beneficially Owned or Controlled or Directed (Directly or Indirectly)
Drew Malcolm West Vancouver British Columbia, Canada	Present: Director of Luff Enterprises Ltd. (June 2020 – present).	June 24, 2020	25,304,806 ⁽¹⁾
Jeremy South West Vancouver British Columbia, Canada	Present: Director of Luff Enterprises Ltd. (June 2019 – present); Director of Bastion Square Partners Inc. (April 2021 – present); SVP and CFO of Steppe Gold Limited (July 2018 – present); CFO and Director of Aranjin Resources Ltd (March 2018 – present); Managing Partner of SouthPac Partners (Dec 2016 – present) Past: Director of Aldridge Minerals Inc (January 2018 – December 2018); Director of Steppe Gold Limited (March 2017 – July 2018)	June 25, 2019	4,200,000 ⁽¹⁾
Philip Campbell Langley, British Columbia, Canada	Present: CEO of Luff Enterprises Ltd (May 2020 – Present) Past: Director and CEO of Ascent Industries Corp (September 2015 November 2018)	May 15, 2020	30,052,235 ⁽²⁾⁽³⁾

- (1) 1,200,000 of these Common Shares remain subject to Shareholder ratification and approval of the amended Employee Stock Option Plan.
- (2) 3,000,000 of these Common Shares remain subject to Shareholder ratification and approval of the amend Employee Stock Option Plan.
- (3) 4,057,835 of these Common Shares remain subject to escrow pursuant to an escrow agreement with the Company and National Issuer Services Ltd., as escrow agent. These Common Shares are subject to the escrow requirements of CSE policy, and will be released from escrow in August 2021.

All director nominees have consented to being named in this Circular and to serve as directors if elected. The Company's management does not contemplate that any of the director nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, your proxyholder has the right to use his or her discretion in voting for another nominee unless you have specified in your voting instruction or proxy form that he or she does not have such authority. The Company's articles permit the Board, between annual meetings of Shareholders, to appoint one or

more additional directors (up to a maximum of one-third of the number of directors who held office at the expiration of the last annual meeting of Shareholders).

Your proxyholder will vote FOR the election of each of these nominees as a director of the Company unless you indicate in your voting instruction or proxy form that authority to do so is withheld in respect of one or more of the nominees.

Corporate Cease Trade Orders or Bankruptcies

On March 1, 2019, by Order of the Supreme Court of British Columbia (the “**Court**”), the Company along with its wholly owned subsidiaries, Agrima, Bloom Holdings Ltd., Bloom Meadows Corp., Pinecone Products Ltd., Agrima Scientific Corp., and West Fork Holdings NV Inc. (the “**Petitioners**”) were granted protection under the Companies Creditor Agreement Act (the “**CCAA**”), in which, all proceedings relating to claims of affected creditors were stayed.

Following the settlement of all creditor claims, the Company’s CCAA proceedings concluded on March 6, 2020, and the Company commenced an application to the British Columbia Securities Commission (the “**BCSC**”) for a management cease trade order (the “**Order**”). The Order provided the Company with administrative relief from certain continuous disclosure obligations prescribed under National Instrument 51-102 – Continuous Disclosure Obligations. The BCSC granted the Order on March 11, 2020, which, permitted a 60 day period for the Company to file all outstanding financial statements and corresponding management discussion and analysis as required under NI 51-102.

On May 11, 2020, the Company filed all outstanding financial statements which included (i) the audited annual financial statements for the year ended December 31, 2018, (ii) the interim financial statements for March 31, 2019, June 30, 2019, and September 30, 2019, (iii) the audited annual financial statements for the year ended December 31, 2019, and (iv) all corresponding management discussion & analysis and accompanying CEO and CFO certifications for the above noted periods. Following these filings, the Company received a revocation order from the Executive Director of the BCSC on May 12, 2020, informing the Company that all required records had been filed and that the Management Cease Trade Order had been revoked.

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

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

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

EXECUTIVE AND DIRECTOR COMPENSATION

Compensation Philosophy

The Company's compensation philosophy is to be competitive with other companies of similar size that produce and distribute cannabis and industrial hemp product for sale in the United States, in order to attract, retain and motivate a highly-qualified workforce and provide career opportunities within the Company. The compensation program for the Company's named executive officers ("NEO") is built around base salaries and reward systems that recognize the Company's financial and operational results and individual performance. This program is also designed to ensure that the interests of the Company's executives are aligned with its Shareholders.

On October 20, 2020, the Board amended the Company's 2017 Incentive Stock Option Plan to provide for the issuance of restricted share units ("RSUs") in addition to stock options under the 2017 Incentive Stock Option Plan (the "**Amended Plan**"). As of August 13, 2021, the Company has granted 4,000,000 stock options and 15,000,000 RSUs under the Amended Plan. The issuance of the RSUs is subject to ratification of the Amended Plan by Shareholders (See "PARTICULARS OF OTHER MATTERS TO BE ACTED UPON – Annual Approval of the 2017 "Rolling 10% Stock Option").

Named Executive Officers

Under applicable securities laws, a company's NEOS are: (i) the Chief Executive Officer, (ii) the Chief Financial Officer, (iii) the next three most highly compensated executive officers serving at the end of the most recent financial year and (iv) any officer who would have been among the next three most highly compensated executive officers if they had been serving at the end of the most recent financial year.

NEO and Director Compensation Table

The following table provides a summary of compensation earned by the Company's past and present NEOs and Directors in the most recently completed financial year.

Name and Principal Position	Year	Salary (\$)	All other compensation (\$)	Total compensation (\$)
Philip Campbell CEO and Director	2020	\$78,000	Nil ⁽¹⁾	\$78,000 ⁽²⁾
Elizabeth Coles ⁽³⁾ CFO	2020	\$77,000	87,000 ⁽⁴⁾	\$164,000
John Sweeney ⁽⁵⁾ COO	2020	\$67,000	Nil	\$67,000
Jeremy South Director	2020	\$85,000	24,000 ⁽¹⁾	\$109,000 ⁽²⁾
Drew Malcolm Director	2020	Nil	Nil ⁽¹⁾	Nil ⁽²⁾
Mark Lotz Interim CEO, CFO and Director	2020	Nil	\$49,833 ⁽⁶⁾	\$49,833
Paul Dillman CEO and Director	2020	Nil	\$338,870 ⁽⁷⁾	\$338,870

- (1) Each director is entitled to a monthly fee of \$3,000.
- (2) As of December 31, 2020, \$18,000 in director fees have accrued and are subsequently not reflected in Total Compensation.
- (3) Ms. Coles was appointed as the Chief Financial Officer of the Company on June 24, 2020.
- (4) This amount refers to compensation paid to Ms. Coles as the Vice President of Finance for the Company.
- (5) Mr. Sweeney was appointed as the Chief Operations Officer of the Company on June 24, 2020.
- (6) Payments were made pursuant to a consulting agreement entered with the Company on May 17, 2019 and subsequently amended on June 2, 2020.
- (7) Pursuant to a Resignation and Termination Agreement entered into with the Company effective January 8, 2020, Paul Dillman received an aggregate payment of \$325,000. In addition, Mr. Dillman was paid \$13,870 in respect of accrued vacation pay and reimbursement of expenses due as at June 8, 2020.
- (8) The Corporate Secretary is entitled to a monthly fee of \$3,000.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As at December 31, 2020, the Company had no equity securities authorised for issuance.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

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

No director or executive officer of the Company or any proposed nominee of Management for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material

interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

APPOINTMENT OF AUDITOR

Effective February 28, 2020, Kingston Ross Pasnak LLP ("**Kingston Ross**") was appointed as the successor auditor to MNP LLP, to hold office commencing as of February 20, 2020, until the close of the next annual general meeting of the Company. Kingston Ross will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the Directors.

The information regarding the Company's audit committee as required by section 5.1 of National Instrument 52-110 is set for in the Company's annual information form dated October 1, 2018, with specific reference to "Article 19 – Audit Committee" and "Appendix B – Audit Committee Charter" thereto. The current members of the Company's Audit Committee are Jeremy South and Drew Malcolm.

Unless you indicate in the enclosed voting instruction or proxy form that authority to vote for the appointment of the Company's current auditors is withheld, your proxyholder will vote FOR the re-appointment of Kingston Ross Pasnak LLP as auditors of the Company to hold office until the next annual meeting of Shareholders.

MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or named executive officers of the Company.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating 3 individuals to the Board, all of which are current directors of the Company. Management believes that limiting the size of the Board to 3 members is both pragmatic and cost effective given the Company's current operations and business objectives.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. The "material relationship" is defined as a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a director's independent judgement. If all three nominees are elected, two members of the Board will be considered "independent".

The Company holds regular meetings to approve quarterly and annual financial statements, Management and Discussion Analysis and other business at the time. The Company also holds meetings "as needed" in the course of business.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the Shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee, and the Compensation Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and Corporate Secretary of the Company and establishes the duties and responsibilities of those positions and, on the recommendation of the CEO, appoints the senior officers of the Company and approves the senior management structure of the Company, including compensation guidelines.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the CEO, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the "Act"), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

Directorships

The following director or nominee for director of the Company is also a director of other reporting issuers:

- Jeremy South is a director of Aranjin Resources Ltd., and Bastion Square Partners Inc.

Ethical Business Conduct

The Board has adopted a formal written Code of Business Conduct (the “**Code**”) for its directors, officers and employees. A copy of the Code is available by written request to the Company at 800 – 543 Granville Street, Vancouver, BC V6C 1X8. In addition, the Board has adopted a Whistleblower Policy that provides employees the ability to contact the Chair of the Audit Committee.

The Board promotes ethical business conduct through the nomination of members it considers ethical, through avoiding and minimizing conflicts of interest and by having Board members that are independent of Company matters. Where a director has a material interest in a transaction or agreement concerning the Company, the Board takes such steps as may be prudent to isolate and eliminate or reduce the potential for such a conflict of interest to interfere with the Board’s exercise of independent judgement.

In accordance with applicable corporate law, any director who is in a position of conflict must refrain from voting on any resolution of the Board with respect to the conflict. The Board may also require the director to excuse himself or herself from deliberations of the Board.

In addition to the Code and the Whistleblower Policy, the Board has established other policies to encourage and promote a culture of ethical business conduct, including a Disclosure Policy, Insider Trading Policy and Health and Safety Policy.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chair and a majority of the non-executive directors.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Annual Approval of the 2017 “Rolling 10%” Stock Option Plan

Following a special meeting regarding the amalgamation of the Company with Paget Minerals Corp., held on July 26, 2018, the shareholders of the Company approved an incentive stock option plan (the “**Plan**”). The Plan reserves for issuance a maximum of 10% of the Company’s issued and outstanding share capital at the time of a grant of options under the plan. The Plan provides for grants of options to directors, officer, employees and consultants of the Company at the discretion of the Company’s Board of Directors.

The term of any options granted under the Plan is fixed by the Board and may not exceed ten (10) years. The exercise price of options granted under the Plan is determined by the Board, and if the Common Shares are listed on an exchange, the exercise must not be lower than the closing trading price for the Common Shares as quoted on the exchange for the trading day immediately prior to the date of grant of the option, less any discount permitted by the exchange.

Unless an option holder is terminated for cause, options granted pursuant to the Plan that are vested generally terminate upon (i) the expiry date of an option, (ii) in the case of death, one year after the date of an option holder's death, (iii) if the option holder is a director, on the third year following the date that the option holder ceases to be a director, (iv) if the option holder is an officer, employee or consultant, on the thirtieth day following the date the option holder ceases to be an officer, employee or consultant, or (v) if an option holder is terminated for cause, the date on which an option holder is terminated for cause.

The Plan also provides for adjustments to outstanding options in the event of any merger, consolidation, amalgamation, recapitalization, reclassification, split, reverse split, combination of shares or other similar triggering event set out in the plan. The Board may, at its discretion, deal with outstanding options in the manner it deems fair and reasonable in light of the circumstances of the triggering event.

The Board may also make equitable adjustments to options issued under the Plan in certain other circumstances, including in connection with the distribution of dividends and exchanges of shares as provided in the plan.

The Board may from time to time amend the Plan and the terms and conditions of any option to be granted thereunder for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the plan, any option, the shares or for any other purpose which may be permitted by all relevant laws, regulations, rules and policies, so long as any such amendment will not alter the terms or conditions of any option or impair any right of any option holder prior to such amendment.

On October 20, 2020, the Board amended the Plan to provide for the issuance of RSUs on the terms and conditions set out under the Amended Plan, a copy of which is attached as Appendix "A" to this Circular.

The Board may terminate the Plan at any time provided that such termination will not alter the terms or conditions of any option or impair any right of any option holder pursuant to any option awarded prior to the date of such termination, which will continue to be governed by the provisions of the Plan.

Shareholders will be asked to pass an ordinary resolution, in substantially the following form:

“Resolved, as an ordinary resolution, that:

1. the Amended Plan as attached as Appendix "A" to the Circular is hereby ratified and approved, subject to the acceptance for filing thereof by the Canadian Securities Exchange and the grant of options and RSUs thereunder in accordance therewith be approved;
2. the number of Common Shares reserved for issuance under the Amended Plan shall be no more than 10% of the Company's issued and outstanding share capital at the time of any stock option or RSU grant;

3. the directors of the Company be authorized to make any changes to the Amended Plan as may be required or permitted by the Canadian Securities Exchange;
4. any director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing; and
5. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the Plan is conditional upon receipt of final approval from the Canadian Securities Exchange and the directors of the Company are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Company, at any time if such revocation is considered necessary or desirable by the directors.”

The Board of Directors recommends that Shareholders vote FOR the ordinary resolution to ratify and approve the Amended Plan. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the ordinary resolution to approve the plan.

General Matters

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

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Information about the Company including copies of the items included in the Financial Disclosure can be found on the Company’s SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any Shareholder of the Company free of charge by contacting the Company’s Corporate Secretary, at 778-819-0330.

BOARD APPROVAL

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

ON BEHALF OF THE BOARD

“Jeremy South”

Chair

Vancouver, British Columbia

August 13, 2021.

Appendix "A"

**LUFF ENTERPRISES LTD.
AMENDED & RESTATED STOCK OPTION PLAN
AND RESTRICTED SHARE UNIT PLAN
EFFECTIVE DATE: OCTOBER 16, 2020**

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**AMENDED & RESTATED STOCK OPTION
AND RESTRICTED SHARE UNIT PLAN**

**PART 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the meanings set forth below:

- (a) “Administrator” means such director or senior officer or employee of the Corporation as may be designated as Administrator by the Board from time to time.
- (b) “Affiliate” has the meaning ascribed to that term by the *Securities Act* (British Columbia).
- (c) “Award” means a grant under this Plan of Options or Restricted Share Units.
- (d) “Award Date” means the date on which the Board awards a particular Option or Restricted Share Unit or such other effective date as determined by the Board.
- (e) “Board” means the board of directors of the Corporation, or any Committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options or Restricted Share Units under the Plan.
- (f) “Cause” means:
 - (i) in the case of an Employee (1) cause as such term is defined in the written employment agreement with the Employee or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the Employee is employed; or (2) the termination of employment as a result of an order made by any Regulatory Authority having jurisdiction to so order;
 - (ii) in the case of a Consultant (1) the occurrence of any event which, under the written consulting contract with the Consultant or the common law or the laws of the jurisdiction in which the Consultant provides services, gives the Corporation or any of its Affiliates the right to immediately terminate the consulting contract; or (2) the termination of the

consulting contract as a result of an order made by any Regulatory Authority having jurisdiction to so order;

- (iii) in the case of a Director, ceasing to be a Director as a result of (1) ceasing to be qualified to act as a Director pursuant to Section 124 of the *Business Corporations Act* (British Columbia) (the “*BCBCA*”); (2) a resolution having been passed by the shareholders pursuant to Section 128(3)(a) of the *BCBCA*, or (3) an order made by any Regulatory Authority having jurisdiction to so order; or
 - (iv) in the case of an Officer, ceasing to be an Officer as a result of an order made by any Regulatory Authority having jurisdiction to so order.
- (g) “Change of Control” means an occurrence when either:
- (i) a Person or Entity, together with all “affiliates” and “associates”, as those terms are defined in the *BCBCA*, comes to beneficially own greater than 50% of the voting shares of the Corporation; or
 - (ii) a majority of the directors elected at any annual or special meeting of shareholders of the Corporation are not individuals nominated by the Corporation's then-incumbent Board.
- (h) “Committee” means the compensation committee of the Corporation, if and as constituted from time to time, or any committee of the Board struck to perform similar functions and duties.
- (i) “Corporation” means Luff Enterprises Ltd.
- (j) “Consultant” means an individual, other than an employee, director or officer of the Corporation or its Affiliate or a registrant under the *Securities Act* (British Columbia), that:
- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or an Affiliate of the Corporation, other than services provided in relation to a distribution;
 - (ii) provides the services under a written contract between the Corporation or its Affiliate and the individual Consultant or a Consultant Company or Consultant Partnership of the individual;

- (iii) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
- (iv) has a relationship with the Corporation or its Affiliate that enables the individual Consultant to be knowledgeable about the business and affairs of the Corporation;
- (k) “Consultant Company” means for an individual Consultant, the company of which the individual consultant is an employee or shareholder.
- (l) “Consultant Partnership” means for an individual consultant, a partnership of which the individual Consultant is an employee or partner.
- (m) “Director” has the meaning given to that term in the *Securities Act* (British Columbia), and for the purposes of the Plan includes directors of the Corporation and any of its Affiliates.
- (n) “Eligible Persons” means Directors, Officers, Employees and Consultants.
- (o) “Employee” means any individual regularly employed, personally or through a wholly owned entity, on a full-time basis by the Corporation or any of its subsidiaries.
- (p) “Employee RSU Grantee” has the meaning attributed thereto in Section 6.1 hereof.
- (q) “Employee RSU Grantee Termination Date” has the meaning attributed thereto in Section 6.1 hereof.
- (r) “Exercise Notice” means the notice respecting the exercise of an Option, in the form set out as Schedule “B” hereto, duly executed by the Option Holder.
- (s) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.
- (t) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with Section 4.3.
- (u) “Expiry Date” means the date determined in accordance with Section 4.2 and after which a particular Option cannot be exercised.

- (v) “Fixed Expiry Date” has the meaning given to that term under Section 4.2.
- (w) “Market Value” means the market value of the Corporation's Shares, as determined in accordance with Section 4.3.
- (x) “Officer” means a senior officer as such term is defined in the *Securities Act* (British Columbia), and for the purposes of the Plan includes senior officers of the Corporation and any of its Affiliates.
- (y) “Option” means an option to acquire Shares awarded to an Eligible Person pursuant to the Plan.
- (z) “Option Certificate” means the certificate, in the form set out as Schedule "A" hereto, evidencing an Option.
- (aa) “Option Holder” means a person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (bb) “Person or Entity” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person or Entity.
- (cc) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder or deceased RSU Grantee, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder or RSU Grantee who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder or RSU Grantee.
- (dd) “Plan” means this stock option and restricted share unit plan.
- (ee) “Regulatory Authorities” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Corporation's Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (ff) “Restricted Share Unit” means a right to receive Shares in the settlement of an Award pursuant to Part 7 of the Plan.

- (gg) “RSU Grantee” means a person to whom a Restricted Share Unit has been awarded as outlined in Part 6 of the Plan.
- (hh) “Services RSU Grantee” has the meaning attributed thereto in Section 6.2 hereof;
- (ii) “Services RSU Grantee Termination Date” has the meaning attributed thereto in Section 6.2 hereof;
- (jj) “Share” or “Shares” means, as the case may be, the common shares in the capital of the Corporation.
- (kk) “Termination Date” means:
 - (i) in the case of the Option Holder's resignation from employment or the termination of the Option Holder's employment or RSU Grantee’s consulting contract by the Option Holder or RSU Grantee, the date that the Option Holder or RSU Grantee provides notice of such resignation or termination to the Corporation or any of its Affiliates; or
 - (ii) in the case of the termination of the Option Holder's or RSU Grantee’s employment or consulting contract by the Corporation or any of its Affiliates for any reason (whether such termination is lawful or unlawful) other than death, the date that the Corporation or any of its Affiliates delivers written notice of such lawful or unlawful termination of the Option Holder's employment or RSU Grantee’s consulting contract to the Option Holder or RSU Grantee; or
 - (iii) in the case of the expiry of a fixed-term employment agreement or consulting contract that is not renewed or extended, the last day of the term.
- (ll) “Triggering Event” means:
 - (i) the proposed dissolution, liquidation or wind-up of the Corporation;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Corporation with one or more corporations as a result of which, immediately following such event, the shareholders of the Corporation as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;

- (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
- (iv) a proposed Change of Control of the Corporation;
- (v) the proposed sale or other disposition of all or substantially all of the assets of the Corporation; or
- (vi) a proposed material alteration of the capital structure of the Corporation which, in the opinion of the Board, is of such a nature that it is not practical or feasible to make adjustments to the Plan or to the Options or Restricted Share Units granted hereunder to permit the Plan and Options granted hereunder to stay in effect.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan will be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

PART 2 PURPOSE AND PARTICIPATION

2.1 Purpose

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees, Officers and Consultants, to reward such of those Directors, Employees, Officers and Consultants as may be awarded Options or Restricted Share Units under the Plan by the Board from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such Directors, Employees, Officers and Consultants to acquire shares in the capital of the Corporation as long term investments.

2.2 Participation

The Board will, from time to time and in its sole discretion, determine which of the Eligible Persons, if any, will be awarded Options or Restricted Share Units and the number of Shares in respect of which such Options may be exercised or Restricted Share Units are

entitled to upon settlement. The Board shall, in its discretion determine whether each such Eligible Person shall be awarded an Option to purchase Shares or a Restricted Share Unit.

2.3 Notification of Award

Following the approval by the Board of the awarding of an Option or Restricted Share Unit, the Administrator will notify the Option Holder or RSU Grantee in writing of the award and will enclose with such notice the Option Certificate representing the Option so awarded or, in the case of a Restricted Share Unit, the Restricted Share Unit grant letter setting out the Restricted Shares Units to be credited to the RSU Grantee's account.

2.4 Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, will be provided with a copy of the Plan. A copy of any amendment to the Plan will be promptly provided by the Administrator to each Option Holder.

2.5 Limitation

The Plan does not give any Option Holder or RSU Grantee that is a Director or Officer the right to serve or continue to serve as a Director or Officer of the Corporation or any of its Affiliates nor does it give any Option Holder or RSU Grantee that is an Employee or Consultant the right to be or to continue to be employed with or have a consulting contract with the Corporation or any of its Affiliates.

PART 3 TERMS AND CONDITIONS OF OPTIONS AND RESTRICTED SHARE UNITS

3.1 Board to Issue Shares

The Shares to be issued to Option Holders upon the exercise of Options or credited to the RSU Grantee's account will be authorized and unissued Shares, the issuance of which will have been authorized by the Board.

3.2 Number of Shares Subject to the Plan

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to the Plan or that have been credited to RSU Grantees under the Plan will not exceed 10% of the issued and outstanding Shares of the Corporation. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options or Restricted Share

Units pursuant to the Plan. If a Restricted Share Unit is forfeited prior to its vesting, the number of Shares in respect of the forfeited Restricted Share Unit shall again be available for the purpose of granting Options or Restricted Share Units pursuant to the Plan.

PART 4 SPECIFIC TERMS APPLICABLE TO OPTIONS

4.1 Term of Option

Subject to such other terms or conditions that may be attached to an Option granted hereunder, an Option Holder may exercise any vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period will terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.

4.2 Termination

Subject to subsections (a) to (e) below, the Expiry Date of an Option will be the date fixed by the Board at the time the particular Option is awarded (the “Fixed Expiry Date”), provided that the Expiry Date will be no later than the tenth anniversary of the Award Date of such Option:

(a) **Death**

In the event that the Option Holder should die while his or her Option is outstanding, the Expiry Date for any vested portion or portions of the Option will be the earlier of the Fixed Expiry Date and the date that is one year after the date of the Option Holder's death. The Expiry Date for any unvested portion of the Option will be the date of the Option Holder's death.

(b) **Ceasing to be a Director**

If the Option Holder holds an Option as a Director and the Option Holder ceases to be a Director (other than by reason of death), the Expiry Date for any vested portion or portions of the Option will be, unless otherwise provided for in the Option Certificate, the earlier of the Fixed Expiry Date and the 3rd year following the date that the Option Holder ceases to be a Director, unless the Option Holder ceases to be a Director for Cause, in which case the Expiry Date will be the date that the Option Holder ceases to be a Director. The Expiry Date for any unvested portion of the Option will be the date that the Option Holder ceases to be a Director.

(c) Ceasing to be an Employee or Consultant

If the Option Holder holds an Option as an Employee or Consultant and the Option Holder ceases to be an Employee or Consultant (other than by reason of death), the Expiry Date for any vested portion or portions of the Option will be, unless otherwise provided for in the Option Certificate, the earlier of the Fixed Expiry Date and the 30th day following the Termination Date unless the Option Holder ceases to be an Employee or Consultant as a result of Cause, in which case the Expiry Date will be the Termination Date. The Expiry Date for any unvested portion of the Option will be the Termination Date. For greater certainty, if the Corporation or one of its Affiliates gives an Employee or Consultant working notice of termination of employment or the consulting contract or payment in lieu of notice, no further vesting will occur during (i) the working notice period; or (ii) the deemed notice period for which the Employee or Consultant is receiving payment in lieu of notice.

(d) Ceasing to be an Officer

If the Option Holder holds an Option as an Officer and the Option Holder ceases to be an Officer (other than by reason of death), the Expiry Date for any vested portion or portions of the Option will be, unless otherwise provided for in the Option Certificate, the earlier of the Fixed Expiry Date and the 30th day following the date that the Option Holder ceases to be an Officer unless the Option Holder ceases to be an Officer for Cause, in which case the Expiry Date will be the date that the Option Holder ceases to be an Officer. The Expiry Date for any unvested portion of the Option will be the date that the Option Holder ceases to be an Officer.

(e) Triggering Event

In the event of a Triggering Event, the Board may, in its sole discretion, deal with outstanding Options in the manner it deems fair and reasonable in light of the circumstances of the Triggering Event. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any Option Holder:

- (i) deliver a notice to the Option Holder advising the Option Holder that the unvested portion, or any portion of such unvested portion, of the Option held by the Option Holder, if any, will immediately vest;
- (ii) deliver a notice to an Option Holder advising the Option Holder that the Expiry Date for any vested portion or portions of the Option will be the earlier of the Fixed Expiry Date and the 5th day following the date of

the notice and the Expiry Date for any unvested portion of the Option will be the date of the notice;

- (iii) send a notice to an Option Holder advising the Option Holder that the Option is, in connection with any Triggering Event, either to be assumed by a purchasing party or parent thereof or to be replaced with a comparable stock option to purchase shares in the capital of such purchasing party or parent thereof. In the event the Option is assumed or replaced by such purchasing party or parent thereof, the terms and conditions of the Option may be subject to adjustment, and the notice will specify any adjustment to the terms and conditions of the Option including, without limitation, the number and class of shares that may be purchased, the exercise price and the vesting terms;
- (iv) provided that the price per Share being offered by a purchasing party is greater than the Exercise Price, deem an Option to have been exercised in full and the Shares, as applicable, to have been tendered pursuant to any Triggering Event and apply a portion of the Option Holder's proceeds from the closing under the Triggering Event to the Exercise Price payable by the Option Holder; or
- (v) deem an Option to have been exercised in full without any payment by the Option Holder and, in such case, the Option Holder will be entitled to receive the number of Shares of the Corporation as is determined by the following formula:

$$\frac{(X - Y) \times Z}{X}$$

where X equals the purchase price for a Share under the Triggering Event, Y equals the Exercise Price of the Option and Z equals the number of Shares, with respect to which the Option is being exercised.

4.3 Exercise Price

The price at which an Option Holder may purchase a Share upon the exercise of an Option will be as set forth in the Option Certificate issued in respect of such Option and, unless otherwise determined by the Board in its sole discretion, will not be less than the Market Value of the Shares as of the Award Date. The Market Value of the Shares for a particular Award Date will be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be: (a) the closing trading price of the Shares on the last trading day

immediately preceding the Award Date; or (ii) a value that is within the parameters set by the guidelines or policies of such organized trading facility;

- (b) if the Shares trade on an organized trading facility outside of Canada, then the Market Value determined for that organized trading facility will be converted into Canadian dollars at a conversion rate determined by the Administrator having regard for the published conversion rates as of the Award Date;
- (c) if the Shares are listed on more than one organized trading facility, then Market Value will be the greatest of the Market Values determined for each organized trading facility on which those Shares are listed as determined for each organized trading facility in accordance with subsection (a) above;
- (d) if the Shares are listed on one or more organized trading facility but have not traded during the ten trading day period immediately preceding the Award Date, then the Market Value will be, subject to the necessary approvals of the applicable Regulatory Authorities, such value as is determined by resolution of the Board; and
- (e) if the Shares are not listed on any organized trading facility, then the Market Value will be, subject to the necessary approvals of the applicable Regulatory Authorities, such value as is determined by the Board.

Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities as would apply to the Award Date in question.

4.4 Additional Option Terms

Subject to all applicable securities laws and regulations and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the grant of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, providing that a portion or portions of an Option expire after certain periods of time or upon the occurrence of certain events, other than as provided for herein, provided that no Option will expire more than 10 years after the Award Date.

4.5 Assignment of Options

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by Section 5.1, exercise the Option within the Exercise Period.

4.6 Adjustments in Respect of Options

If:

- (a) the Shares are changed into or exchanged for a different number or kind of Shares of the Corporation or securities of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation;
- (b) a dividend is declared upon the Shares, other than in lieu of dividends paid in the ordinary course; or
- (c) there is any other change that the Board, in its sole discretion, determines equitably requires an adjustment to be made,

then, subject to any required action by any of the shareholders of the Corporation, any term that the Board determines requires adjustment (including the number of Shares subject to each outstanding Option and the aggregate number of Shares that have been authorized for issuance under the Plan, but as to which no Options have yet been granted or that have again become available for the purposes of the Plan, the Exercise Price of each outstanding Option, as well as any other terms that the Board determines require adjustment) will be adjusted by the Board in the manner the Board deems appropriate and its determination will be final, binding and conclusive. Except as the Board determines, no issuance by the Corporation of Shares of any class or securities convertible into Shares of any class, will affect, and no adjustment by reason thereof will be made with respect to, the number or Exercise Price of the Shares subject to an Option. No fractional shares will be issued upon the exercise of an Option and accordingly, if as a result of the adjustment, an Option Holder would become entitled to a fractional Share, the Option Holder will have the right to purchase only the next lowest whole number of Shares, as applicable, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

4.7 Vesting of Options

The vesting schedule for an Option, if any, shall be determined by the Board, in its sole discretion, and unless otherwise stated in a particular Option, shall be as set out in the form of Option Certificate attached hereto as Schedule "A". The Board may also, in its sole discretion, elect at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under Section 9.2 of the Plan.

PART 5 EXERCISE OF OPTION

5.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. Unless otherwise provided in an Option Holder's Option Certificate, an Option Holder or the Personal Representative of the Option Holder may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Shares, as applicable, to be purchased pursuant to the exercise of the Option.

5.2 Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice (or following receipt of the executed shareholders' agreement, if required), the Administrator will in his sole discretion either cause to be delivered to the Option Holder a certificate for the Shares purchased by the Option Holder or cause to be delivered to the Option Holder a copy of such certificate and the original of such certificate will be placed in the minute books of the Corporation. If the number of Shares in respect of which the Option was exercised is less than the number of Shares subject to the Option Certificate surrendered, the Administrator will forward a new Option Certificate to the Option Holder concurrently with delivery of the share certificate for the balance of the Shares available under the Option.

5.3 Condition of Issue

The Options and the issue of Shares, as applicable, by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Shares, as applicable, and to all applicable securities laws and regulations. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with, and to fully cooperate with, the Corporation in complying with such laws, regulations, rules and policies.

PART 6 RSU GRANTEES

6.1 RSU Grants to Employees

Subject to any express resolution passed by the Committee with respect to any Restricted Share Unit, a Restricted Share Unit which has not yet vested, and all rights to have such Restricted Share Unit settled in accordance with Section 7.1, will be forfeited immediately upon the date on which the RSU Grantee who is a Director, Officer or Employee of the Corporation or its Affiliate (an “Employee RSU Grantee”) ceases to be an Employee RSU Grantee (such date being referred to herein as the “Employee RSU Grantee Termination Date”).

Without limitation, and for greater certainty only, this section will apply regardless of whether the RSU Grantee was dismissed with or without cause and regardless of whether the RSU Grantee received compensation in respect of dismissal or was entitled to a notice period of termination which would otherwise have permitted a greater portion of the Restricted Share Units to vest.

6.2 RSU Grants to Consultants

Subject to any express resolution passed by the Committee with respect to any Restricted Share unit, a Restricted Share Unit which has not yet vested, and all rights to have such Restricted Share Unit settled in accordance with Section 7.1, will be forfeited immediately upon the date on which the written agreement by which the RSU Grantee who is a Consultant was retained (a “Services RSU Grantee”) was terminated (such date being referred to herein as the “Services RSU Grantee Termination Date”).

PART 7 RESTRICTED SHARE UNITS

7.1 RSU Settlements

The number of Restricted Share Units awarded to an RSU Grantee will be credited to the RSU Grantee's account, effective as of the RSU Grant Date. A Restricted Share Unit granted to an RSU Grantee will entitle the RSU Grantee, subject to the RSU Grantee's satisfaction of any conditions, restrictions, performance objectives, vesting period or limitations imposed under the Plan or set out in the Restricted Share Unit grant letter, to receive a payment in fully paid Shares issued from treasury of the Corporation on the date when the Restricted Share Unit is vested.

7.2 Additional Credits

Subject to the absolute discretion of the Committee, the Committee may elect to credit each RSU Grantee holding Restricted Share Units with additional Restricted Share Units

upon the payout of dividends on the Shares. In such case, the number of additional Restricted Share Units will be equal to the aggregate value of dividends that would have been paid to the RSU Grantee if the Restricted Share units in the RSU Grantee's account had been Shares divided by the Market Value of a Share on the date on which dividends were paid by the Corporation. The additional Restricted Share Units will vest on the date that the particular Award of Restricted Share Units to which the additional Restricted Share Units relate are fully vested.

7.3 Grant Letter

Each grant of a Restricted Share Unit under the Plan shall be evidenced by a Restricted Share Unit grant letter of the Corporation, in such form as may be approved by the Committee from time to time, and signed in acknowledgement by the RSU Grantee. Such Restricted Share Unit grant letter shall be subject to all applicable terms and conditions of the Plan and may include performance vesting conditions or any other terms and conditions (including clawback provisions) which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Restricted Share Unit grant letter. The provisions of the various Restricted Share Unit grant letters issued under the Plan need not be identical. Any Restricted Share Unit granted hereunder will be settled according to the terms of the Plan and at such times and under such conditions as determined by the Committee and set forth in the Restricted Share Unit grant letter.

7.4 Entitlement on Death

In the event that an Employee RSU Grantee Termination Date or a Services RSU Grantee Termination Date occurs by reason of the RSU Grantee's death, or in the event that the Committee is notified that an RSU Grantee to whom a settlement of Restricted Share Units is owed is incapable, the RSU Grantee's Personal Representative will deliver to the Corporation evidence satisfactory to the Corporation of the Personal Representative's authority to receive the Shares upon settlement of the Restricted Share Units.

PART 8 ADMINISTRATION

8.1 Administration

The Plan will be administered by the Administrator on the instructions of the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations will form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Corporation such administrative duties and powers as it may see fit.

8.2 Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto will be final and conclusive and will not be subject to any dispute by any Option Holder or RSU Grantee. No member of the Board or any person acting pursuant to authority delegated by it hereunder will be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person will be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

PART 9 AMENDMENT, TERMINATION AND NOTICE

9.1 Prospective Amendment

The Board may from time to time and in accordance with any third party obligations of the Corporation, amend the Plan and the terms and conditions of any Option or Restricted Share Unit thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Option, any Restricted Share Unit, the Shares or for any other purpose which may be permitted by all relevant laws, regulations, rules and policies provided always that any such amendment will not alter the terms or conditions of any Option or Restricted Share Unit or impair any right of any Option Holder or RSU Grantee pursuant to any Option or Restricted Share Unit awarded prior to such amendment.

9.2 Retrospective Amendment

The Board may from time to time retrospectively amend the Plan and, with the consent of the affected Option Holders or RSU Grantees, as the case may be, retrospectively amend the terms and conditions of any Options or Restricted Shares Units that have been previously granted.

9.3 Amendment to Option

Notwithstanding anything else contained in the Plan and subject to any necessary approval from the Option Holder, the Corporation's shareholders and the Regulatory Authorities, if any, the Board may in its discretion (a) extend the Expiry Date of any Option, provided that in no case will an Option expire more than 10 years after the Award Date; (b) alter or change the vesting terms applicable to an Option, including accelerating the vesting schedule to make the Option exercisable immediately, in full; (c) lower the Exercise Price; or (d) amend any other term of an outstanding Option.

9.4 Approvals

The Plan and any amendments hereto are subject to all necessary approvals of the applicable Regulatory Authorities and the shareholders. Any Awards granted prior to such approval will be conditional on such approval being given and no Option may be exercised or Restricted Share Unit settled unless and until such approval is given.

9.5 Termination

The Board may terminate the Plan at any time provided that such termination will not alter the terms or conditions of any Option or Restricted Shares Unit or impair any right of any Option Holder or RSU Grantee pursuant to any Option or Restricted Share Unit awarded prior to the date of such termination, which will continue to be governed by the provisions of the Plan.

9.6 Agreement

The Corporation and every Option and Restricted Share Unit awarded hereunder will be bound by and subject to the terms and conditions of the Plan. By accepting an Option or Restricted Share Unit granted hereunder, the Option Holder or RSU Grantee, as the case may be, has expressly agreed with the Corporation to be bound by the terms and conditions of the Plan.

9.7 Notice

Any notice or other communication contemplated under the Plan to be given by the Corporation to an Option Holder or RSU Grantee will be given by the Corporation delivering, faxing or emailing the notice to the Option Holder or RSU Grantee at the last address, fax number or email address for the Option Holder or RSU Grantee in the Corporation's records. Any such notice will be deemed to have been given on the date on which it was delivered, or in the case of fax or email, the next business day after transmission. An Option Holder or RSU Grantee may, at any time, advise the Corporation of a change in their address, fax number or email address.

PART 10 LIMITATIONS

10.1 Corporate Action

Nothing contained in the Plan shall be construed so as to prevent the Corporation or any Affiliate of the Company from taking corporate action that is deemed by the Company or the Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan.

10.2 Government Regulation

The Corporation's obligation to issue and deliver Shares under any Option or Restricted Share Unit is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and obtaining all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof, including shareholder approval, if required; and
- (b) the receipt from an Eligible Person of such representations, agreements and undertakings as to future dealings in such Shares as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

10.3 Withholding Taxes

The exercise of each Option and vesting of each Restricted Share Unit granted under this Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Eligible Person pay to the Corporation, in addition to and in the same manner as the Exercise Price for the Shares or the vesting of the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option or the vesting of the Shares, as the case may be. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Eligible Person for tax purposes.

10.4 Incentive Stock Options (US Eligible Persons)

In addition to the other provisions of this Plan that are not inconsistent therewith, for Options to qualify as incentive stock options under Section 422 of the United States' *Internal Revenue Code* of 1986, as amended (the "Code"), such Options must meet the applicable requirements for incentive stock options under the Code. The Corporation makes no representation or warranty to any Eligible Person that any Option will, at the date hereof of any time in future, qualify as an incentive stock option under the Code and each Eligible Person specifically acknowledges this limitation.

10.5 Grant of Restricted Share Unites to US Eligible Persons

Notwithstanding Section 7.3 of the Plan, all Shares to be issued pursuant to the Restricted Shares Units awarded to U.S. residents or taxpayers shall be issued no later than March 15th in the year following the year of vesting.

10.6 Indemnification

Every Director will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such Director may sustain or incur by reason of any action, suit or proceeding, taken or threatened against the Director, otherwise than by the Corporation, for or in respect of any act done or omitted by the Director in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein.

10.7 Other Limitations

The participation of an Eligible Person in the Plan shall not be interpreted as conferring upon such person any rights or privileges other than those rights and privileges expressly provided in the Plan. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Corporation does not assume responsibility for the income or other tax consequences of an Eligible Person and they are advised to consult with their own tax advisors.

DATED: October 16, 2020

LUFF ENTERPRISES LTD.

Per: 
Administrator, Stock Option Plan

SCHEDULE "A"

**LUFF ENTERPRISES LTD.
STOCK OPTION PLAN**

OPTION CERTIFICATE

This Certificate is issued pursuant to the provisions of **LUFF ENTERPRISES LTD.'S** (the "Corporation") stock option and restricted share unit plan (the "Plan") and evidences that _____ is the holder (the "Option Holder") of an option (the "Option") to purchase up to _____ Shares in the capital stock of the Corporation at a purchase price of Cdn.\$ _____ per Share.

Subject to the provisions of the Plan:

- (a) the Award Date of the Option is _____; and
- (b) the Fixed Expiry Date of the Option is _____.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form provided in the Plan, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

THE OPTION HOLDER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS CERTIFICATE OR THE PLAN SHALL CONFER UPON THE OPTION HOLDER ANY RIGHT WITH RESPECT TO CONTINUED EMPLOYMENT OR DIRECTORSHIP OR A CONTINUING CONSULTANT OR SERVICE PROVIDER CONTRACT, NOR SHALL IT INTERFERE WITH THE OPTION HOLDER'S RIGHT OR THE CORPORATION'S RIGHT TO TERMINATE SUCH EMPLOYMENT, DIRECTORSHIP OR CONTRACT FOR ANY REASON OR NO REASON.

Dated this _____ day of _____, 202__.

LUFF ENTERPRISES LTD.

Per: _____
Administrator, Stock Option Plan

By:

Signature

Print Name

SCHEDULE "B"
LUFF ENTERPRISES LTD.
STOCK OPTION PLAN
NOTICE OF EXERCISE OF OPTION

TO: _____

The undersigned hereby irrevocably gives notice, pursuant to the LUFF ENTERPRISES LTD. stock option and restricted share unit plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

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

The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to "LUFF ENTERPRISES LTD." in an amount equal to the aggregate Exercise Price of the aforesaid Shares exercised and directs the Corporation to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

By executing this Notice of Exercise of Option the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Notice of Exercise of Option shall have the meanings given to them under the Plan.

Dated this _____ day of _____, 202__.

Signature of Option Holder

Print Name: _____