

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

4Front Ventures Corp.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee paid previously with preliminary materials.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11



29 EVERETT STREET,
HOLLISTON, MASSACHUSETTS 02138
(602) 633-3067

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 14, 2023**

To the Shareholders of 4Front Ventures Corp.:

NOTICE IS HEREBY GIVEN that the 2023 Annual General and Special Meeting of holders of subordinate voting shares and multiple voting shares (the “**Meeting**”) of 4Front Ventures Corp. (“**4Front**” or the “**Company**”) will be held on July 14, 2023 at 12:00 p.m. (Eastern Standard Time) / 9:00 a.m. (Pacific Time) at 29 Everett Street, Holliston, Massachusetts 02138. The Meeting will be held for the following purposes:

- (1) to receive the financial statements of the Company for the year ended December 31, 2022 together with the report of the Company’s auditor thereon;
- (2) to set the number of directors of the Company at six (6) (Proposal One);
- (3) to elect six (6) directors to serve until the next Annual Meeting or until their respective successors are duly elected or qualified (Proposal Two);
- (4) to appoint Davidson & Company LLP as auditor of the Company for the fiscal year ending December 31, 2023 and to authorize the directors to fix their remuneration (Proposal Three);
- (5) to consider, and if thought fit, to pass, with or without variation, an ordinary resolution ratifying, confirming and approving the Company’s Stock Option Plans and the unallocated Options thereunder, as defined and more particularly described in the accompanying Proxy Statement (Proposal Four); and
- (6) to transact such other business as may properly come before the Meeting or any adjournments or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

In accordance with applicable securities laws that allow us to furnish our proxy materials over the Internet, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials (the “**Notice**”) instead of a paper copy of the proxy materials. The Notice contains instructions on how to access those documents over the Internet and how to submit your proxy via the Internet. The Notice also contains instructions on how to request a paper copy of the proxy materials. The proxy materials are available via the internet at www.4frontventures.com, www.alliancetrust.ca/shareholders/, under the Company’s profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and from the U.S. Securities and Exchange Commission (“**SEC**”) through EDGAR at www.sec.gov/edgar.

You will find more information on the matters for voting in the Proxy Statement on the following pages. If you are a shareholder of record, you may vote by mail, by fax at (403) 237-6181 or, by using the Internet.

Your vote is important! We strongly encourage you to exercise your right to vote as a shareholder. Please sign, date and return the enclosed proxy card or voting instruction card in the envelope provided, call the toll-free number or log on to the Internet. You may revoke your proxy at any time before it is exercised.

You will find instructions on how to vote beginning on page 3 of the Proxy Statement. Most shareholders vote by proxy and do not attend the Meeting in person. However, as long as you were a shareholder at the close of business on May 15, 2023, you have the right to vote on the proposals being presented at the Meeting, such that you are invited to attend the Meeting, or to send a representative.

If you are a registered shareholder, you are requested to either: (i) date and sign the form of proxy and return it to the Company's registrar and transfer agent, Alliance Trust Company, 1010, 407 – 2nd Street S.W., Calgary, Alberta, T2P 2Y3; or (ii) complete the form of proxy online at www.alliancetrust.ca/shareholders/ at any time prior to the close of business on the second to last business day preceding the day of the Meeting. In order to be valid, proxies must be received by Alliance Trust Company not less than 48 hours (excluding Saturdays, Sundays and holidays in Canada) before the time set for the holding of the Meeting or any adjournment or postponement thereof. If you are not a registered shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions and within the timeframe provided to you by your broker or by the other intermediary.

The persons named in the form of proxy you receive are directors and/or officers of the Company. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

By Order of the Board of Directors

/s/ Robert Hunt

Robert Hunt

Chair of the Board

Holliston, Massachusetts

June 2, 2023

Important Notice Regarding the Availability of Proxy Materials for the Meeting To Be Held on July 14, 2023: This proxy statement is available on the Internet at www.4frontventures.com, www.sedar.com or www.sec.gov/edgar. On these websites, you will be able to access this proxy statement and our 2022 Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and all amendments or supplements to the foregoing material that are required to be furnished to shareholders.

**29 EVERETT STREET,
HOLLISTON, MASSACHUSETTS 02138**

**PROXY STATEMENT
FOR
ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 14, 2023**

DATED JUNE 2, 2023

The enclosed proxy (the “**Proxy Statement**”) is being solicited on behalf of the board of directors (the “**Board**”) of 4Front Ventures Corp. (the “**Company**”) for use at the Annual General and Special Meeting of Shareholders (the “**Meeting**”) to be held on July 14, 2023 at 12:00 p.m. (Eastern Standard Time) / 9:00 a.m. (Pacific Time) at 29 Everett Street, Holliston, Massachusetts 02138, or at such other time and place to which the Meeting may be adjourned or postponed. Proxies, together with copies of the Notice, are being mailed to shareholders of record entitled to vote at the Meeting on or about May 15, 2023.

Execution and return of the enclosed proxy will not affect a registered shareholder’s right to attend the Meeting and to vote in person at the Meeting. Any shareholder executing a proxy retains the right to revoke such proxy at any time prior to exercise at the Meeting. A proxy may be revoked by delivery of written notice of revocation to the Secretary of the Company, by execution and delivery of a later proxy or by voting the shares in person at the Meeting. If you attend the Meeting and vote in person by ballot, your proxy will be revoked automatically and only your vote at the Meeting will be counted. A proxy, when executed and not revoked, will be voted in accordance with the instructions thereon. In the absence of specific instructions, proxies will be voted by those named in the proxy “**FOR**” the election as directors of those nominees named in the Proxy Statement, “**FOR**” the approval of each of the other proposals described in this Proxy Statement, and in accordance with the proxyholder’s best judgment on all other matters that may properly come before the Meeting. The enclosed form of proxy card provides a method for shareholders to withhold authority to vote for any one or more of the nominees for director while granting authority to vote for the remaining nominees. The names of all nominees are listed on the proxy.

Note that if you hold multiple classes of shares or hold some shares as a registered holder and others as a beneficial holder you will receive multiple mailing packages, each containing a form of proxy or voting instruction form, as applicable. You are requested to return or otherwise vote all forms of proxy and voting instruction forms received to ensure the votes attached all of the shares you hold are counted.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this document as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered shareholders can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name on the records of 4Front. Such shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. in Canada (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms), and under the name Cede & Co. as nominee for The Depository Trust Company in the United States (which acts as depository for many U.S. brokerage firms and custodian banks). Shares held by Canadian brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Shares held by U.S. brokers or their agents or nominees can also only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder, except in the case of certain “routine” matters, where U.S. brokers or their agents or nominees may vote without the instructions of the Beneficial Shareholder. The appointment of the Company’s auditors (Proposal 3), is the only “routine” matter to be voted on at the Meeting. Without specific instructions, Canadian brokers and their agents and nominees and, in the case of “non-routine matters,” U.S. brokers and their agents and nominees, are prohibited from voting shares for the broker’s clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person well in advance of the Meeting.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its

purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit www.proxyvote.com to vote the Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for a registered shareholder and vote the shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their shares as proxyholder for a registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them by their broker (or the broker’s agent) and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

The Company intends to send proxy related materials indirectly through intermediaries and brokers to non-objecting beneficial owners under National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer. Unless required pursuant to U.S. proxy rules, the Company will not pay for the costs of delivery of proxy related materials to objecting beneficial owners. The Company is using notice-and access procedures for distributing proxy related materials to shareholders.

RECORD DATE AND VOTING SECURITIES

Only shareholders of record at the close of business on May 15, 2023 (the “**Record Date**”), are entitled to notice of, and to vote at, the Meeting. The stock transfer books of the Company will remain open between the Record Date and the date of the Meeting. The authorized capital of the Company consists of an unlimited number of Class A Subordinate Voting Shares (“**SVS**”) and an unlimited number of Class C Multiple Voting Shares (“**MVS**” and collectively with the SVS, the “**Shares**”).

On the Record Date, the Company had 648,583,519 SVS outstanding, held of record by 238 holders, and 1,276,208 MVS outstanding, held of record by 5 holders. As of that date, the SVS represented approximately 38.85% of the voting rights attached to the outstanding securities of the Company and the MVS represented approximately 61.15% of the voting rights attached to the outstanding securities of the Company.

The SVS are considered “restricted securities” (as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*) and “restricted shares” (as such term is defined in Ontario Securities Commission Rule 56-501 - *Restricted Shares*), as the Company’s MVS carry a greater number of votes per security than the SVS. The Company, Alliance Trust Company, as trustee for the benefit of the holders of SVS (the “**SVS Holders**”), and all of the holders of the MVS are party to a coattail agreement dated July 31, 2019 (the “**Coattail Agreement**”) in order to ensure that the SVS Holders will not be deprived of any rights under applicable take-over bid legislation to which they would have been entitled in the event of a take-over bid for the MVS (as if such sale was a take-over bid for the purposes of the *Securities Act* (Ontario)) as if the MVS had been SVS. See the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, which is available under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com and with the U.S. Securities and Exchange Commission (the “**SEC**”) through EDGAR at www.sec.gov/edgar, respectively, for a summary of the rights, privileges, restrictions and conditions attached to the SVS and MVS.

Pursuant to the Coattail Agreement, subject to certain exceptions for permitted sales, and subject to the articles of the Company, the MVS holders cannot sell, directly or indirectly, any MVS pursuant to a take-over bid (as defined in applicable Canadian securities laws) under circumstances in which such securities laws would have required the same offer to be made to all or substantially all of the SVS Holders if the sale by the MVS holders had been a sale of the SVS rather than such MVS, but otherwise on the same terms. In respect of the exceptions referenced above, the foregoing restriction will not apply to: (i) a sale by any MVS holder of the MVS if a concurrent offer is made to purchase SVS that offers the same or better economics, take-up rules and conditions (and is otherwise identical); and (ii) a transfer of MVS that triggers a “purchase obligation” as contemplated by the articles of the Company. The Coattail Agreement is available under the Company’s SEDAR profile at www.sedar.com.

PRINCIPAL HOLDERS OF VOTING SECURITIES

As of the Record Date, to the knowledge of the directors and executive officers of the Company, the only persons who beneficially own, or control or direct, directly or indirectly, Shares carrying 10% or more of the voting rights attached to all outstanding Shares of each class are set out below:

The percentage of Shares beneficially owned is computed on the basis of 648,583,519 SVS and 1,276,208 MVS outstanding as of the Record Date.

Name	SVS	Percentage SVS	MVS	Percentage MVS
Joshua Rosen	19,222,216	2.96%	309,418	24.25%
Karl Chowscano	25,131,280	3.87%	333,439	26.13%
Andrew Thut	11,903,628	1.84%	154,956	12.14%
Trevor Pratte	22,365,276	3.45%	340,207	26.66%
Kristopher Krane	10,415,280	1.61%	138,188	10.83%

QUORUM AND VOTING

Under the articles of the Company, a quorum of shareholders is present if the holders of not less than 5% of the Shares entitled to vote at the meeting are present in person or represented by proxy, and at least two (2) persons entitled to vote at the meeting are present at the meeting. SVS Holders are entitled to one (1) vote for each SVS held on each matter to be voted on at the Meeting including the election of directors and holders of MVS are entitled to eight-hundred (800) votes for each MVS held on each matter to be voted on at the Meeting including the election of directors of the Company. All votes will be tabulated by the scrutineer appointed for the Meeting. Assuming the presence of a quorum, the following paragraphs describe the vote required by the shareholders of record to approve each of the proposals to be voted on set forth in this Proxy Statement.

- **Proposal One.** The affirmative vote of a majority of the votes cast by the holders of the SVS and MVS voting together as a single class entitled to vote at the Meeting and present in person or by proxy, is required to set the number of directors of the Company at six (6).
- **Proposal Two.** The nominees for director who receive the most votes cast by the holders of the SVS and MVS voting together as a single class entitled to vote at the Meeting and present in person or by proxy (also known as “plurality” of the votes cast) will be elected.
- **Proposal Three.** The affirmative vote of a majority of the votes cast by holders of the SVS and MVS voting together as a single class entitled to vote at the Meeting and present in person or by proxy, is required for the appointment of Davidson & Company LLP (“**Davidson**”) as our auditor and to authorize the Board to fix the remuneration thereof.
- **Proposal Four.** The affirmative vote of a majority of the votes cast by holders of the SVS and MVS voting together as a single class entitled to vote at the Meeting and present in person or by proxy, is required to approve the Stock Option Plan resolution.

The Board recommends a vote “FOR” each of proposals set forth in this Proxy Statement.

QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS

Below are instructions on how to vote, as well as information on your rights as a shareholder as they relate to voting. Some of the instructions vary depending on how your stock is held. It’s important to follow the instructions that apply to your situation.

Why am I receiving these materials?

The Company has made these materials available to you on the Internet in connection with the Company’s solicitation of proxies for use at the Meeting, and at any postponement(s) or adjournment(s) thereof. These materials are first being sent or given to shareholders on or about June 13, 2023. This Proxy Statement gives you information on how to vote your proxy, and the proposals to be presented at the Meeting so that you can make an informed decision.

In this Proxy Statement, we refer to 4Front Ventures Corp. as “**4Front**,” the “**Company**,” “**we**,” “**us**” or “**our**.” All references to dollars or \$ are to United States dollars. All references to CAD\$ or C\$ are to Canadian dollars.

What is included in these materials?

These materials (the “**Proxy Materials**”) include:

- Notice of Meeting;
- this Proxy Statement for the Meeting; and
- the Company’s Annual Report on Form 10-K and Form 10-K/A for the year ended December 31, 2022, each as filed with the SEC through EDGAR and on SEDAR on March 30, 2023 (collectively, the “**Annual Report**”).

If you requested printed versions of these proxy materials by mail, these materials also include the proxy card or voting instruction form for the Meeting.

How can I get access to the Proxy Materials?

We are pleased to take advantage of applicable securities rules that allow us to furnish our Proxy Materials over the Internet. As a result, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials (the “**Notice**”) instead of a paper copy of the Proxy Materials. The Notice contains instructions on how to access those documents over the Internet and how to submit your proxy via the Internet.

The Notice also contains instructions on how to request a paper copy of the Proxy Materials. Any shareholder who wishes to receive a paper copy of the Proxy Material must contact the Company’s registrar and transfer agent, Alliance Trust Company, at #1010, 407 – 2nd Street SW, Calgary, Alberta, T2P 2Y3 or by phone at (403) 237- 6111 or by email by emailing inquiries@alliancetrust.ca. In order to ensure that a paper copy of the Proxy Material can be delivered to a requesting shareholder in time for such Shareholder to review the Proxy Material and return a form of proxy or voting instruction form prior to the proxy deadline, it is strongly suggested that a shareholder ensure their request is received no later than ten (10) business days in advance of the return time set out in the voting instruction form and/or form of proxy, as applicable.

All shareholders who do not receive the Notice will receive a paper copy of the Proxy Materials by mail or an electronic copy of the Proxy Materials by e-mail. This process allows us to provide our shareholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing the Proxy Materials. This Proxy Statement and the Annual Report are available at www.4frontventures.com, www.sedar.com and www.sec.gov/edgar.

How do I participate in the Meeting?

This year’s Meeting will be held at 29 Everett Street, Holliston, Massachusetts 02138. You are entitled to participate in the Meeting if you were a shareholder as of the close of business on the Record Date, or hold a valid proxy for the meeting.

What items of business will be voted on at the Meeting?

The items of business scheduled to be voted on at the Meeting are:

- (1) to set the number of directors of the Company at six (6) (Proposal One);
- (2) to elect six (6) directors to serve until the next Annual Meeting or until their respective successors are duly elected or qualified (Proposal Two)
- (3) to appoint Davidson as our auditor for the fiscal year ending December 31, 2023 and to authorize the directors to fix their remuneration (Proposal Three);
- (4) to consider, and if thought fit, to pass, with or without variation, an ordinary resolution ratifying, confirming and approving the Company’s Stock Option Plans and the unallocated Options thereunder (Proposal Four); and
- (5) to transact such other business as may properly come before the Meeting or any adjournments or postponement thereof.

How does the Board recommend that I vote?

The Board recommends a vote “**FOR**” each of the proposals (including each director nominee) set forth in this Proxy Statement.

Who can vote at the Meeting?

Shareholders who owned Shares on the Record Date may attend and vote at the Meeting.

How many votes am I entitled to per share?

Each SVS entitles the holder thereof to one (1) vote on each proposal (and each director nominee) at the Meeting. Each MVS entitles the holder thereof to eight-hundred (800) votes on each proposal (and each director nominee) at the Meeting.

There were 648,583,519 SVS and 1,276,208 MVS outstanding on the Record Date. There are no cumulative voting rights. Information about the holdings of Shares by our directors and executive officers is contained in the section of this Proxy Statement entitled “*Security Ownership of Certain Beneficial Owners and Management*”.

What is the difference between a shareholder of record and a beneficial owner of Shares held in street name?

If your Shares are registered directly in your name through Alliance Trust Company, the Company’s transfer agent, you are considered a “shareholder of record.” If your Shares are held in a brokerage account or bank, you are considered a “street name” holder.

How do I vote if Shares are registered in my name (as a shareholder of record)?

By Mail: Sign, date and return the enclosed proxy card in the postage paid envelope provided.

By Fax or Internet: Fax the number listed on your proxy card, log on to the website listed on your proxy card or scan the QR code on your proxy card and follow the simple instructions provided.

By Attending the 2023 Meeting: Come to the Meeting, and if previously submitted a proxy, withdraw your earlier proxy and vote at the Meeting in person.

The “*Fax or Internet*” voting procedures are designed to allow you to vote your Shares and to confirm that your instructions have been properly recorded consistent with applicable law. Please see your proxy card for specific instructions. Shareholders who wish to vote over the Internet should be aware that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, and that there may be some risk a shareholder’s vote might not be properly recorded or counted because of an unanticipated electronic malfunction.

How do I vote if my Shares are held in “street name?”

You should give instructions to your broker on how to vote your Shares.

If you do not provide voting instructions to your broker, your broker may have discretion to vote those Shares on matters that are routine. However, a broker will not be able to vote Shares on non-routine matters without your instructions. Accordingly, your broker may not have the discretion to vote Shares as to which you have not provided voting instructions with respect to any of these matters or may seek them from you.

What is the proxy card?

The proxy card enables you to appoint Robert Hunt, our Chair of the Board, and Christopher Wimmer, General Counsel of the Company, as your representatives at the Meeting. By completing and returning the proxy card, you are authorizing these persons to vote your Shares at the Meeting in accordance with your instructions on the proxy card. This way your Shares will be voted whether or not you attend the Meeting. Even if you plan to attend the Meeting, it is strongly recommended you complete and return your proxy card before the Meeting date just in case your plans change. If a proposal comes up for vote at the Meeting that is not on the proxy card, the proxy will vote your Shares, under your proxy, according to their best judgment to the extent permissible by applicable law.

Can I revoke my proxy or change my vote after I have voted?

If your Shares are registered in your name, you may revoke your proxy at any time before it is exercised. There are several ways you can do this:

- by delivering a written notice of revocation to the Secretary of the Company;
- by executing and delivering another proxy that bears a later date;
- by voting by fax at a later time;
- by voting over the Internet at a later time; or
- by voting in person at the Meeting.

If your Shares are held in street name, you must contact your broker to revoke your proxy.

How are votes counted?

In tallying the results of the voting, the Company will count all properly executed and unrevoked proxies that have been received in time for the Meeting. To hold a meeting of shareholders, a quorum of the SVS and MVS is required to be represented either in person or by proxy at the Meeting.

A simple majority of affirmative votes cast in person or by proxy at the Meeting is required to pass the resolution(s) contemplated by Proposals One, Three, and Four.

What are my options when voting on Proposal One?

When voting on Proposal One, you have two options:

- Vote FOR; or
- Vote AGAINST

Proposal One requires the affirmative vote of a majority of the votes cast by the holders of the SVS and MVS (voting together as a single class) entitled to vote at the Meeting and present in person or by proxy. If you indicate on your proxy card that you wish to vote “**AGAINST**” Proposal One, your SVS and/or MVS will be recorded as voting against Proposal One.

What are my options when voting for directors (Proposal Two)?

When voting to elect directors, you have two options:

- Vote FOR a nominee
- WITHHOLD from voting on a nominee

It is the intention of the management designees, if named as proxy, to vote “**FOR**” the election of each of the persons named in Proposal Two to the Board unless otherwise directed. Shareholders can vote “**FOR**” all of the proposed directors set forth herein, vote for some of them and “**WITHHOLD**” for others, or “**WITHHOLD**” for all of them. Management does not contemplate that any of the nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Shares are to be withheld from voting on the election of that particular director.

What are my options when voting on Proposal Three?

When voting on Proposal Three, you have two options:

- Vote FOR the proposal
- WITHHOLD from voting on the proposal

Proposal Three requires the affirmative vote of a majority of the votes cast by the holders of the SVS and MVS (voting together as a single class) entitled to vote at the Meeting and present in person or by proxy. If you indicate on your proxy card that you wish to “**WITHHOLD**” your vote on Proposal 3, your withheld votes are not counted in determining the number of SVS and/or MVS voted “**FOR**” any proposal but will be counted as present and entitled to vote on the proposal.

What are my options when voting on Proposal Four?

When voting on Proposal Four, you have two options:

- Vote FOR; or
- Vote AGAINST

Proposal Four requires the affirmative vote of a majority of the votes cast by the holders of the SVS and MVS (voting together as a single class) entitled to vote at the Meeting and present in person or by proxy. If you indicate on your proxy card that you wish to vote “**AGAINST**” Proposal Four, your SVS and/or MVS will be recorded as voting against Proposal Four.

How will my Shares be voted if I sign and return my proxy card with no votes marked?

If you sign and return your proxy card with no votes marked, your Shares will be voted “**FOR**” each of proposals set forth in this Proxy Statement.

How are proxies solicited and what is the cost?

The Company may actively solicit proxy participation. The Company encourages banks, brokers and other custodian nominees and fiduciaries to supply proxy materials to shareholders, and reimburses them for their expenses. However, the Company does not reimburse its own employees for soliciting proxies.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying shareholders are kept confidential and will not be disclosed except as may be necessary to meet legal requirements.

Where do I find the voting results of the Meeting?

We will announce voting results at the Meeting. The final voting results will be tallied by the scrutineer and published in a Current Report on Form 8-K, which the Company is required to file with the SEC through EDGAR within four business days following the Meeting. A copy of the report will also be available on SEDAR.

Do I have any appraisal rights?

Neither the *Business Corporations Act* (British Columbia) nor our Articles provide for appraisal or other similar rights for dissenting shareholders in connection with the proposals at this Meeting. Accordingly, our shareholders will have no right to dissent and obtain payment for their Shares.

Are there any other matters to be handled at the Meeting?

We are not currently aware of any business to be acted upon at the Meeting other than the proposals discussed in this Proxy Statement. The form of proxy accompanying this Proxy Statement confers discretionary authority upon the named proxy holders with respect to amendments or variations to the matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meeting or at any adjournment(s) or postponement(s) of the Meeting. If other matters do properly come before the Meeting, or at any adjournment(s) or postponement(s) of the Meeting, SVS and MVS, represented by properly submitted proxies, will be voted by the proxy holders in accordance with their best judgment to the extent permitted by applicable law.

Who can help answer my questions?

You can contact our Chief Investment Officer, Andrew Thut at 480-525-7904 or by sending a letter to Mr. Thut at the Company's headquarters at 4Front Ventures Corp., 5060 N. 40th Street, Suite 120, Phoenix, Arizona 85018, with any questions about the proposals described in this Proxy Statement or how to execute your vote.

FINANCIAL STATEMENTS

The financial statements of the Company for the fiscal year ended December 31, 2022 and accompanying auditor's report will be placed before the Meeting.

**PROPOSAL ONE
SETTING THE NUMBER OF DIRECTORS**

At the Meeting, shareholders will be asked to consider and, if thought advisable, approve a resolution setting the number of directors for the present time at six (6). It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies "**FOR**" setting the number of directors to be elected at the Meeting at six (6).

**PROPOSAL TWO
ELECTION OF DIRECTORS**

The Board for the ensuing year will consist of six (6) directors who are each to be elected at the Meeting for a term of office expiring at the next Annual Meeting of Shareholders or until their respective successors have been elected. It is intended that the persons named in the following table will be nominated as directors of the Company and that the persons named in the accompanying proxy, unless otherwise directed, will vote for the election of such nominees at the Meeting. Each of the nominees has indicated their willingness to serve as a member of the Board, if elected. However, in the event any nominee shall become unavailable for election to the Board for

any reason not presently known or contemplated, the proxy holders will be vested with discretionary authority in such instance to vote the enclosed Proxy for such substitute as the Board shall designate.

The following six (6) nominees have been nominated by the Board. Voting for the election of directors will be conducted on an individual, and not slate, basis.

Name of Nominee	Director Since	Principal Occupation, Business or Employment⁽³⁾	Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽⁴⁾⁽⁷⁾	Options Beneficially Owned, or Controlled or Directed, Directly or Indirectly (underlying class of SVS)⁽⁷⁾
David Daily ^{(1) (2)} Age: 42 Texas, USA	2019	Gravitron, LLC Chief Executive Officer	22,000	1,200,000
Leonid Gontmakher ⁽⁵⁾ Age: 37 Puerto Rico, USA	2019	4Front Ventures Corp., Chief Executive Officer	32,063,661	5,500,000
Chetan Gulati ⁽¹⁾ Age: 45 Florida, USA	2020	Navy Capital Partner and Head of Research (March 2019 to Present) Smith Cove Capital Partner (2016 through March 2019)	21,460,445 ⁽⁶⁾	1,550,000 ⁽⁶⁾
Robert Hunt ⁽¹⁾ Age: 50 California, USA	2022	Linnaea Holdings Managing Member	97,200	1,050,000
Kristopher Krane ⁽²⁾ Age: 44 Illinois, USA	2023	Director of Cannabis Development for KCSA Strategic Communications Kranewreck Enterprises, Chief Executive Officer	10,553,468	4,329,840
Roman Tkachenko ⁽²⁾ Age: 39 Washington, USA	2020	Direct Source Seafood, LLC - Chief Executive Officer	14,191,130	1,800,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) The information as to principal occupation, business or employment and Shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Company and has been furnished by the nominee.

(4) Does not include Shares issuable upon the exercise of stock options.

(5) This director is not independent. "Independent" refers to the standards of independence established under Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and the listing standards of the Nasdaq Stock Market, LLC which the Company has opted to adhere to. See the section entitled "Corporate Governance" for a description of the reasons why the Company considers a director to be not independent.

(6) In combination, held indirectly via CGRS Investments, LLC's (a company controlled by Mr. Gulati) investment in Navy Capital Green Co-Invest Fund, LLC and held by Navy Capital Green Co-Invest Fund, LLC. Mr. Gulati may be considered to have control or direction over these shares held by Navy Capital Green Co-Invest Fund, LLC, as he is the head of research and a member of the investment committee at Navy Capital Green Management, LLC, which manages the fund.

(7) Figures provided as of the Record Date.

David Daily has served as a member of the Board since July 2019. Mr. Daily is the CEO of Gravitron, LLC which he founded in May 2004. Commonly known as Grav.com or GRAV®, its original invention was the first all-glass gravity bong, the Gravitron, which was an instant success and has become a cult classic. Since the Gravitron, Mr. Daily has designed or led the GRAV® design team to bring over 500 unique top-line products to the cannabis market. Mr. Daily is an investor, board member, mentor, and advisor to over a

dozen start-up stage brands in cannabis and consumer packaged goods. He holds a B.A. in Economics from The University of Texas at Austin. We believe that Mr. Daily's strong management and entrepreneurial background in the cannabis industry qualifies him to serve on the Board.

Leonid Gontmakher has served as our Chief Executive Officer since March 2020, and has been a member of our Board since August 2019. From 2014 to 2018, Mr. Gontmakher co-founded and then operated Northwest Cannabis Solutions, which under his leadership grew to be one of the largest and most successful producers of cannabis products in Washington state. From March 2018 to July 2019, he also served as Chief Operating Officer at Cannex Capital Holdings Inc., which combined with the Company in July 2019. Mr. Gontmakher has significant experience in cannabis facility design, construction management, equipment sourcing, operations, branding, sales and marketing strategy, and software solutions. Before entering the cannabis industry, from 2008 to 2013 he served on the senior management team at North America's largest processor and distributor of specialized seafood products. Mr. Gontmakher holds a Bachelor of Science degree from Arizona State University. We believe Mr. Gontmakher's diverse experience in production, marketing and distribution of products in multiple industries, including cannabis, qualifies him to serve on the Board.

Chetan Gulati has served as a member of the Board since December 2020. He has been a partner and head of research at Navy Capital, a New York-based asset manager focused on the rapidly growing global cannabis sector from 2019 to the present. Mr. Gulati began his career practicing law at Wachtell, Lipton, Rosen and Katz where he focused on corporate restructurings and finance. He then joined Perry Capital in 2007, and was ultimately appointed to run Perry's London operations from 2010-2016. From 2017-2018 Mr. Gulati was a Partner at Smith Cove Capital. He holds a Bachelor of Arts from the University of Rochester and a Juris Doctor from Yale Law School. We believe that Mr. Gulati's knowledge of corporate finance and asset management, particularly with a recent emphasis on the cannabis sector, qualifies him to serve on the Board.

Robert Hunt has served as a member of the Board since April 2022. From January 2018 to the present, Mr. Hunt has served as Managing Member of Linnaea Holdings, a California based cannabis-focused private equity and operating company hybrid venture. From January 2017 to the present, Mr. Hunt has also worked as the Managing Member of Shingle Hill, a boutique cannabis consulting firm. From June 2016 to December 2016, he was employed as President of Teewinot Life Sciences, a cannabinoid producer. From August 2014 to May 2016, Mr. Hunt was a General Partner of Tuatara Capital, L.P., a private equity firm focused on the cannabis industry. In addition, Mr. Hunt has served on a number of boards of directors, including several in the cannabis industry, such as New Dia Fenway, LLC, Ardent, Inc., Wow Organics, and Canna Click, LLC. Mr. Hunt holds a Bachelor of Arts from the University of Vermont, and a Juris Doctor from Suffolk University Law School. We believe that Mr. Hunt's broad management and operational experience qualifies him to serve on the Board.

Kristopher Krane has served as a member of the Board since March 2023. Mr. Krane has spent the last two decades working to advance the cannabis industry and movement. He is a regulatory and business strategist and frequent speaker at cannabis conferences and events around the world. Mr. Krane has served as Associate Director of the National Organization for the Reform of Marijuana Laws, Executive Director of Students for Sensible Drug Policy, and Vice-Chair and Chair of the National Cannabis Industry Association Board of Directors. From 2011 through 2021, he served as President of the Company, where he was instrumental in the Company's formation, success, and development. Mr. Krane currently serves as Director of Cannabis Development for KCSA Strategic Communications, a leading public relations and investor relations firm, and CEO of Kranewreck Enterprises, a strategic consultancy firm helping small cannabis operators grow their business. We believe that Mr. Krane's background and experience in the cannabis sector qualifies him to serve on the Board.

Roman Tkachenko has served as a member of the Board since December 2020. From March 2010 to the present, Mr. Tkachenko has served as the Chief Executive Officer and co-founder of Direct Source Seafood LLC, an importer/wholesaler of specialized frozen seafood products. Direct Source Seafood is the largest importer of king and snow crab from Russia, as well as one of the largest importers of Argentine wild caught shrimp. Direct Source Seafood, LLC has annual revenues of \$300 million. From November 2013 to September 2017, Mr. Tkachenko served as the Chief Executive Officer of Marine Treasures International, a company specializing in international sourcing of frozen seafood. Mr. Tkachenko holds a Bachelor of Science in Accounting from Central Washington University. We believe Mr. Tkachenko's background as the head of an import and wholesale company qualifies him to serve on the Board.

Involvement in Certain Legal Proceedings

Except as disclosed below, to our knowledge, none of our current directors or executive officers has, during the past ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority;
- been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Except as set forth in our discussion below in “*Certain Relationships and Related Party Transactions*” none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

We are not currently a party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, we believe will have a material adverse effect on our business, financial condition or operating results.

Shareholder Approval

The nominees for director who receive the most votes cast by the holders of the SVS and MVS voting together as a single class entitled to vote at the Meeting and present in person or by proxy (also known as “plurality” of the votes cast) will be elected.

The Board recommends a vote “FOR” the election of such nominees.

CORPORATE GOVERNANCE

Executive Officers

Our executive officers are appointed annually by our Board and hold office until their resignation or removal or their successors are appointed. The following table sets forth information about our executive officers as of the date hereof.

Name	Age	Position(s)
Leonid Gontmakher	37	Chief Executive Officer and Director
Keith Adams	63	Chief Financial Officer
Andrew Thut	49	Chief Investment Officer and Corporate Secretary

Mr. Gontmakher's biographical information is set forth above under "*Proposal Two – Election of Directors*".

Keith Adams has served as our Chief Financial Officer since June 2022. From November 2019 to April 2022, Mr. Adams was the chief financial officer of LP-KP IP Holdings, LLC d/b/a Loudpack, a privately-held California vertically integrated cannabis company. From July 2018 to November 2019, Mr. Adams worked as the chief accounting officer of DionyMed Brands, Inc. (OTCMKTS: DYMEF), a multi-state cannabis brand, distribution and delivery platform supporting cultivators, manufacturers and brands in both medical and adult-use markets. From May 2016 to June 2018, Mr. Adams was the Chief Financial Officer at Efficient Power Conversion, a provider of gallium nitride (GaN)-based power management technology. Mr. Adams is licensed as a Certified Public Accountant and Certified Management Accountant. He also holds a Bachelor of Business Administration in Accounting from University of Wisconsin-Oshkosh.

Andrew Thut was an early investor in 4Front, joining the Company full time as Chief Investment Officer in October 2014 and was appointed Interim Chief Financial Officer in July 2021. He resigned his position as Interim Chief Financial Officer in June 2022, but remains Chief Investment Officer. He brings to the team a wealth of financial-management experience and business acumen having previously served as Managing Director of the BlackRock Small Cap Growth Fund at BlackRock Advisors LLC. During his 11-year involvement with BlackRock Small Cap Growth Fund, the \$2 billion fund ranked in the top five percent of all domestic small cap growth funds. He also has held positions at MFS Investment Management and BT Alex Brown. Since joining 4Front, he has immersed himself in every facet of the cannabis industry, from the relevant financial drivers of the industry to hands-on experience with dispensaries and cultivation facilities. Mr. Thut holds a Bachelor of Arts from Dartmouth College.

Board of Directors

The business affairs of the Company are managed under the direction of the Board. The Board meets on a regularly scheduled basis to review significant developments affecting the Company and to act on matters requiring Board's approval. It also holds special meetings as required from time to time when important matters arise requiring Board action between scheduled meetings. The Board met 9 times during the 2022 fiscal year. During fiscal year 2022, each director participated in at least 90% or more of the aggregate of: (i) the total number of meetings of the Board (held during the period for which he or she was a director); and (ii) the total number of meetings of all committees of the Board on which he or she served (during the period that he or she served).

Family Relationships

Leonid Gontmakher and Roman Tkachenko are cousins. There are no other family relationships among any of our executive officers or directors.

Corporate Governance Overview

We are committed to having sound corporate governance principles, which are essential to running our business efficiently and maintaining our integrity in the marketplace. We understand that corporate governance practices change and evolve over time, and we seek to adopt and use practices that we believe will be of value to our shareholders and will positively aid in the governance of the Company. To that end, we regularly review our corporate governance policies and practices and compare them to the practices of other peer institutions and public companies. We will continue to monitor emerging developments in corporate governance and enhance our policies and procedures when required or when our board determines that it would benefit our Company and our shareholders.

Director Independence

The Board considers a director to be independent in accordance with Canadian legal requirements if he or she meets the definition of independence set forth in National Instrument 52-110 – Audit Committees ("**NI 52-110**") and if he or she has no direct or indirect material relationship with the Company which, in the view of the Board, could reasonably be perceived to materially interfere with the exercise of the director's independent judgment.

Although we are not listed on the Nasdaq Stock Market, LLC ("**Nasdaq**"), we also intend to comply with applicable Nasdaq independence rules, which require a majority of a listed company's board of directors to be comprised of independent directors. In addition, Nasdaq rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent, and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act. The Nasdaq independence definition includes a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees, that neither the director nor any of his or her family members has engaged in various types of business dealings with us, and that neither the director nor any of his or her family members is a current partner of our independent auditor, or was a partner or employee of our independent auditor who worked on our audit at any time over the past three years. In addition, under applicable Nasdaq rules, a director will only qualify as an "independent director" if, in the opinion of the listed company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our Board has undertaken a review of the independence of each director. Based on information provided by each director concerning their background, employment and affiliations, our Board has determined that four (4) of our six (6) directors, do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined in NI 52-110 and under the listing standards of Nasdaq. In making such determination, our Board considered the relationships that each such non-employee director has with us and all other facts and circumstances that our Board deemed relevant in determining his independence, including the beneficial ownership of our capital stock by each non-employee director. It was determined that Mr. Leonid Gontmakher is not independent for these purposes given his role as Chief Executive Officer of the Company. It was determined that Mr. Tkachenko is not independent given his interest in LI Lending, a significant creditor of the Company.

Board’s Role in Risk Oversight and Management

Our Board has responsibility for the oversight of the Company’s risk management processes and, either as a whole or through its committees, regularly discusses with management our major risk exposures, their potential impact on our business and the steps we take to manage them. The risk oversight process includes receiving regular reports from board committees and members of senior management to enable our Board to understand the Company’s risk identification, risk management and risk mitigation strategies with respect to areas of potential material risk, including operations, finance, legal, regulatory, strategic and reputational risk.

Director Nomination Process

Our Board believes that its directors should have the highest professional and personal ethics and values, consistent with the Company’s longstanding values and standards. They should have broad experience at the policy-making level in business, government or civic organizations. They should be committed to enhancing shareholder value and should have sufficient time to carry out their duties and to provide insight and practical wisdom based on their own unique experience. Each director must represent the interests of the Company. When considering potential director candidates, our Board also considers the candidate’s independence, character, judgment, diversity, age, skills, including financial literacy, and experience in the context of our needs and those of our Board. Our Board believes that diversity is an important attribute of the members who comprise our Board and that the members should represent an array of backgrounds and experiences and should be capable of articulating a variety of viewpoints. Our Board’s priority in selecting board members is the identification of persons who will further the interests of our shareholders through his or her record of professional and personal experiences and expertise relevant to our business.

Shareholder Nominations to the Board of Directors

Director nominations by a shareholder or group of shareholders for consideration by our shareholders at our Annual Meeting of Shareholders, or at a special meeting of our shareholders that includes on its agenda the election of one or more directors, may only be made in accordance with our Articles and applicable law.

Shareholders’ notice for any proposals requested pursuant to Rule 14a-8 under the Exchange Act (including director nominations), must be made in accordance with that rule. Accordingly, any director or executive officer of the Company may recommend a candidate to the Compensation Committee for its consideration. The Compensation Committee will also consider nominees to our Board recommended by shareholders if shareholders comply with the requirements of the *Business Corporations Act* (British Columbia).

There were no material changes to the procedures by which shareholders may recommend nominees to the Board during the year ended December 31, 2022.

Board Mandate and Committees

The Board has a written mandate that governs the board of directors. A copy of the mandate for the Board is posted under the “Corporate Governance” heading on website at <https://4frontventures.com/investors/>. The Board meets regularly on a quarterly basis and holds additional meetings as required to deal with the Company’s business.

Additionally, the Board is empowered by governing corporate law, the Company’s Articles and its corporate governance policies to manage or supervise the management of the affairs and business of the Company. The Board carries out its responsibilities directly and through two Board committees, the Audit Committee and the Compensation Committee, each of which operate under a written committee charter approved by the Board. Although it would normally be required under Nasdaq rules, the Board as yet has not appointed a Nominating and Corporate Governance Committee. The composition and responsibilities of each committee of our Board are described below. Members serve on these committees until their resignation or until otherwise determined by our Board. Our Board may establish other committees as it deems necessary or appropriate from time to time.

Although each committee is directly responsible for evaluating certain enumerated risks and overseeing the management of such risks, the entire Board is generally responsible for and is regularly informed through committee reports about such risks and any corresponding

remediation efforts designed to mitigate such risks. In addition, appropriate committees of the Board receive reports from senior management within the organization in order to enable the Board to understand risk identification, risk management and risk mitigation strategies. When a committee receives such a report, the chairman of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role.

Audit Committee

As proposed, the members of our audit committee (the “**Audit Committee**”) would be David Daily, Chetan Gulati, and Robert Hunt. David Daily would continue to act as interim chair of the Audit Committee. After reviewing the qualifications of the proposed members of the Audit Committee, and any relationships they may have with us that might affect their independence, the Board has determined that all current Audit Committee members are “independent” as that concept is defined in Section 10A of the Exchange Act and in NI 52-110, all current Audit Committee members are “independent” as that concept is defined in the applicable listing standards of the Nasdaq, all current Audit Committee members are financially literate, and each of David Daily, Chetan Gulati and Robert Hunt qualify as an “audit committee financial expert” under the applicable rules promulgated pursuant to the Exchange Act. Our audit committee met 6 times during 2022.

The main function of the Audit Committee is to oversee our accounting and financial reporting processes, internal systems of control, independent registered public accounting firm relationships and the audits of our financial statements. The committee’s responsibilities include, among other things:

- appointing, approving the compensation of and assessing the independence of our registered public accounting firm;
- overseeing the work of our independent registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- monitoring our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- overseeing our internal audit function;
- overseeing our risk assessment and risk management policies;
- establishing policies regarding hiring employees from the independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns;
- meeting independently with our internal auditing staff, independent registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by SEC rules.

All audit and non-audit services, other than de minimis non-audit services, to be provided to us by our auditor must be approved in advance by the Audit Committee.

A copy of the charter for the Audit Committee is posted under the “Corporate Governance” heading on our website at <https://4frontventures.com/investors/> and appended hereto as Schedule A. The inclusion of our website address in this Proxy Statement does not include or incorporate by reference the information on our website into this Proxy Statement.

The Company is relying upon the exemption in section 6.1 of NI 52-110 for Venture Issuers.

Compensation Committee

As proposed, the members of our compensation committee (the “**Compensation Committee**”) would be Kristopher Krane, Roman Tkachenko and David Daily. Kristopher Krane would continue to chair the Compensation Committee. Each member of our Compensation Committee is a non-employee director, as defined in Rule 16b-3 promulgated under the Exchange Act and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended.

The Compensation Committee is responsible for assessing whether any of our compensation policies or programs has the potential to encourage excessive risk-taking. Furthermore, the Compensation Committee discharges the responsibilities of the board of directors in overseeing our compensation policies, plans and programs and to review and determine the compensation to be paid to our executive officers, directors and other senior management, as appropriate. The Compensation Committee met 9 times during 2022. Specific responsibilities of our Compensation Committee include, among other things:

- reviewing and recommending corporate goals and objectives relevant to the compensation of our chief executive officer and other executive officers;
- making recommendations to our board of directors with respect to, the compensation level of our executive officers;
- reviewing and recommending to our board of directors employment agreements and significant arrangements or transactions with executive officers;
- reviewing and recommending to our board of directors with respect to director compensation; and
- overseeing and administering our equity-based incentive plan or plans.

With respect to director compensation, our Compensation Committee is responsible for reviewing the compensation paid to members of the Board and recommending modifications to Board compensation that the Compensation Committee determines are appropriate and advisable to the Board for its approval from time to time. In this regard, the Compensation Committee may request that management report to the Compensation Committee periodically on the status of the Board's compensation in relation to other similarly situated companies.

In determining compensation for our executive officers, the Compensation Committee typically considers, but is not required to accept, the recommendations of our Chief Executive Officer regarding the performance and proposed base salary and bonus and equity awards for the other executive officers, as well as himself. The Compensation Committee may also request the assistance of our Chief Financial Officer in evaluating the financial, accounting and tax implications of various compensation awards paid to the executive officers. However, our Chief Financial Officer does not determine the amounts or types of compensation paid to the executive officers. Our Chief Executive Officer and certain of our other executive officers may attend Compensation Committee meetings, as requested by the Compensation Committee. None of our executive officers, including our Chief Executive Officer, will attend any portion of the Compensation Committee meetings during which the executive officer's compensation is established and approved.

A copy of the charter for the Compensation Committee is posted under the "Corporate Governance" heading on our website at <https://4frontventures.com/investors/>. The inclusion of our website address in this Proxy Statement does not include or incorporate by reference the information on our website into this Proxy Statement.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act of 1934 requires our directors, executive officers and any persons who own more than 10% of a registered class of our equity securities to file initial reports of securities ownership and reports of changes in such ownership with the SEC. Executive officers, directors, and greater-than-ten-percent shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file.

Based solely upon a review of Forms 3, Forms 4, and Forms 5 furnished to us pursuant to Rule 16a-3 under the Exchange Act, we believe that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act during the year ended December 31, 2022 were timely filed, as necessary, by the officers, directors, and security holders required to file such forms, except for the following:

- Mr. Keith Adams did not timely file a Form 4 with respect to two transactions.
- Mr. Chetan Gulati did not timely file a Form 4 with respect to two transactions.
- Ms. Kathi Lentzsch did not timely file a Form 4 with respect to one transaction.

Director Orientation and Continuing Education

While the Company does not have a formal director orientation program, the Company and its Board considers that orienting and educating new directors is an important element of ensuring responsible governance. New directors are to be provided with the Company's continuous disclosure documents, copies of the charters of each of the Committees, and are invited to attend orientation sessions in the form of informal meetings with members of the Board and senior management, complemented by presentations on the main areas of the Company's business to improve their understanding of the Company's business.

Board Assessments

Based upon the Company's size, and the number of individuals on the Board, the Board considers a formal process for assessing the effectiveness and contribution of the Board as a whole, its committees or individual directors to be unnecessary at this time. Given that the Board and its committees meet on several occasions each year, each director has regular opportunity to assess the Board as a whole, its committees and other directors in relation to the Board and such director's assessment of the competencies and skills that the Board and its committees should possess. The Board plans to continue to self-evaluate its own effectiveness and the effectiveness of its committees and individual directors in such manner.

Code of Business Conduct and Ethics

The Board has adopted the Code of Business Conduct and Ethics (the “**Code of Conduct**”) which applies to directors, officers, employees, consultants and contractors of the Company and its subsidiaries and encourages and promotes a culture of ethical business conduct. A copy of the Code of Conduct is available under the “Corporate Governance” heading on our website at <https://4frontventures.com/investors/>. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this Proxy Statement.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee oversees the Company’s financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee (then composed of Amit Patel, David Daily, and Chetan Gulati) reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee has discussed with Davidson, the auditor of the Company, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, the matters required to be discussed by PCAOB Auditing Standard No. 16, *Communications with Audit Committees*, and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee has received and reviewed the written disclosures and the letter from Davidson required by applicable requirements of the PCAOB regarding Davidson’s communications with the Audit Committee concerning independence, and the Audit Committee has discussed with Davidson its independence.

The Audit Committee discussed with Davidson the overall scope and plans for their audit. The Audit Committee meets with Davidson, with and without management present, to discuss the results of their examinations, their evaluations of the Company’s internal controls, and the overall quality of the Company’s financial reporting. The Audit Committee held 6 meetings during fiscal year 2022.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2022.

The Audit Committee and the Board have also recommended that the shareholders appoint Davidson as the Company’s auditor.

Respectfully submitted,

AUDIT COMMITTEE
of the Board of Directors

David Daily, Audit Committee Chair
Chetan Gulati, Audit Committee Member
Robert Hunt, Audit Committee Member

Executive Compensation

As an emerging growth company under the Jumpstart our Business Startups (JOBS) Act, we have opted to comply with the executive compensation disclosure rules applicable to “smaller reporting companies” as such term is defined in the rules promulgated under the Securities Act of 1933, as amended, which permit us to limit reporting of executive compensation to our principal executive officer and our two (2) other most highly compensated named executive officers.

Summary Compensation Table

The following table provides information regarding the compensation awarded to or earned during 2021 and 2022, as applicable, by our named executive officers. All amounts are in whole dollars.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) ⁽⁴⁾	Stock Awards (\$)	Option Awards (\$)	Non Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Leonid Gontmakher Chief Executive Officer	2022	400,000	—	—	400,000	—	—	—	800,000
	2021	400,000	—	—	—	—	—	—	400,000
Keith Adams ⁽¹⁾ Chief Financial Officer	2022	174,915	—	—	253,548	—	—	—	428,463
	2021	—	—	—	—	—	—	—	—
Andrew Thut Chief Investment Officer and former Interim Chief Financial Officer ⁽²⁾	2022	340,475	—	—	1,173,794	—	—	—	1,514,269
	2021	300,000	—	—	—	—	—	—	300,000
Joseph Feltham ⁽³⁾ Former Chief Operating Officer	2022	300,000	—	—	167,136	—	—	—	467,136
	2021	250,000	—	—	—	—	—	—	250,000

(1) Mr. Adams was appointed Chief Financial Officer on June 9, 2022.

(2) Mr. Thut was appointed Interim Chief Financial Officer on July 15, 2021. He resigned as Chief Financial Officer effective June 9, 2022.

(3) Mr. Feltham was appointed Chief Operating Officer on September 11, 2020. Mr. Feltham ceased to be Chief Operating Officer on June 14, 2022.

(4) Bonus amounts reflect short-term incentive awards based upon performance in the applicable year and paid in the subsequent year.

Narrative to Summary Compensation Table

Executive Compensation Considerations

The Compensation Committee reviews financial information and other performance metrics relative to the historical compensation of executive management and comparative information prepared internally. The Compensation Committee also reviews management's recommendations for compensation levels of all of the Company's named executive officers and considered these recommendations with reference to relative compensation levels of like-size institutions. The totality of the information reviewed by the Compensation Committee is considered when establishing current executive salary levels, and similar analysis is expected to be considered when reviewing and establishing future salaries and long-term incentives. The Company's compensation policies and practices are designed to ensure that they do not foster risk taking above the level of risk associated with the Company's business model. For this purpose, the Compensation Committee generally considers the Company's financial performance, comparing that performance to the performance metrics included in the Company's strategic plan. The Compensation Committee also generally evaluates management's compensation

in light of other specific risk parameters. The Company’s compensation programs are aimed at enabling it to attract and retain the best possible executive talent and rewarding those executives commensurate with their ability and performance. The Company’s compensation programs consist primarily of base salary, bonus and option awards.

Base Salary

Base salaries for named executive officers are determined in the same manner as other salaried employees. Salary guidelines are established by comparing the responsibilities of the individual’s position in relation to similar positions in other companies of similar size in our industry.

Section 162(m) of the Code

Section 162(m) generally disallows the corporate tax deduction for certain compensation paid in excess of \$1,000,000 annually to “covered employees,” which include: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) any employee whose total compensation is required to be reported to shareholders under the Exchange Act by reason of such employee being among the three highest compensated officers for the taxable year (excluding the CEO and CFO); and (iv) any executive who was a “covered employee” for any tax year beginning after December 31, 2016. A “covered employee” includes any individual who meets the definition of a “covered employee” at any time during the year, and also includes executives who are the top three highest paid officers (excluding the CEO or CFO) even if their compensation is not required to be disclosed under existing SEC rules. Section 162(m) of the *U.S. Internal Revenue Code of 1986* (the “Code”) was amended by the Tax Cut and Jobs Act of 2018 so that the exceptions for payment of “performance-based compensation” or commissions have been eliminated.

Certain of our executives have received total compensation in excess of \$1,000,000, such that we may not be allowed the full federal tax deduction otherwise permitted for such compensation.

Employment Agreements; Potential Payments Upon Termination or Change-in-Control

Pursuant to an employment agreement dated April 18, 2023, Mr. That is entitled to an annual salary of \$400,000 and is eligible to receive an annual bonus as determined by the Compensation Committee. In the event that the Company terminates Mr. That’s employment without cause or Mr. That resigns for good reason, and subject to his execution of a release agreement, he would be entitled to: (i) continued pay and benefits for a twelve month period; (ii) immediate vesting of 50% of any unvested options; and (iii) an extension of time to exercise any options for a period of twelve months from the date of termination. In the event of Mr. That’s permanent disability or death, he would be entitled to continued pay and benefits for a six month period from the date of termination. In the event of a change of control, Mr. That would be entitled to (i) a portion of the transaction bonus pool allocated for senior executives; and (ii) immediate vesting of 50% of any unvested options provided he is offered a commensurate position post-closing, otherwise immediate vesting of 100% of any unvested options. Pursuant to the terms of his employment agreement, Mr. That has agreed not to engage in any activity which is in competition with the Company during his employment and not to solicit the Company’s employees, independent contractors or clients for a twelve-month period following the date of termination.

Outstanding Equity Awards at 2022 Fiscal Year End

The following table provides information with respect to holdings of unvested options and stock awards held by our named executive officers, at December 31, 2022. All amounts are in whole dollars.

Name and Principal Position	Grant Date	Option Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (C\$)	Option Expiration Date
Leonid Gontmakher, <i>Chief Executive Officer and Director</i>	12/11/2017	1,800,000	—	\$ 1.00	12/11/2022
	8/22/2019	933,333	—	\$ 1.00	8/22/2024
	10/2/2020	4,500,000	—	\$ 0.77	10/2/2025

Keith Adams	6/17/2022	—	1,000,000	\$	0.77	9/16/2024
<i>Chief Financial Officer</i>	11/16/2022	—	1,000,000	\$	0.60	8/22/2024
Andrew Thut,	7/31/2019	1,965,440	—	\$	0.10	9/16/2024
<i>Chief Investment Officer</i>	8/22/2019	500,000	—	\$	1.00	8/22/2024
	9/15/2020	500,000	—	\$	0.86	9/15/2025
	3/18/2021	2,000,000	—	\$	1.63	3/18/2026
	11/16/2022	5,045,600	—	\$	0.60	11/16/2027
	11/22/2022	—	4,000,000	\$	0.61	11/22/207
Joseph Feltham,	7/31/2019	109,200	—	\$	0.10	9/16/2024
<i>Former Chief Operating Officer</i>	8/22/2019	1,000,000	—	\$	0.80	8/22/2024
	9/15/2020	390,800	—	\$	0.86	9/15/2025
	3/18/2021	750,000	—	\$	1.63	3/18/2026
	11/16/2022	1,288,000	—	\$	0.61	11/16/2027

Non-Employee Director Compensation

The table below shows the equity and other compensation granted to our non-employee directors during fiscal 2022. All amounts in the table are in whole dollars.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Stock and Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Robert Hunt	86,940	—	123,342	—	—	—	210,282
David Daily	43,000	—	49,513	—	—	—	92,513
Chetan Gulati	—	—	92,838	—	—	—	92,838
Kathi Lentzsch ⁽¹⁾	114,333	—	42,424	—	—	—	156,757
Eric Rey ⁽²⁾	7,167	—	—	—	—	—	7,167
Roman Tkachenko	43,000	—	49,513	—	—	—	92,513
Amit Patel ⁽³⁾	36,269	—	92,396	—	—	—	128,665

(1) Ms. Lentzsch resigned on November 30, 2022.

(2) Mr. Rey resigned in January 2022.

(3) Mr. Patel resigned on May 16, 2023.

The Compensation Committee has set the compensation for the independent directors at \$65,000 per year for directors not serving as chair of any committee, \$75,000 per year for directors serving as chair of a committee, and \$180,000 per year for the chair of the Board. Each of Mr. Patel and Mr. Hunt received 600,000 options exercisable at a price of \$0.90 for a term of 10 years in connection with their onboarding as directors of the Company. Directors who are officers, employees, or consultants of the Company receive no compensation in their role as a director. The Compensation Committee will review the compensation paid to the Company's directors annually to ensure that the Company's approach to Board compensation is competitive and reflects best practices taking into account current governance trends.

Compensation Committee Interlocks and Insider Participation

Not applicable to smaller reporting companies.

Compensation Committee Report

Not applicable to smaller reporting companies.

PROPOSAL THREE APPOINTMENT OF AUDITOR

The Board recommends, on the advice of the Audit Committee, that the shareholders of the Company appoint Davidson as our auditor to audit the Company's consolidated financial statements for fiscal year 2023. Davidson has served as the Company's auditor since 2019. To the knowledge of management of the Company, neither such firm nor any of its members has any direct or material indirect financial interest in the Company, nor any connection with the Company in any capacity other than as our auditor.

Principal Independent Registered Public Accounting Firm Fees and Services

Davidson has served as our auditor since July 31, 2019. The engagement of Davidson was approved by the Audit Committee and the Board. Davidson completed the audits of the Company for the years ended December 31, 2020, 2021, and 2022.

During the years ended December 31, 2020, 2021, and 2022 there were no: (i) disagreements with Davidson on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which, if not resolved to Davidson's satisfaction, would have caused Davidson to make reference thereto in its report on the consolidated financial statements of the Company (as described in Item 304(a)(1)(iv) of Regulation S-K); (ii) reportable events (as described in Item 304(a)(1)(v) of Regulation S-K); or (iii) "reportable events" as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*.

Aggregate fees billed by our auditors for the years ended December 31, 2021 and December 31, 2022 are detailed in the table below.

	<u>2021</u>	<u>2022</u>
Audit Fees ⁽¹⁾	\$ 600,000	\$ 600,000
Audit Related Fees ⁽²⁾	—	98,000
Tax Fees ⁽³⁾	—	—
All Other Fees ⁽⁴⁾	—	35,000
Total Fees Paid	\$ 600,000	\$ 733,000

(1) Fees for audit services on an accrued basis.

(2) Fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit of the financial statements.

(3) Fees for professional services rendered for tax compliance, tax advice and tax planning.

(4) All other fees billed by the auditor for products and services not included in the foregoing categories.

Pre-approval Policies and Procedures

The Audit Committee has established a policy of reviewing, in advance, and either approving or not approving, all audit, audit-related, tax and other non-audit services that our independent registered public accounting firm provides to us. This policy requires that all services received from independent registered public accounting firms be approved in advance by the Audit Committee. The Audit Committee has delegated pre-approval responsibility to the Chair of the Audit Committee with respect to non-audit related fees and services.

The Audit Committee has determined that the provision of the services as set out above is compatible with the maintaining of Davidson's independence in the conduct of their auditing functions.

The enclosed Proxy will be voted as specified, but if no specification is made, it will be voted "FOR" the appointment of Davidson as the auditor of the Company and to authorize the directors to fix the remuneration of the auditor.

The Board recommends a vote "FOR" this proposal.

PROPOSAL FOUR APPROVAL OF STOCK OPTION PLANS

On July 31, 2019, 4Front Ventures Corp. adopted two stock option plans, one to issue options exercisable into SVS (the "SVS Plan") and the other plan (the "PVS Plan") to issue options exercisable into proportionate voting shares of the Company (the "PVS"), as amended and restated on April 15, 2020 collectively (referred to as the "Stock Option Plans"). The Stock Option Plans permit the grant of nonqualified stock options ("NQSOs") and incentive stock options ("ISOs" and, together with NQSOs, the "Options") in accordance

with their terms. As the Company no longer has authorized PVS, no further Options will be issued under the PVS Plan. A summary of the Stock Option Plans including a description of the Options is set out below and a copy of the SVS Plan is appended hereto as Schedule B and a copy of the PVS Plan is appended hereto as Schedule C.

The Canadian Securities Exchange requires that every three years after the institution by an issuer of a security-based compensation arrangement that does not have a fixed maximum number of securities issuable, such as the Stock Option Plans, all unallocated rights, options or other entitlements under such arrangement must be approved by a majority of the issuer's directors and by the issuer's shareholders. Accordingly, in accordance with the requirements of the Canadian Securities Exchange, shareholders will be asked at the Meeting to consider and, if thought appropriate, to pass an ordinary resolution to approve the Stock Option Plans and the unallocated Options under each of the Stock Option Plans

If the resolution to approve the unallocated Options is not passed, no further Options will be granted (including new Options to be granted after already outstanding Options are cancelled, terminated or exercised) until shareholder approval is obtained. Outstanding Options will not be affected.

At the Meeting, the shareholders of the Company will be asked to pass the following resolutions (collectively the “**Stock Option Plan Resolution**”):

Stock Option Plan Resolution

1. The stock option plans (the “**Stock Option Plans**”) of 4Front Ventures Corp. (the “**Company**”) in substantially the forms described in and appended to the management information circular and proxy statement of the Company dated June 2, 2023 be and the same are hereby ratified, confirmed and approved and shall thereafter continue and remain in effect until further ratification is required pursuant to the rules of the Canadian Securities Exchange (the “**CSE**”) or other applicable regulatory requirements.
2. All unallocated awards to acquire Class A subordinate voting shares of the Company, and all other rights or other entitlements available under the Stock Option Plans, as further amended or supplemented from time to time, are hereby approved and authorized.
3. The Company shall have the ability to continue granting awards under the Stock Option Plans until July 14, 2026 or such other date that is three years from the date on which shareholder approval of unallocated awards under such Stock Option Plans is obtained.
4. The board of directors of the Company is authorized and directed to make any changes to the Stock Option Plans as may be required by the CSE or other regulatory authorities, without further approval by the shareholders of the Company.
5. Any director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to do all things and to execute, deliver and file all such agreements, documents and instruments, and to do all such other acts and things, as such director or officer deems necessary or desirable to give effect to the forgoing resolutions.

The Board recommends a vote “FOR” this proposal.

The following table sets out information as of December 31, 2022 with respect to the Stock Option Plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	81,979,238 \$	0.87	3,426,655
Equity compensation plans not approved by	— \$	—	—

security holders			
Total	81,979,238 \$	0.87	3,426,655

As at December 31, 2022, the following Options were outstanding under the Stock Option Plans: a total of 81,979,238 Options, representing approximately 14.5% of the then outstanding share number. As at December 31, 2022, an aggregate of 3,426,655 Options remained available for issuance under the Stock Option Plans, representing approximately 0.5% of the then outstanding share number.

Summary of Terms and Conditions of the Stock Option Plans

Purpose of the Stock Option Plans

The purpose of the Stock Option Plans is to enable the Company and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Company; (ii) to offer such persons incentives to put forth maximum efforts; and (iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and shareholders.

Eligible Persons

Any of the Company's employees, officers, directors, consultants (who are natural persons) are eligible to participate in the Stock Option Plans if selected by the Compensation Committee (the "**Participants**"). The basis of participation of an individual under the Stock Option Plans and the type and amount of any Option that an individual will be entitled to receive under the Stock Option Plans, will be determined by the Compensation Committee based on its judgment as to the best interests of the Company, and therefore cannot be determined in advance.

The maximum number of SVS that may be issued under the Stock Option Plans shall be determined by the Board from time to time, but in no case shall exceed, in the aggregate, 15% of the number of SVS, including the MVS on a fully converted basis. Notwithstanding the foregoing, a maximum of 20,000,000 SVS may be issued as ISOs, subject to adjustment as provided in the Stock Option Plans. Any shares subject to an Option under the Stock Option Plans that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for issuance under the Stock Option Plans.

In the event of any dividend, recapitalization, forward or reverse stock split, reorganization, merger, amalgamation, consolidation, split-up, split-off, combination, repurchase or exchange of SVS or other securities of the Company, issuance of warrants or other rights to acquire SVS or other securities of the Company, or other similar corporate transaction or event, which affects the SVS, or unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, the Compensation Committee may make such adjustment, which is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Stock Option Plans, to: (i) the number and kind of shares which may thereafter be issued in connection with Options; (ii) the number and kind of shares issuable in respect of outstanding Options; (iii) the purchase price or exercise price relating to any Option or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Option; and (iv) any share limit set forth in the Stock Option Plans.

Description of Options

Pursuant to the Stock Option Plans, the Company is authorized to issue option awards to participants. The Compensation Committee is authorized to grant Options to purchase SVS that are either ISOs meaning they are intended to satisfy the requirements of Section 422 of the Code, or NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Options granted under the Stock Option Plans will be subject to the terms and conditions established by the Compensation Committee. Under the terms of the Stock Option Plans, unless the Compensation Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of the Options will not be less than the fair market value (as determined under the Stock Option Plans) of the shares at the time of grant. Options granted under the Stock Option Plans will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation Committee and specified in the applicable Option certificate. The maximum term of an Option granted under the Stock Option Plans will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Compensation Committee may determine to be appropriate.

Administration of the Stock Option Plans

The Compensation Committee may impose restrictions on the grant, exercise or payment of an Option as it determines appropriate. Generally, Options granted under the Stock Option Plans shall be nontransferable except by will or by the laws of descent and distribution. No Participant shall have any rights as a shareholder with respect to SVS covered by Options unless and until such Options are settled in SVS.

No Option shall be exercisable, no SVS shall be issued, no certificates for SVS shall be delivered and no payment shall be made under the Stock Option Plans except in compliance with all applicable laws.

Tax Withholding

The Company may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

Amendments and Termination

Subject to the provisions of the Stock Option Plans and the rules of the Canadian Securities Exchange, the Board may from time to time amend, suspend or terminate the Stock Option Plans, and the Compensation Committee may amend the terms of any previously granted Option, provided that no amendment to the terms of any previously granted Option may (except as expressly provided in the Stock Option Plans) materially and adversely alter or impair the terms or conditions of the Option previously granted to a Participant under the Stock Option Plans without the written consent of the Participant or holder thereof. Any amendment to the Stock Option Plans, or to the terms of any Option previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Option will be in compliance with Canadian Securities Exchange policies.

For greater certainty and without limiting the foregoing, the Board may amend, suspend, terminate or discontinue the Stock Option Plans, and the Compensation Committee may amend or alter any previously granted Option, as applicable, without obtaining the approval of shareholders in order to: (i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Stock Option Plans; (ii) amend any terms relating to the granting or exercise of Options; (iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Options necessary or desirable to avoid any adverse tax results under the Section 409A of the Code); (iv) amend any terms relating to the administration of the Stock Option Plans; or (v) correct any defect, supply any omission or reconcile any inconsistency in the Stock Option Plans or in any Option or Option certificate.

Notwithstanding the foregoing, the Stock Option Plans specifically provide that shareholder approval would be required for any amendments to the Stock Option Plans or an Option that would: (i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company; (ii) increase the number of shares authorized under the Stock Option Plans; (iii) permit repricing of Options; (iv) permit the award of Options at a price less than 100% of the fair market value on the date of the grant; (v) permit Options to be transferable other than in accordance with the provisions of the Stock Option Plans; (vi) amend the termination and amendment provisions of the Stock Option Plans; or (vii) increase the maximum term permitted for Options under the Stock Option Plans or extend the terms of any Options beyond their original expiry date.

Corporate Transactions

The Stock Option Plans provide that, in the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of SVS or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Compensation Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, provided that the consummation of the event subsequently occurs): (i) either (A) termination of the Option, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Option or realization of the Participant's vested rights, or (B) the replacement of the Option with other rights or property selected by the Compensation Committee or the Board, in its sole discretion; (ii) that the Option be assumed by the successor or survivor company, or a parent or subsidiary thereof, or shall be substituted for by similar Options, rights or awards covering the stock of the successor or survivor company, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; (iii) that the Option shall be exercisable or payable or fully vested with respect to all shares covered thereby, notwithstanding anything to the contrary in the applicable Option certificate; or (iv) that the Option cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our SVS and MVS as of the Record Date by:

- each shareholder known by us to beneficially own more than 5% of our SVS or our MVS;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities. A security holder is also deemed to be, as of any date, the beneficial owner of all securities that such security holder has the right to acquire within 60 days after such date through: (i) the exercise of any option or warrant; (ii) the conversion of a security; (iii) the power to revoke a trust, discretionary account or similar arrangement; or (iv) the automatic termination of a trust, discretionary account or similar arrangement. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each person identified in the table has sole voting and investment power over all of the Shares shown opposite such person's name.

The percentage of beneficial ownership is based on 648,583,519 SVS and 1,276,208 MVS outstanding as of the Record Date. The address for each director and executive officer is c/o 4Front Ventures Corp., 5060 N. 40th Street Suite 120, Phoenix, AZ 85018.

Name, Position and Address of	Subordinate Voting Shares	Multiple Voting Shares		Total Total	Voting		
	% of Total	% of Total	Number of Capital	% of Total	% of Total		
	Number Beneficially	Subordinate Voting Shares	Number Beneficially Owned	Multiple Voting Shares	Stock Beneficially	Capital	Voting Capital
Beneficial Owner	Owned	Shares	Owned	Shares	Owned	Stock	Stock
Leonid Gontmakher <i>Chief Executive Officer</i>	32,063,661	4.94%	-	- %	32,063,661	4.93%	3.14%
Keith Adams <i>Chief Financial Officer</i>	-	- %	-	- %	-	- %	- %
Andrew Thut <i>Chief Investment Officer</i>	11,903,628	1.94%	154,956	12.14%	12,058,584	1.86%	13.31%
David Daily <i>Director</i>	22,000	0.003%	-	- %	22,000	0.003%	0.002%
Chetan Gulati <i>Director</i>	21,460,445	3.30%	-	- %	21,460,445	3.30%	2.10%
Robert Hunt <i>Director</i>	97,200	0.02 %	-	- %	97,200	0.02 %	0.009%
Kristopher Krane <i>Director</i>	10,415,280	1.61%	138,188	10.93%	10,553,468	1.62%	11.85%
Roman Tkachenko <i>Director</i>	14,191,130	2.19 %	-	- %	14,191,130	2.18 %	1.39%
All Board directors and named executive officers as a group	90,153,344	13.90 %	292,144	22.89 %	90,446,488	13.92 %	31.80 %
Joshua Rosen	19,222,216	2.96%	309,418	24.25%	19,531,634	3.00%	15.98%
Karl Chowscano	25,131,280	3.87%	333,439	26.13%	25,464,719	3.92%	17.48%

Trevor Pratte	22,365,276	3.45%	340,207	26.66%	22,705,483	3.49%	17.64%
Camelback Ventures, LLC ⁽¹⁾	53,352,000	8.23%	-	-	53,352,000	8.21%	5.23%
Putnam Investments, LLC d/b/a/ Putnam Investments ⁽²⁾	62,034,721	9.56%	-	-	62,034,721	9.55%	6.08%

- (1) Based on information contained in a Schedule 13G filed with the SEC by Camelback Ventures, LLC (“Camelback”) on February 14, 2020. According to the Schedule 13G, as of December 31, 2019, Camelback had the sole power to vote or direct the vote of, and the sole power to dispose or direct the disposition of, 666,900 Class B Proportionate Voting Shares of the Company which were convertible into 53,352,000 Class A Subordinate Voting Shares. The Company converted all of the outstanding Class B Proportionate Voting Shares in December 2020. The address of Camelback’s principal business office is 2201 E. Camelback Road, Suite 227B, Phoenix, Arizona 85018. The Schedule 13G provides information only as of December 31, 2019 and, consequently, the beneficial ownership of Camelback may have changed between December 31, 2019 and the date of this Proxy Statement.
- (2) Based on information contained in a Schedule 13G/A filed with the SEC by Putnam Investments, LLC, d/b/a/ Putnam Investments (“Putnam”) on February 14, 2023. According to the Schedule 13G/A, as of December 31, 2022, Putnam had the sole power to vote or direct the vote of 591,108 Class A Subordinate Voting Shares, and the sole power to dispose or direct the disposition of, 62,034,721 Class A Subordinate Voting Shares of the Company. The address of Putnam’s principal business office is 100 Federal Street, Boston, Massachusetts 02110. The Schedule 13G/A provides information only as of December 31, 2022 and, consequently, the beneficial ownership of Putnam may have changed between December 31, 2022 and the date of this Proxy Statement.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our Board assesses proposed transactions, arrangements or relationships in which we are a participant to determine if it would constitute a related party transaction under applicable law or require a director to disclose his or her interest and abstain from voting on a matter. The Board may in certain of these instances establish a special committee of independent directors to assess the transaction or arrangement.

As appropriate for the circumstances, the Board or any committee may review and consider, among other matters:

- the related person’s interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person’s interest in the transaction;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party; and
- the purpose of, and the potential benefits to us of, the transaction.

Reportable Transactions

LI Lending LLC

Roman Tkachenko, a director and Leonid Gontmakher, the Company’s Chief Executive Officer and a director, each hold a 14.28% ownership interest in LI Lending LLC, which extended the Company a real estate improvement/development loan of \$45.0 million. The loan was drawn in two amounts: (i) \$35.0 million bearing interest at a rate of 12.75% and (ii) \$10.0 million bearing interest at a rate of 14.75%. Upon maturity in May 2024, an exit fee of \$9.0 million is payable, for a total principal payable at maturity of \$54.0 million. As of December 31, 2022, the outstanding balance on the related party loan was \$49.8 million which includes accrued interest of \$7.1 million and is net of debt discount of \$0.3 million.

Ag-Grow Imports

On November 12, 2020, the Company entered into an Amended and Restated Consulting Agreement (the “**Leadership Consulting Agreement**”) with Ag-Grow Imports, LLC (“**AGI**”), a Washington limited liability company owned and controlled by Joshua N. Rosen, chair of the Company’s board of directors, and Maha Consulting LLC (“**Maha**”), a Puerto Rican limited liability company owned and controlled by Leonid Gontmakher, the Company’s Chief Executive Officer. The Leadership Consulting Agreement provides that, among other things, that AGI shall pay to Maha \$33 per month for consulting services rendered to AGI and the Company, including the support of the Company’s intellectual property efforts, key infrastructure projects and leadership services. Additionally, the Leadership Consulting Agreement provides that AGI and/or the Company, each in their sole discretion, may pay cash bonuses and/or issue equity incentive awards to Maha based on its performance under the Leadership Consulting Agreement. The Leadership Consulting Agreement shall continue in full force and effect for a period of 12 months, and shall automatically renew for additional twelve month periods, unless a party to the Leadership Consulting Agreement delivers written notice of non-renewal.

Krane Consulting Agreement

Between June 2021 and February 2023, Kristopher Krane served as a consultant to the Company under a consulting agreement (“**Krane Consulting Agreement**”). Certain provisions of the Krane Consulting Agreement survived termination, including his obligation to assist the Company in its efforts to recover approximately \$30 million in payments from certain legacy clients, and his entitlement to receive five percent of the Company’s recovery from those clients. The Company’s efforts to recover the outstanding amounts are ongoing, and it is unclear at this time what amount, if any, the Company will ultimately recover.

SHAREHOLDER PROPOSALS FOR 2024 ANNUAL GENERAL MEETING

Our Annual General Meeting of Shareholders generally is expected to be held by the end of June of each year. If you wish to submit a proposal to be included in our Proxy Statement for our 2024 Annual General Meeting of Shareholders, proposals must be signed and submitted by a qualified shareholder who has complied with the relevant rules of the SEC and the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and must be delivered to our registered office at 4Front Ventures Corp., c/o Corporate Secretary, 550 Burrard Street, Suite 2900, Vancouver, BC, V6C 0A3 at least 3 months before the anniversary of the previous year’s annual general meeting (i.e., before March 29, 2024). Pursuant to the BCBCA, a qualified shareholder is a person who: (i) is a registered owner or beneficial owner of one or more shares of our Company that carry the right to vote at general meetings; and (ii) has been a registered owner or beneficial owner of one or more such shares for an uninterrupted period of at least two (2) years before the date of the signing of the proposal, *provided that* a person is not a qualified shareholder if the person has submitted and failed to present at an annual general meeting a previous proposal.

The proposal must also be signed by qualified shareholder who, together with the submitted, are, at the time of signing, registered or beneficial owners of shares that in the aggregate constitute at least 1/100 of the issued and outstanding shares of our Company that carry the right to vote at the 2024 Annual General Meeting of Shareholders or have a fair market value in excess of CAD\$2,000.

The proposal must be accompanied by a declaration from the submitter and each supporter, signed by the submitter or supporter, as the case may be, or, in the case of a submitter or supporter that is a corporation, by a director or senior officer of the signatory: (i) providing the name of and a mailing address for that signatory; (ii) declaring the number and class or series of shares carrying the right to vote at general meetings that are owned by that signatory as a registered owner or beneficial owner; and (iii) unless the name of the registered owner has already been provided, providing the name of the registered owner of those shares. A proposal may be accompanied by one written statement in support of the proposal. The proposal and, if any, the statement, together, must not exceed 1,000 words in length (excluding signatures and the declarations referred to above).

A company that receives a proposal must send to all of the persons who are entitled to notice of the annual general meeting in relation to which the proposal is made: (i) the text of the proposal; (ii) the names and mailing addresses of the submitter and the supporters, and (iii) the text of the statement, if any, accompanying the proposal. The Company will allow a submitter to present the proposal, in person or by proxy, at the 2024 Annual General Meeting of Shareholders if the submitter is a qualified shareholder at the time of that meeting. If our Company receives more than one proposal in relation to the 2024 Annual General Meeting of Shareholders and the proposals relate to substantially the same matter, our Company only needs to comply with (i) to (iii) above in respect of the first of such proposals.

The Company need not process a proposal if any of the following circumstances applies: (i) the directors have called the 2024 Annual General Meeting of Shareholders after the date on which the proposal is received by the Company and have sent notice of that meeting in accordance with the BCBCA; (ii) the proposal is not valid or exceeds the maximum length as further described above; (iii) substantially the same proposal was submitted to shareholders in a notice of meeting, or an information circular or equivalent, relating to a general meeting that was held not more than 5 years before the receipt of the proposal, and did not receive the sufficient support at the meeting in accordance with the BCBCA; (iv) it clearly appears that the proposal does not relate in a significant way to the business or affairs of the Company; (v) it clearly appears that the primary purpose for the proposal is securing publicity or enforcing a personal claim or redressing a personal grievance against the Company or any of its directors, officers or security holders; (vi) the proposal has already been substantially implemented; (vii) the proposal, if implemented, would cause the Company to commit an offence; or (viii) the proposal deals with matters beyond the Company’s power to implement.

If the Company does not intend to process a proposal in accordance with the BCBCA, as further described above, the Company must, within 21 days after the proposal is received by our registered office, send to the submitter: (i) written notice of the Company’s decision in relation to the proposal; and (ii) a written explanation as to the Company’s reasons for its decision. The submitter may apply to the court for a review of the Company’s decision. The court may restrain the holding of the annual general meeting in relation to which the proposal is made and may, if it determines that the Company did not have proper grounds to refuse to process the proposal, make any order it considers appropriate.

EXPENSES OF SOLICITATION

All costs incurred in the solicitation of Proxies for the Meeting will be borne by the Company. In addition to the solicitation by mail, officers and employees of the Company may solicit Proxies by telephone, email or personally, without additional compensation. The Company may also make arrangements with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of SVS held of record by such persons, and the Company may reimburse such brokerage houses and other custodians, nominees and fiduciaries for their out-of-pocket expenses incurred in connection therewith.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

Other than as set forth in this Proxy Statement, no person who has been a director or senior officer of the Company at any time since the beginning of the last financial year, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as set forth in this Proxy Statement, no director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Company or its subsidiaries since the beginning of the Company's most recently completed financial year.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Proxy Statement, no informed person, no director of the Company and no associate or affiliate of any informed person or director has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

ADDITIONAL INFORMATION AVAILABLE

Notice of Internet Availability of Proxy Materials

In accordance with rules and regulations adopted by the SEC and by the Canadian Securities Administrators under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company will be relying on the notice-and-access delivery procedures and we may furnish our proxy statement and annual report to shareholders of record by providing access to those documents via the Internet instead of mailing printed copies. The notice you received regarding the Internet availability of our Proxy Materials (the "**Notice**") provides instructions on how to access our Proxy Materials and cast your vote via the Internet, by fax or by mail.

Shareholders' access to our Proxy Materials via the Internet is more environmentally friendly as it will help reduce paper use and will also reduce the cost of printing and mailing the Proxy Materials to Shareholders. If you would like to receive a paper or email copy of our Proxy Materials, you should follow the instructions in the Notice for requesting those materials.

Websites Where Proxy Materials Are Posted

Proxy Materials can be viewed online under the Company's profile on the SEC's website at www.sec.gov/edgar and on SEDAR at www.sedar.com or at www.alliancetrust.ca/shareholders/, the website for the Proxy Materials maintained by Alliance Trust Company. The Proxy Materials will remain posted on Alliance Trust Company's website at least until the date that is one year after the date the Proxy Materials were posted.

How to Obtain Paper Copies of the Proxy Materials

Shareholders may request paper copies of the proxy materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the proxy materials are posted on the website of Alliance Trust Company. Any Shareholder who wishes to receive a paper copy of the Proxy Material must contact the Company's registrar and transfer agent, Alliance Trust Company, at #1010, 407 – 2nd Street SW, Calgary, Alberta, T2P 2Y3 or by phone at (403) 237- 6111 or by email by emailing inquiries@alliancetrust.ca. In order to ensure that a paper copy of the Proxy Material can be delivered to a requesting Shareholder in time for such Shareholder to review the Proxy Material and return a form of proxy or voting instruction form prior to the proxy deadline, it is strongly suggested that a Shareholder ensure their request is received no later than ten (10) business days in advance of the return time set out in the voting instruction form and/or form of proxy, as applicable.

The Proxy Statement provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, the Notice. Additional information about the Company and its consolidated financial statements are also available under the Company's profile on the SEC's website at www.sec.gov/edgar and on SEDAR at www.sedar.com.

OTHER BUSINESS

As of the date of this Proxy Statement, the Board and management are not aware of any other matter, other than those described herein, which will be presented for consideration at the Meeting. Should any other matter requiring a vote of the shareholders properly come before the Meeting or any adjournment thereof, the enclosed proxy confers upon the persons named in and entitled to vote the shares represented by such proxy discretionary authority to vote the shares represented by such proxy in accordance with their best judgment in the interest of the Company on such matters. The persons named in the enclosed proxy also may, if it is deemed advisable, vote such proxy to adjourn the Meeting from time to time.

Please sign, date and return promptly the enclosed proxy at your earliest convenience in the enclosed envelope, which requires no postage if mailed in the United States.

By Order of the Board of Directors,

/s/ Robert Hunt

Robert Hunt

Chair

Holliston, Massachusetts

June 2, 2023

SCHEDULE A

4FRONT VENTURES CORP. AUDIT COMMITTEE CHARTER

1. PURPOSE & OBJECTIVES OF THE COMMITTEE

- The Audit Committee (“**Committee**”) is a committee of the Board of Directors (the “**Board**”) of 4Front Ventures Corp. (“**4Front**”).
- The main objective and role of the Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to 4Front and its subsidiaries in relation to:
 - Financial Reporting
 - Application of accounting policies;
 - Management reports;
 - Semi-annual and annual reports;
 - Financial management;
 - Audit Functions and Coverage
 - Internal (including internally sourced and outsourced); and
 - External.

2. MEMBERSHIP OF THE COMMITTEE

- The Committee shall be comprised of a minimum of three Directors, appointed by the Board, a majority of which shall be independent under applicable securities legislation.
- All members of the Committee shall be “financially literate” within the meaning of National Instrument 52-110 - *Audit Committees*.
- The Board shall appoint a chair of the Committee (“**Chair**”) from the independent members of the Committee.

3. MEETINGS OF THE COMMITTEE

- Meetings shall be held not less than three times a year, having regard to 4Front’s semi-annual and annual reporting and audit cycle including timing of Board meetings.
- Any member of the Committee, the CEO, the Chief Financial Officer (“**CFO**”) or the external auditors may request a meeting at any time they consider it necessary.
- A quorum for a meeting of the Committee shall be three members.
- The Committee may have in attendance such members of management, including the CFO, and such other persons, including the internal and external auditors, as it considers necessary to provide appropriate information and explanations.
- All Directors who are not members of the Committee shall be entitled to attend meetings of the Committee only at the invitation of the Committee.
- The CEO shall not attend those meetings which the Committee chooses to hold without any of the executives present.
- Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee, all other members of the Board, the CEO the CFO and the internal and external auditors.
- Minutes of all meetings shall be kept by the Board secretary.

4. RESPONSIBILITIES OF THE COMMITTEE

The Committee has oversight responsibility in two areas:

- Financial Reporting
- Audit Functions and Coverage

4.1 Financial Reporting

The Committee has responsibility for:

- Ensuring that 4Front retains accurate financial and accounting records.
- Obtaining from the CEO and the CFO a formal statement that 4Front's financial reports present a true and fair view, in all material respects, and 4Front's financial condition and operational results are in accordance with applicable accounting standards.
- Reviewing the interim and annual financial statements and reports.
- Oversight of compliance and statutory responsibilities relating to financial regulations and guidelines and rules of the Canadian Securities Exchange, or such other stock exchange 4Front's shares principally trade on.
- Reviewing financial information prior to its public dissemination.
- Reviewing 4Front's accounting policies and reporting requirements to ensure accuracy and timeliness and the inclusion of appropriate disclosures.
- Considering matters which might be raised by shareholders at 4Front's annual meeting of shareholders.

4.2 Audit Functions and Coverage

The Committee has responsibility for:

- Recommending the appointment and removal of the internal and the external auditors, their fees and the terms of their engagement.
- Direct communication with and unrestricted access to the external and internal auditors and accountants.
- Review of the annual audit plans and fees with the internal and the external auditors ensuring coordination and appropriate reliance placed by the external auditors on the work undertaken by internal audit.
- Monitoring and reviewing the external and internal auditing practices.
- With respect to services provided by the external auditor:
 - Ensuring the rotation of the external auditor or lead audit partner and peer review partner at least every five years with suitable succession planning.
 - The external auditors are authorised to provide the following types of services:
 - Statutory and other audits.
 - Treasury management.
 - The external auditors will not provide the following types of services:
 - Management consultancy and, in particular, the selection and implementation of technology solutions integrated with the financial information systems.
 - Information and other business risk assurance, including forensic.
 - Outsourcing of internal audit.
 - Purchase and vendor due diligence in M&A, including advice on tax deal structures.
 - Valuation which will then be subject of their audit.
 - Book-keeping services (excluding advice on the statutory accounts).
 - Tax compliance and advisory.
 - Any other advisory services unrelated to the statutory audit required from our external auditors must be first approved by the CFO and if over \$20,000 be approved by the Board.
 - Total non-audit fees to be regularly monitored by the Board.
- With respect to the internal audit function and coverage:
 - This will be determined by management based on the risk management framework as modified from time to time.
 - Management will determine and report on the resources to be deployed from internal and external sources.
 - Obtaining confirmation as to the adequacy of the internal controls.
 - Receiving reports from completed audits and ensuring that recommendations are agreed, including actions and timelines, with management.
 - Reviewing annually the effectiveness of the internal audit function.
- Approving the annual internal audit plan.
- Monitoring the implementation of recommendations made by external and internal auditors' actions agreed to be implemented by management.
- Ensuring that reports issued by auditors to management are tabled at Board Meetings together with management's response.

4.3 Internal Controls

The Committee has responsibility for:

- Reviewing whether management’s approach to maintaining an effective internal control framework is sound and effective.
- Ensuring that the external auditors discuss with the Committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.
- Reviewing whether management has in place relevant policies and procedures, and that these are periodically reviewed and updated.
- Obtaining from the CEO and the CFO a written statement that:
 - The statement given to the Audit Committee in respect of 4Front’s financial reports presenting a true and fair view, in all material respects, and 4Front’s financial condition and operational results are in accordance with applicable accounting standards (by the CEO and the CFO) is founded on a sound system of internal compliance and control which implements the policies adopted by the Board; and
 - 4Front’s internal compliance and control systems are operating efficiently and effectively in all material respects.
- Ensuring that 4Front maintains appropriate business continuity, material damage and liability insurance covers to ensure that the earnings of the business are well protected from adverse circumstances.
- Reviewing 4Front’s Code of Business Conduct and Ethics, compliance with the law with respect to financial matters and other relevant legislation under applicable Canadian corporate and securities law.
- Review of the frequency and significance of all transactions between 4Front and related parties and assessment of their propriety.

5. ACCESS AND AUTHORITY

- The Committee is authorised by the Board to investigate any activity within its terms of reference as set out in Section 4 of this Charter.
- The Committee is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.
- The Committee is authorised by the Board to obtain, at the expense of 4Front, such outside legal or other independent professional advice, and to arrange for the attendance at meetings, at the expense of 4Front, of outside parties with relevant experience and expertise, as it considers necessary to carry out its responsibilities.

6. ACCOUNTABILITY AND REPORTING

- The Committee shall ensure that processes are in place and that those processes are monitored so that the Board is properly and regularly informed and updated on corporate financial matters.
- The Committee shall maintain direct lines of communication with the external auditors, the CEO, the CFO, and the internal auditors and with management generally.
- Management are required to immediately notify the Committee of any material breakdown in internal controls and any event of fraud or malpractice. Should a material breakdown in internal control be uncovered by the internal auditor or external auditor, management and the internal auditor or external auditor are immediately required to inform the Committee.
- Any reporting of a material breakdown in internal control and any event of fraud or malpractice must also be accompanied with management’s proposed corrective actions.
- The Committee shall be provided with copies of all letters between the internal and external auditors and management.
- After each Committee meeting, the Chair shall report the Committee’s findings and recommendations to the Board.
- The minutes of all Committee meetings shall be circulated to members and the Board, the CFO and the external auditors.
- The Chair shall present an annual report to the Board summarizing the Committee’s activities during the year and any related significant results and findings.

REVIEW OF THE COMMITTEE AND CHARTER

At least once a year the Committee will undertake a self-review and report on the effectiveness of the Audit Committee to the full Board. The Board will review both this Charter and the Committee’s performance against this Charter annually.

Membership of the Committee will be reviewed each year after the annual meeting and at other times as necessary.

SCHEDULE B

**4FRONT VENTURES CORP.
SVS STOCK OPTION PLAN**

4FRONT VENTURES CORP.

(the “COMPANY”)

**AMENDED AND RESTATED
STOCK OPTION PLAN**

**Approved by the board of directors effective on March 28, 2019,
and amended and restated as of April 15, 2020 and May 31, 2022.**

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STOCK OPTION PLAN

SECTION 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 shall have the meanings set forth below:

- (a) “Administrator” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “Black-Out” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
- (c) “Board” means the board of directors of the Company.
- (d) “Change of Control” means an occurrence when either:
 - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the Securities Act), becomes a “control person” of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
- (e) “Class A Shares” means the Company’s Class A subordinate voting shares.
- (f) “Code” means the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder.
- (g) “Committee” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself. At any time that the Company is an SEC registrant and is not a “foreign private issuer” for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3.
- (h) “Company” means 4Front Ventures Corp.
- (i) “Consultant” means an individual who:

- (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary, other than services provided in relation to a “distribution” (as that term is described in the Securities Act) or services in connection with the offer or sale of securities in a capital-raising transaction, or that directly or indirectly promote or maintain a market for the issuer’s securities;
- (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (v) below);
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
- (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof, and includes:
 - (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “Consultant Entity”); or
 - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (j) “Disability” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability, provided that solely for purposes of determining whether the exercise of an Incentive Stock Option (to the extent permitted under the terms of such Incentive Stock Option) within one year following the disability of the Option Holder meets the requirements of Section 422(c)(6) of the Code, disability shall have the meaning ascribed to it under Section 22(e) of the Code.
- (k) “Employee” means:
 - (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source, and includes

- (iii) a corporation wholly-owned by such individual; and
 - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (l) “Exchange” means the stock exchange upon which the Class A Shares principally trade.
- (m) “Exchange Act “ means the U.S. Securities Exchange Act of 1934, as amended.
- (n) “Executive” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
 - (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (o) “Exercise Notice” means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (p) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (q) “Exercise Price” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (r) “Expiry Date” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.5, 6.2, 6.3, 6.4 or 11.4.
- (s) “Expiry Time” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date.
- (t) “Grant Date” means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (u) “Incentive Stock Option” means an Option that is labelled or described as an Incentive Stock Option and which qualifies as an Incentive Stock Option within the meaning of Section 422(b) of the Code.
- (v) “Insider” means an insider as that term is defined in the *Securities Act*.
- (w) “Market Value” means the market value of the Class A Shares as determined in accordance with section 5.3.
- (x) “Non-Statutory Stock Option” means an Option granted to an Option Holder which is not intended to be or does not qualify as an Incentive Stock Option.

- (y) “Option” means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company, and includes Incentive Stock Options and Non-Statutory Stock Options.
- (z) “Option Certificate” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (aa) “Option Holder” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (bb) “Outstanding Issue” means the number of Class A Shares, taken together with the number of Shares issuable on conversion of the Class C Multiple Voting Shares immediately prior to the Class A Share issuance or grant of Option in question.
- (cc) “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 partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (dd) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, 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 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.
- (ee) “Plan” means this stock option plan as from time to time amended.
- (ff) “Regulatory Approvals” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (gg) “Regulatory Authorities” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (hh) “Regulatory Rules” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ii) “Securities Act” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.

- (jj) “Share” or “Shares” means, as the case may be, one or more Class A Shares in the capital stock of the Company.
- (kk) “Subsidiary” means a wholly-owned or controlled subsidiary corporation of the Company.
- (ll) “Ten Percent Shareholder Participant” means an individual to whom an Incentive Stock Option is granted pursuant to the provisions of the Plan who is, on the date of the grant, the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent, if any, or its subsidiary corporations (as defined in Code Section 424(e)).
- (mm) “Triggering Event” means:
 - (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company 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 Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (nn) “U.S. Option Holder” means an Option Holder whose Options awarded under the Plan are subject to taxation under the Code, including U.S. residents and U.S. citizens regardless of country of residence.
- (oo) “Vest” or “Vesting” means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

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

SECTION 2 GRANT OF OPTIONS

2.1 Grant of Options

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan. Options will be awarded to U.S. Option Holders only if such U.S. Option Holder performs services for the Company or any corporation or other entity in which the Company has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined in accordance with applicable regulations under Section 409A of the Code, such that the Option will constitute an award of “service recipient stock” for purposes of Section 409A of the Code or otherwise does not subject the award to the excise tax under Section 409A of the Code. For U.S. Options Holders, an Option will not be granted to an RRSP.

2.2 Record of Option Grants

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the designation of Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (d) the Grant Date and Expiry Date of the Option;
- (e) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (f) the vesting and other additional terms, if any, attached to the Option; and
- (g) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will

also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted, subject to the provisions of section 2.1 hereof, and provided that only a committee of the Board comprised of directors who qualify as independent directors (within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant awards to Directors who are not also employees of the Company or an affiliate of the Company.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding Options granted to Insiders within the previous 12 months, exceed 10% of the Outstanding Issue;
- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan; Effective Date of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder. The Plan was adopted by the Board on March 28, 2019. The Plan shall be subject to approval by the stockholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Board.

3.6 Limitation on Service

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary. In addition, the Company or an affiliate may at any time dismiss an Option Holder from employment free from any liability or any claim under the Plan or any Option, unless otherwise expressly provided in the Plan or in any award agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Option Holder shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options.

3.8 Agreement

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder is promised his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the

terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 Representation

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4 NUMBER OF SHARES UNDER PLAN

4.1 Number of Shares

Subject to adjustment as provided for herein and to section 12, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding stock options of the Company granted pursuant to any other Company option plan or a previous stock option plan or agreement, will not exceed 15% of the Outstanding Issue. 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 pursuant to this Plan.

4.2 Fractional Shares

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5 TERMS AND CONDITIONS OF OPTIONS

5.1 Exercise Period of Option

Subject to sections 5.5, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. No Incentive Stock Option may be granted after ten (10) years from the earlier of the date this Plan was adopted by the Board or the date this Plan was approved by shareholders. The term and expiry date of an Incentive Stock Option shall not exceed ten (10) years, (and in the case of an Incentive Stock Option granted to a Ten Percent

Shareholder Participant, it shall not exceed five (5) years) from Grant Date of such Incentive Stock Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 Exercise Price of Option

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows, and for Options awarded to U.S. Option Holders, the Exercise Price will not be less than such Market Value, provided however that the Committee may designate a purchase price below Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an affiliate of the Company:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and, except with respect to Options awarded to U.S. Option Holders, may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms length and any other factors required to be considered under Section 409A of the Code for purposes of valuation of stock that is not traded on an established securities market. 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 that would apply to the Company on the Grant Date in question.

Notwithstanding the foregoing, the Exercise Price of Shares subject to an Incentive Stock Option granted under the Plan to a Ten Percent Shareholder Participant shall be not less than 110% of the

fair market value of the Shares on the Grant Date as determined in good faith by the Committee at the Grant Date.

5.4 Incentive Stock Options.

The maximum aggregate number of Shares that may be issued under this Plan as Incentive Stock Options is 50,000,000 Shares. Incentive Stock Options may only be granted to individuals who are employees of the Company or a subsidiary of the Company (as defined under Section 424(f) of the Code). To the extent that Options designated as Incentive Stock Options become exercisable by an Option Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion of such Options which exceeds such amount shall not be treated as Incentive Stock Options but instead shall be treated as Non-Statutory Stock Options. For the purposes of this section 5.4, Options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the fair market value of Shares shall be determined as of the Grant Date of the Option with respect to such Shares. If the Code is amended to provide for a different limitation than that set forth in this section 5.4, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as may be required or permitted by such amendment to the Code. If an Option is treated as a Non-Statutory Option in part by reason of the limitation set forth in this section 5.4, the Option Holder may designate which portion of such Option the Option Holder is exercising at any given time. In the absence of such designation, the Option Holder shall be deemed to have exercised the Incentive Stock Option portion of the Option first. If the Plan is not approved by shareholders in accordance with the requirements of Section 422 of the Code within twelve (12) months of the adoption of the Plan, Options otherwise designated as Incentive Stock Options will be Non-Statutory Stock Options. The Company shall have no liability to an Options Holder, or any other party, if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

5.5 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
 - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or

- (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position;
OR
- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
 - (i) termination for cause;
 - (ii) resigning his or her position; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.6 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may 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 this Plan.

5.7 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 TRANSFERABILITY OF OPTIONS

6.1 Non-transferable

An Incentive Stock Option shall not be assignable or transferable by any Option Holder and, subject to section 6.2 hereof, may be exercised during the life of the Option Holder only by the Option Holder. An Option other than an Incentive Stock Option are non-assignable and non-transferable, except as provided otherwise in this section 6.

6.2 Death of Option Holder

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 Disability of Option Holder

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

6.4 Disability and Death of Option Holder

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 Vesting

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days

and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7 EXERCISE OF OPTION

7.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel or, at the discretion of the Company, by payment of the exercise price through broker-assisted cashless exercise, tender of previously owned Shares with a fair market value equal to the exercise price, net exercise (except with respect to Incentive Stock Options) and any other method permitted under the terms of the Option Certificate and attached schedules or as may be approved by the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

7.2 Black Out Period

Notwithstanding the foregoing, except in the case of Incentive Stock Options, if an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.5(a)(i), (ii), or (iii) or section 5.5(b)(i), (ii), or (iii) above) within or immediately after a Black Out, the term of such Option shall be extended to the date which is ten (10) business days after the last day of the Black Out; provided, that, the expiration date as extended by this section 7.2 will not in any event be beyond the later of: (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

7.3 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the certificate for the Shares.

7.4 No Rights as Shareholder

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines

otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

7.5 No Right to Employment; Other Benefits

No compensation or benefit awarded to or realized by any Option Holder under the Plan shall be included for the purpose of computing such Option Holder's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

7.6 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts;
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded; or
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

7.7 No Trust Fund Created

Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and an Option Holder or any other Person or Entity. To the extent that any Person acquires a right to receive payments from the Company or any affiliate pursuant to an award, such right shall be no greater than the right of any unsecured general creditor of the Company or any affiliate.

SECTION 8 ADMINISTRATION

8.1 Board or Committee

The Plan shall be administered by the Administrator with oversight by the Committee.

8.2 Powers of Committee

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted;
 - (v) determine the number of Shares subject to each Option; and
 - (vi) to designate Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.4 Interpretation

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

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan (provided that with respect to Options of U.S. Option Holders such amendment will be undertaken only if it will not cause adverse tax consequences under Section 409A of the Code) or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

10.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11 ADJUSTMENTS AND TERMINATION

11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Board's adoption of the Plan.

11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and

- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

11.4 Triggering Events

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Option Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably, and in the case of Options held by U.S. Option Holders, in a manner that complies with the requirements of U.S. Treas. Reg. Sec. 1.409A-1(b)(5)(v)(D), and with respect to Incentive Stock Options, with U.S. U.S. Treas. Reg. Sec. 1.424-1(a)(5).

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SECTION 12 ADJUSTMENTS AND TERMINATION

12.1 Maximum Number of Options

Notwithstanding anything contained in the Plan to the contrary, the maximum number of options the committee can grant is 15% of the Outstanding Issue. For the avoidance of doubt, the maximum number of stock options granted under this Plan and any other Company equity incentive plan must not exceed 15% of the Outstanding Issue.

SECTION 13 CALIFORNIA OPTIONS

13.1 California Options

Notwithstanding any other provision of this Plan, the provisions of this section 13 shall apply to any award granted or proposed to be granted to a Person in California, unless such award is otherwise exempt from the applicable securities laws of California (a “**California Award**”).

13.2 Termination Date

A California Award may not be exercised more than 10 years after the grant date and any award agreement shall terminate on or before the 10th anniversary of the date of grant.

13.3 Post-Termination Exercise Period

Unless employment is terminated for cause as defined by applicable law, the terms of the Plan or award agreement or a contract of employment, the right to exercise an Option by a Participant in California in the event of termination of employment of the Participant, to the extent that the Participant is entitled to exercise on the date employment terminates, continues until at least the earlier of the expiration of the Term of Option or:

- (a) at least six months from the date of termination, if termination was caused by death or disability; or
- (b) at least 30 days from the date of termination, if termination was caused by other than death or disability.

13.4 Shareholder Approval / Grant Limitations

The Company will not grant California Awards unless:

- (a) the Company is a foreign private issuer, as defined by Rule 3b-4 of the Exchange Act, on the grant date of the California Award, and the aggregate number of persons in California granted awards under all compensation plans and agreements and issued securities under all purchase and bonus plans and agreements of the Company does not exceed 35; or
- (b) prior to or within 12 months of the granting of the first California Award under the Plan and prior to increasing the number of Authorized Shares, the Plan is approved by a majority of the Company's outstanding securities entitled to vote, not counting for the purpose of calculating such vote any securities issued upon exercise or vesting of awards granted in California.

Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such awards shall be rescinded if such security holder approval is not received in the manner described in section 13.4.

13.5 Company Information

The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of applicable law, at least annually to each Participant in California during the period such Participant has one or more awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

4FRONT VENTURES CORP.

STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of 4Front Ventures Corp. (the “**Company**”) and evidences that ●[Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ● Class A Subordinate Voting Shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$● per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia, Canada (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●; and
- (b) subject to sections 5.5, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is 20.

To exercise this Option (to the extent it is vested), the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel, or by payment of the exercise price through broker-assisted cashless exercise, tender of previously owned Shares with a fair market value equal to the exercise price, net exercise (except with respect to Incentive Stock Options) in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

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

[Include legends prescribed by Regulatory Authorities, if required.]

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, of the United States of

America (the “Act”) or the securities laws of any state (“State”) of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such securities are (i) registered under the Act and any applicable State securities act (a “State Act”), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to it, or (iii) sold in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it.”

4Front Ventures Corp. by its authorized signatory:

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

Signature

Date signed:

Print Name

Address

OPTION CERTIFICATE – SCHEDULE

[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested in accordance with the terms of the Plan and the vesting schedule below, and then only to the extent that they have vested. Provided that the Option Holder remains in continuous service with the Company or an affiliated entity through the dates specified below, the Options will vest in accordance with the following:
 - (a) • Shares (•%) will vest and be exercisable on or after the Grant Date;
 - (b) • additional Shares (•%) will vest and be exercisable on or after • [date];
 - (c) • additional Shares (•%) will vest and be exercisable on or after • [date];
 - (d) • additional Shares (•%) will vest and be exercisable on or after • [date];
2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.5(a) or 5.5(b) of the Plan, the Expiry Date of the Option shall be • **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

Type of Option _____ Incentive Stock Option
(U.S. Employees only): _____ Non-Statutory Stock Option

3. The following provisions apply to Incentive Stock Options.
 - (a) Incentive Stock Options (“**ISOs**”) may be issued only to individuals who are employees of the Company or a subsidiary of the Company (as defined under Section 424(f) of the Code) (“**U.S. Employees**”).
 - (b) If a U.S. Option Holder has been granted an ISO and ceases to be a U.S. Employee, then, in order to retain the status of the Option as an ISO for U.S. federal tax purposes, such Option must be exercised within the time limits set forth below. Failure to exercise an Incentive Stock Option within the following time limits will result in the Option ceasing to be an Incentive Stock Option. The limitations below are not intended to extend the term of an Option as set forth in the Plan, the applicable Option Certificate and related Schedules. The limitations below merely reflect the period during which an Option intended to be an Incentive Stock Option must be exercised (assuming it otherwise could be exercised during such period) in order retain Incentive Stock Option tax treatment. If an ISO ceases to be an ISO by virtue of failure to timely exercise the Option as described above, but the Option remains exercisable pursuant

to its terms, the Option will be treated as a Non-Statutory Stock Option and the provisions set forth in the Plan or the Option Certificate will apply with respect to the period during which the Option may be exercised.

- A U.S. Option Holder who ceases to be a U.S. Employee due to Disability must exercise an ISO (to the extent such ISO was exercisable on the date of termination of employment due to Disability) within one year following the date of termination due to Disability (but in no event beyond the term of such Incentive Stock Option) in order to retain ISO tax treatment.
 - A U.S. Option Holder who ceases to be a U.S. Employee for any reason other than the death or Disability must exercise such ISO (to the extent such ISO was exercisable on the date of termination of employment) within three months following the date of termination (but in no event beyond the term of such ISO), in order to retain ISO tax treatment.
 - An Incentive Stock Option of a U.S. Participant who ceases to be a U.S. Employee by reason of death can be exercised by the estate in accordance with the terms of the Plan and applicable Option Certificate during the period specified in the Plan or the applicable Option Certificate without loss of ISO tax treatment (assuming other ISO requirements are met).
- (c) To the extent that an Option designated as an ISO becomes exercisable by an Option Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000 (measured by the fair market value as of the Grant Date), the portion of such Option which exceeds such amount shall not be treated as an ISO but instead shall be treated as a Non-Statutory Stock Option.

SCHEDULE B

**4FRONT VENTURES CORP.
STOCK OPTION PLAN**

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan

-
- [Address]

(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of 4Front Ventures Corp. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (d) all of the Shares; or
- (e) of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**). The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid Shares (or such other method of payment permitted by the grant agreement) and directs the Company to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address (**provide full complete address**):

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date of the Option.

DATED the day ____ of ____, 20 .

Signature of Option Holder

SCHEDULE C

**4FRONT VENTURES CORP.
PVS STOCK OPTION PLAN**

4FRONT VENTURES CORP.

(the “COMPANY”)

**AMENDED AND RESTATED
CLASS B PROPORTIONATE SHARES OPTION PLAN**

Approved by the board of directors effective on March 28, 2019, and amended and restated as of April 15, 2020.

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CLASS B PROPORTIONATE SHARES OPTION PLAN

SECTION 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 shall have the meanings set forth below:

- (a) “Administrator” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “Black-Out” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
- (c) “Board” means the board of directors of the Company.
- (d) “Change of Control” means an occurrence when either:
 - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the Securities Act), becomes a “control person” of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
- (e) “Class A Shares” means the Company’s Class A subordinate voting shares.
- (f) “Class B Shares” means the Company’s Class B proportionate voting shares.
- (g) “Code” means the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder.
- (h) “Committee” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself. At any time that the Company is an SEC registrant and is not a “foreign private issuer” for purposes of the Securities Act and the Exchange Act, the Committee shall be comprised of not less than such number of Directors as shall be required to permit awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3.
- (i) “Company” means 4Front Ventures Corp.

- (j) “Consultant” means an individual who:
- (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary, other than services provided in relation to a “distribution” (as that term is described in the Securities Act) or services in connection with the offer or sale of securities in a capital-raising transaction, or that directly or indirectly promote or maintain a market for the issuer’s securities;
 - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (v) below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof, and includes:
 - (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “Consultant Entity”); or
 - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (k) “Disability” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability, provided that solely for purposes of determining whether the exercise of an Incentive Stock Option (to the extent permitted under the terms of such Incentive Stock Option) within one year following the disability of the Option Holder meets the requirements of Section 422(c)(6) of the Code, disability shall have the meaning ascribed to it under Section 22(e) of the Code.
- (l) “Employee” means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control

and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source, and includes

- (iii) a corporation wholly-owned by such individual; and
 - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (m) “Exchange” means the stock exchange upon which the Class A Shares principally trade.
- (n) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.
- (o) “Executive” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (p) “Exercise Notice” means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (q) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (r) “Exercise Price” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (s) “Expiry Date” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.5, 6.2, 6.3, 6.4 or 11.4.
- (t) “Expiry Time” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date.
- (u) “Fair Market Value” means the fair market value of the Class B Shares, which is the Market Value multiplied by 80.
- (v) “Grant Date” means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (w) “Incentive Stock Option” means an Option that is labelled or described as an Incentive Stock Option and which qualifies as an Incentive Stock Option within the meaning of Section 422(b) of the Code.

- (x) “Insider” means an insider as that term is defined in the *Securities Act*.
- (y) “Market Value” means the market value of the Class A Shares as determined in accordance with section 5.3.
- (z) “Non-Statutory Stock Option” means an Option granted to an Option Holder which is not intended to be or does not qualify as an Incentive Stock Option.
- (aa) “Option” means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company, and includes Incentive Stock Options and Non-Statutory Stock Options.
- (bb) “Option Certificate” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (cc) “Option Holder” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (dd) “Outstanding Issue” means the number of Class A Shares, taken together with the number of Class A Shares issuable on conversion of the Class B Shares and the Class C Multiple Voting Shares immediately prior to the Class B Share issuance or grant of Option in question.
- (ee) “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 partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (ff) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, 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 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.
- (gg) “Plan” means this stock option plan as from time to time amended.
- (hh) “Regulatory Approvals” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (ii) “Regulatory Authorities” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.

- (jj) “Regulatory Rules” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (kk) “Securities Act” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (ll) “Share” or “Shares” means, as the case may be, one or more Class B Shares in the capital stock of the Company.
- (mm) “Subsidiary” means a wholly-owned or controlled subsidiary corporation of the Company.
- (nn) “Ten Percent Shareholder Participant” means an individual to whom an Incentive Stock Option is granted pursuant to the provisions of the Plan who is, on the date of the grant, the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent, if any, or its subsidiary corporations (as defined in Code Section 424(e)).
- (oo) “Triggering Event” means:
 - (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company 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 Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (pp) “U.S. Option Holder” means an Option Holder whose Options awarded under the Plan are subject to taxation under the Code, including U.S. residents and U.S. citizens regardless of country of residence.

(qq) “Vest” or “Vesting” means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

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

SECTION 2 GRANT OF OPTIONS

2.1 Grant of Options

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan. Options will be awarded to U.S. Option Holders only if such U.S. Option Holder performs services for the Company or any corporation or other entity in which the Company has a direct or indirect controlling interest or otherwise has a significant ownership interest, as determined in accordance with applicable regulations under section 409A of the Code, such that the Option will constitute an award of “service recipient stock” for purposes of Section 409A of the Code or otherwise does not subject the award to the excise tax under Section 409A of the Code. For U.S. Options Holders, an Option will not be granted to an RRSP.

2.2 Record of Option Grants

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the designation of Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (d) the Grant Date and Expiry Date of the Option;
- (e) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;

- (f) the vesting and other additional terms, if any, attached to the Option; and
- (g) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted, subject to the provisions of section 2.1 hereof, and provided that only a committee of the Board comprised of directors who qualify as independent directors (within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant awards to Directors who are not also employees of the Company or an affiliate of the Company.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding Options granted to Insiders within the previous 12 months, exceed 10% of the Outstanding Issue;

- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan; Effective Date of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder. The Plan was adopted by the Board on [_____], 2019. The Plan shall be subject to approval by the stockholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Board.

3.6 Limitation on Service

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary. In addition, the Company or an affiliate may at any time dismiss an Option Holder from employment free from any liability or any claim under the Plan or any Option, unless otherwise expressly provided in the Plan or in any award agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Option Holder shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options.

3.8 Agreement

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder is promised his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 Representation

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

**SECTION 4
NUMBER OF SHARES UNDER PLAN**

4.1 Number of Shares

Subject to adjustment as provided for herein and to section 12, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding stock options of the Company granted pursuant to any other Company option plan or a previous stock option plan or agreement, will not exceed 10% of the Outstanding Issue. 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 pursuant to this Plan.

4.2 Fractional Shares

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder

shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5 TERMS AND CONDITIONS OF OPTIONS

5.1 Exercise Period of Option

Subject to sections 5.5, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. No Incentive Stock Option may be granted after ten (10) years from the earlier of the date this Plan was adopted by the Board or the date this Plan was approved by shareholders. The term and expiry date of an Incentive Stock Option shall not exceed ten (10) years, (and in the case of an Incentive Stock Option granted to a Ten Percent Shareholder Participant, it shall not exceed five (5) years) from Grant Date of such Incentive Stock Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 Exercise Price of Option

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Fair Market Value of the Shares as of the Grant Date. The Market Value of the Class A Shares for a particular Grant Date shall be determined as follows, and for Options awarded to U.S. Option Holders, the Exercise Price will not be less than such Market Value, provided however that the Committee may designate a purchase price below Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an affiliate of the Company:

- (a) for each organized trading facility on which the Class A Shares are listed, Market Value will be the closing trading price of the Class A Shares on the day immediately preceding the Grant Date, and, except with respect to Options awarded to U.S. Option Holders, may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Class A Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Class A Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Class A Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the

Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and

- (d) if the Company's Class A Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Class A Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Class A Shares in private transactions negotiated at arms length and any other factors required to be considered under section 409A of the Code for purposes of valuation of stock that is not traded on an established securities market. 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 that would apply to the Company on the Grant Date in question.

Notwithstanding the foregoing, the Exercise Price of Shares subject to an Incentive Stock Option granted under the Plan to a Ten Percent Shareholder Participant shall be not less than 110% of the Fair Market Value on the Grant Date as determined in good faith by the Committee at the Grant Date.

5.4 Incentive Stock Options.

The maximum aggregate number of Shares that may be issued under this Plan as Incentive Stock Options is 625,000 Shares. Incentive Stock Options may only be granted to individuals who are employees of the Company or a subsidiary of the Company (as defined under section 424(f) of the Code). To the extent that Options designated as Incentive Stock Options become exercisable by an Option Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion of such Options which exceeds such amount shall not be treated as Incentive Stock Options but instead shall be treated as Non-Statutory Stock Options. For the purposes of this Section 5.4, Options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the fair market value of Shares shall be determined as of the Grant Date of the Option with respect to such Shares. If the Code is amended to provide for a different limitation than that set forth in this Section 5.4, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as may be required or permitted by such amendment to the Code. If an Option is treated as a Non-Statutory Option in part by reason of the limitation set forth in this Section 5.4, the Option Holder may designate which portion of such Option the Option Holder is exercising at any given time. In the absence of such designation, the Option Holder shall be deemed to have exercised the Incentive Stock Option portion of the Option first. If the Plan is not approved by shareholders in accordance with the requirements of section 422 of the Code within twelve (12) months of the adoption of the Plan, Options otherwise designated as Incentive Stock Options will be Non-Statutory Stock Options. The Company shall have no liability to an Options Holder, or any other party, if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

5.5 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
 - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
 - (i) termination for cause;
 - (ii) resigning his or her position; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order, in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the

Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.6 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may 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 this Plan.

5.7 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 TRANSFERABILITY OF OPTIONS

6.1 Non-transferable

An Incentive Stock Option shall not be assignable or transferable by any Option Holder and, subject to section 6.2 hereof, may be exercised during the life of the Option Holder only by the Option Holder. An Option other than an Incentive Stock Option are non-assignable and non-transferable, except as provided otherwise in this section 6.

6.2 Death of Option Holder

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 Disability of Option Holder

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before

the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

6.4 Disability and Death of Option Holder

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 Vesting

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7 EXERCISE OF OPTION

7.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel or, at the discretion of the Company, by payment of the exercise price through broker-assisted cashless exercise, tender of previously owned Shares with a fair market value equal to the exercise price, net exercise (except with respect to Incentive Stock Options) and any other method permitted under the terms of the Option Certificate and attached schedules or as may be approved by the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

7.2 Black Out Period

Notwithstanding the foregoing, except in the case of Incentive Stock Options, if an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.5(a)(i), (ii), or (iii) or section 5.5(b)(i), (ii), or (iii) above) within or immediately after a Black Out, the term of such Option shall be extended to the date which is ten (10) business days after the last day of the Black Out; provided, that, the expiration date as extended by this section 7.2 will not in any event be beyond the later of: (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

7.3 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the certificate for the Shares.

7.4 No Rights as Shareholder

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

7.5 No Right to Employment; Other Benefits

No compensation or benefit awarded to or realized by any Option Holder under the Plan shall be included for the purpose of computing such Option Holder's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

7.6 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts;

- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded; or
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

7.7 No trust Fund Created

Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any affiliate and an Option Holder or any other Person or Entity. To the extent that any Person acquires a right to receive payments from the Company or any affiliate pursuant to an award, such right shall be no greater than the right of any unsecured general creditor of the Company or any affiliate.

**SECTION 8
ADMINISTRATION**

8.1 Board or Committee

The Plan shall be administered by the Administrator with oversight by the Committee.

8.2 Powers of Committee

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;

- (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted;
 - (v) determine the number of Shares subject to each Option; and
 - (vi) to designate Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.4 Interpretation

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

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan (provided that with respect to Options of U.S. Option Holders such

amendment will be undertaken only if it will not cause adverse tax consequences under section 409A of the Code) or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

SECTION 10

CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

10.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11 ADJUSTMENTS AND TERMINATION

11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Board's adoption of the Plan.

11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

11.4 Triggering Events

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Option Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably, and in the case of Options held by U.S. Option Holders, in a manner that complies with the requirements of U.S. Treas. Reg. Sec. 1.409A-1(b)(5)(v)(D), and with respect to Incentive Stock Options, with U.S. U.S. Treas. Reg. Sec. 1.424-1(a)(5).

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SECTION 12 ADJUSTMENTS AND TERMINATION

12.1 Maximum Number of Options

Notwithstanding anything contained in the Plan to the contrary, the maximum number of options the committee can grant is 10% of the number of Class A Shares, which for clarity, includes the number of Class A Shares issuable on conversion of the Class B Shares and the Class C Multiple Voting Shares. For the avoidance of doubt, the maximum number of stock options granted under this Plan and any other Company equity incentive plan must not exceed 10% of the Outstanding Issue.

SECTION 13 CALIFORNIA OPTIONS

13.1 California Options

Notwithstanding any other provision of this Plan, the provisions of this section 13 shall apply to any award granted or proposed to be granted to a Person in California, unless such award is otherwise exempt from the applicable securities laws of California (a “California Award”).

13.2 Termination Date

A California Award may not be exercised more than 10 years after the grant date and any award agreement shall terminate on or before the 10th anniversary of the date of grant.

13.3 Post-Termination Exercise Period

Unless employment is terminated for cause as defined by applicable law, the terms of the Plan or award agreement or a contract of employment, the right to exercise an Option by a Participant in California in the event of termination of employment of the Participant, to the extent that the Participant is entitled to exercise on the date employment terminates, continues until at least the earlier of the expiration of the Term of Option or:

- (a) at least six months from the date of termination, if termination was caused by death or disability; or
- (b) at least 30 days from the date of termination, if termination was caused by other than death or disability.

13.4 Shareholder Approval / Grant Limitations

The Company will not grant California Awards unless:

- (a) the Company is a foreign private issuer, as defined by Rule 3b-4 of the Exchange Act, on the grant date of the California Award, and the aggregate number of persons in California granted awards under all compensation plans and agreements and issued securities under all purchase and bonus plans and agreements of the Company does not exceed 35; or
- (b) prior to or within 12 months of the granting of the first California Award under the Plan and prior to increasing the number of Authorized Shares, the Plan is approved by a majority of the Company’s outstanding securities entitled to vote, not counting for the purpose of calculating such vote any securities issued upon exercise or vesting of awards granted in California.

Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such awards shall be rescinded if such security holder approval is not received in the manner described in Section 13.4.

13.5 Company Information

The Company shall furnish summary financial information (audited or unaudited) of the Company’s financial condition and results of operations, consistent with the requirements of

applicable law, at least annually to each Participant in California during the period such Participant has one or more Awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such Participant owns such Shares; provided, however, the Company shall not be required to provide such information if (i) the issuance is limited to key persons whose duties in connection with the Company assure their access to equivalent information or (ii) the Plan or any agreement complies with all conditions of Rule 701 of the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a “family member” as that term is defined in Rule 701.

SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

4FRONT VENTURES CORP.

CLASS B PROPORTIONATE SHARE OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of 4Front Ventures Corp. (the “**Company**”) and evidences that ●[Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ● Class B Proportionate Voting Shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$● per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia, Canada (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●; and
- (b) subject to sections 5.5, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is 20.

To exercise this Option (to the extent it is vested), the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel, or by payment of the exercise price through broker-assisted cashless exercise, tender of previously owned Shares with a fair market value equal to the exercise price, net exercise (except with respect to Incentive Stock Options) in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

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

[Include legends prescribed by Regulatory Authorities, if required.]

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, of the United States of America (the “Act”) or the securities laws of any state (“State”) of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such securities are (i) registered under the Act and any applicable State securities act (a “State Act”), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to it, or (iii) sold in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it.”

4Front Ventures Corp. by its authorized signatory:

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

Signature

Date signed:

Print Name

Address

OPTION CERTIFICATE – SCHEDULE

[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested in accordance with the terms of the Plan and the vesting schedule below, and then only to the extent that they have vested. Provided that the Option Holder remains in continuous service with the Company or an affiliated entity through the dates specified below, the Options will vest in accordance with the following:
 - (a) • Shares (•%) will vest and be exercisable on or after the Grant Date;
 - (b) • additional Shares (•%) will vest and be exercisable on or after • [date];
 - (c) • additional Shares (•%) will vest and be exercisable on or after • [date];
 - (d) • additional Shares (•%) will vest and be exercisable on or after • [date];
2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.5(a) or 5.5(b) of the Plan, the Expiry Date of the Option shall be • **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

Type of Option _____ Incentive Stock Option
(U.S. Employees only): _____ Non-Statutory Stock Option

3. The following provisions apply to Incentive Stock Options.
 - (a) Incentive Stock Options (“ISOs”) may be issued only to individuals who are employees of the Company or a subsidiary of the Company (as defined under section 424(f) of the Code) (“U.S. Employees”).
 - (b) If a U.S. Option Holder has been granted an ISO and ceases to be a U.S. Employee, then, in order to retain the status of the Option as an ISO for U.S. federal tax purposes, such Option must be exercised within the time limits set forth below. Failure to exercise an Incentive Stock Option within the following time limits will result in the Option ceasing to be an Incentive Stock Option. The limitations below are not intended to extend the term of an Option as set forth in the Plan, the applicable Option Certificate and related Schedules. The limitations below merely reflect the period during which an Option intended to be an Incentive Stock Option must be exercised (assuming it otherwise could be exercised during such period) in order retain Incentive Stock Option tax treatment. If an ISO ceases to be an ISO by virtue of failure to timely exercise the Option as described above, but the Option

remains exercisable pursuant to its terms, the Option will be treated as a Non-Statutory Stock Option and the provisions set forth in the Plan or the Option Certificate will apply with respect to the period during which the Option may be exercised.

- A U.S. Option Holder who ceases to be a U.S. Employee due to Disability must exercise an ISO (to the extent such ISO was exercisable on the date of termination of employment due to Disability) within one year following the date of termination due to Disability (but in no event beyond the term of such Incentive Stock Option) in order to retain ISO tax treatment.
 - A U.S. Option Holder who ceases to be a U.S. Employee for any reason other than the death or Disability must exercise such ISO (to the extent such ISO was exercisable on the date of termination of employment) within three months following the date of termination (but in no event beyond the term of such ISO), in order to retain ISO tax treatment.
 - An Incentive Stock Option of a U.S. Participant who ceases to be a U.S. Employee by reason of death can be exercised by the estate in accordance with the terms of the Plan and applicable Option Certificate during the period specified in the Plan or the applicable Option Certificate without loss of ISO tax treatment (assuming other ISO requirements are met).
- (c) To the extent that an Option designated as an ISO becomes exercisable by an Option Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000 (measured by the fair market value as of the Grant Date), the portion of such Option which exceeds such amount shall not be treated as an ISO but instead shall be treated as a Non-Statutory Stock Option.

SCHEDULE B

**4FRONT VENTURES CORP.
STOCK OPTION PLAN**

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan

-
- [Address]

(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of 4Front Ventures Corp. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (d) all of the Shares; or
- (e) of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**). The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid Shares (or such other method of payment permitted by the grant agreement) and directs the Company to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address (**provide full complete address**):

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date of the Option.

DATED the day ____ of ____, 20 .

Signature of Option Holder