

**LINEAGE GROW COMPANY LTD.**

**NOTICE OF MEETING  
AND  
MANAGEMENT PROXY CIRCULAR**

**FOR THE  
ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TO BE HELD AT 10:00 A.M.  
ON THURSDAY, AUGUST 9, 2018**

**DATED JUNE 25, 2018**

## LINEAGE GROW COMPANY LTD.

### NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of Lineage Grow Company Ltd. (the "**Corporation**") will be held at 77 King Street West, Suite 2905, Toronto Ontario on August 9, 2018, at 10:00 a.m. (Eastern Standard time), for the following purposes:

- (1) to receive the consolidated financial statements of the Corporation for its fiscal year ended January 31, 2018, report of the auditor thereon and related management discussion and analysis;
- (2) to elect the directors of the Corporation for the ensuing year;
- (3) to re-appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix the auditor's remuneration; and
- (4) to transact such other business as may properly come before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular (the "**Information Circular**") under the section "Matters to be Acted Upon".

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is June 25, 2018 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

#### **Notice-and-Access**

The Corporation is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

#### **Website Where Meeting Materials are Posted**

The Notice-and-Access Provisions allow reporting issuers to post electronic versions of proxy-related materials, such as information circulars and annual financial statements, (collectively, the "**Proxy-Related Materials**") online, via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Information Circular, financial statements of the Corporation for the fiscal year ended January 31, 2018 (the "**Financial Statements**") and related management's discussion and analysis (the "**MD&A**") may be found on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and also on the Corporation's website at [www.lineagegrow.com](http://www.lineagegrow.com) under "News". The Corporation will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Information Circular to some Shareholders with this notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Information Circular nor the Financial Statements.

#### **Obtaining Paper Copies of Materials**

The Corporation anticipates that using the Notice-and-Access Provisions for delivery to all Shareholders will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote

environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about notice-and-access can call the Corporation's transfer agent AST Trust Company ("AST") toll-free at 1-888-433-6443 or outside Canada and U.S. 416-682-3801. Shareholders may also obtain paper copies of the Information Circular, Financial Statements and MD&A free of charge by contacting AST toll-free at 1-888-433-6443 or outside Canada and U.S. call 1-416-682-3801; or [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com) or upon request to the Company's Corporate Secretary.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Corporation or AST, as applicable, by Wednesday, July 25, 2018, in order to allow sufficient time for Shareholders to receive the paper copies, and to return their proxies to AST, or voting instruction forms to intermediaries, in each case before 10:00 a.m. (Toronto time) on August 7, 2018, or the time that is not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof (the "**Proxy Deadline**").

### **Voting**

**All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy.**

### **FORM OF PROXY FOR REGISTERED SHAREHOLDERS**

Completed proxies, for Registered Shareholders, must be returned to AST, the Corporation's transfer agent, (i) by mail c/o Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1; or (ii) by facsimile at 416-368-2502 or 1-866-781-3111 (within Canada and the United States); or (iv) via the Internet at [www.astvotemyproxy.com](http://www.astvotemyproxy.com); (v) telephone voting number 1-888-489-5760; or (vi) via email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) by 10:00 a.m. (Toronto time) on August 7, 2018, or, or the time that is not later than the Proxy Deadline.

### **VOTING INSTRUCTION FORMS FOR NON-REGISTERED SHAREHOLDERS**

Non-Registered Shareholders, who have not waived the right to receive the Proxy-Related Materials will either: (i) receive a voting instruction form; or (ii) be given a proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted to the number of common shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed.

Non-Registered Shareholders should carefully follow the instructions that accompany the voting instruction form or the proxy, including those indicating when and where the voting instruction form or the proxy is to be delivered. Voting instructions must be deposited by the Proxy Deadline, however your voting instruction form may provide for an earlier date in order to process your votes in a timely manner. Voting instruction forms permit the completion of the voting instruction form online or by telephone. A Non-Registered Shareholder wishing to attend and vote at the Meeting in person should follow the corresponding instructions on the voting instruction form or, in the case of a proxy, strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder's name in the space provided.

**DATED** at Toronto, Ontario, June 25<sup>th</sup>, 2018

**BY ORDER OF THE BOARD OF DIRECTORS**

Peter Bilodeau

Chief Executive Officer and Director

**LINEAGE GROW COMPANY LTD.**  
Suite 2905, 77 King Street West, Toronto, Ontario, M5K 1H1  
Telephone 1-416-840-3798 Fax 1-416-765-0029

## **MANAGEMENT PROXY CIRCULAR**

**This Management Proxy Circular ("Circular") is furnished in connection with the solicitation of proxies by the management of Lineage Grow Company Ltd. (the "Corporation") for use at the annual general meeting (the "Meeting") of the holders ("Shareholders") of common shares of the Corporation ("Common Shares") to be held on August 9, 2018 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.**

## **GENERAL PROXY INFORMATION**

The Corporation is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") for distribution of this Circular to registered and non-registered (or beneficial). Further information on the Notice-and-Access Provisions is contained below under the heading "General Information – "Notice-and-Access" and Shareholders are encouraged to read this information for an explanation of their rights.

### **Solicitation of Proxies**

The cost of solicitation by or on behalf of management will be borne by the Corporation. The Corporation may reimburse brokers, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding the proxy material to beneficial owners of shares. It is expected that such solicitation will be primarily by mail. In addition to solicitation by mail, certain officers, directors and employees of the Corporation may solicit proxies by telephone or personally. These persons will receive no compensation for such solicitation other than their regular salaries.

### **Appointment of Proxy holders**

The Common Shares represented by the accompanying form of proxy (if the same is properly executed in favour of Mr. Peter Bilodeau, Chief Executive Officer of the Corporation, or failing him Mr. Adam Szweras, Corporate Secretary of the Corporation, the management nominees, and is received at the offices of AST Trust Company ("**AST**") not later than 10:00 a.m. (Toronto time) Tuesday, August 7, 2018, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting) will be voted at the Meeting, and where a choice is specified in respect of any matter to be acted upon, will be voted in accordance with the specifications made. **In the absence of such a specification, such Common Shares will be voted in favour of such matter. The form of proxy sets out specific instructions for completing and returning the proxy in order to be properly counted at the Meeting.**

**The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the annexed notice of Meeting, and with respect to other matters which may properly come before the Meeting.** At the date hereof, management of the Corporation knows of no such amendments, variations or other matters.

**Each Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him and on his behalf at the Meeting.** Any Shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy the name of the person whom such Shareholder wishes

to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

A Shareholder who has given a proxy may revoke it at any time insofar as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing or, if the Shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited with the Corporation c/o AST at the address set out in the proxy, at any time up to and including the close of business on August 7, 2018, or thereafter with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law.

### **Registered Shareholders**

If you are a registered Shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Corporation's transfer agent, AST, Attention: Proxy Department by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) or via fax to 1-866-781-3111 (toll free in North America) or to 416-368-2502, or by mail, Attention: Proxy Department, PO Box 721, Agincourt, Ontario M1S 0A1, at any time up to and including 10:00 a.m. (Eastern Standard Time) August 7, 2018.

To vote by internet or telephone voting - 1-888-489-5760. Have your form of proxy available when you access the website of AST at [www.astvotemyproxy.com](http://www.astvotemyproxy.com). You will be prompted to enter your Control Number which is located near the label at the bottom of the proxy. You may also appoint a person other than the persons designated on this form of proxy by following the instructions provided on the website.

In all cases, to be represented at the Meeting, proxies submitted must be received no later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or adjournment thereof.

### **Beneficial Shareholders**

The information set forth in this section is of significant importance to many public Shareholders as a substantial number of the public Shareholders do not hold Common Shares in their own names. A Shareholder is a non-registered shareholder (referred to in this Circular as "**Beneficial Shareholders**") if (i) an intermediary (such as a bank, trust company, securities dealer or broker, trustee or administrator of a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account), or (ii) a clearing agency (such as CDS Clearing and Depository Services Inc. or Depository Trust and Clearing Corporation), of which the intermediary is a participant (in each case, an "**Intermediary**"), holds the shareholder's shares on behalf of the shareholder.

In accordance with NI 54-101, the Corporation is distributing copies of a voting instruction form in lieu of a Proxy provided by the Corporation, to Intermediaries for distribution to Beneficial Shareholders and such Intermediaries are to forward a voting instruction form in lieu of a Proxy provided by the Corporation, to each Beneficial Shareholders (unless the Beneficial Shareholders has declined to receive such materials). Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary 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 Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on

behalf of the Beneficial Shareholder.

Such Intermediaries often use a service company (such as Broadridge Financial Solutions Inc. ("**Broadridge**")), to permit the Beneficial Shareholders to direct the voting of the Common Shares held by the Intermediary on behalf of the Beneficial Shareholder. The Corporation is paying Broadridge to deliver, on behalf of the Intermediaries, a copy of a voting instruction form in lieu of a Proxy provided by the Corporation, to each "non-objecting beneficial owner" and each "objecting beneficial owner" (as those terms are defined in NI 54-101). Broadridge typically applies a decal to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with a Broadridge decal on it cannot use that proxy to vote shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

Since the Corporation does not have access to the names of its non-registered Shareholders, if a Beneficial Shareholder attends the Meeting the Corporation will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting.

#### **Notice and Access**

As noted above, the Corporation is utilizing the notice-and-access mechanism (the "**Notice-and-Access Provisions**") under NI 54-101 and NI 51-102 for distribution to this Circular to Beneficial Shareholders and for Registered Shareholders.

The Notice-and-Access Provisions allow reporting issuers to post electronic versions of proxy-related materials, such as proxy, information circulars and annual financial statements (collectively, the "**Proxy-Related Materials**") online via the System for Electronic Document Analysis and Retrieval ("**SEDAR**") and one other website, rather than mailing paper copies of such materials to Registered and Beneficial Shareholders. Electronic copies of the Circular, financial statements of the Corporation for the year ended January 31, 2018 ("**Financial Statements**") and related management's discussion and analysis ("**MD&A**") may be found on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and also on the Corporation's web site [www.lineagegrow.com](http://www.lineagegrow.com). The Corporation will not use procedures known as "stratification" in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, Registered and Non-Registered Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. Shareholders are reminded to review this Circular before voting.

Although this Circular, the Financial Statements and the MD&A will be posted electronically online as noted above, Shareholders will receive paper copies of a "notice package" via prepaid mail containing the Notice with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders to request they be included in the Corporation's supplementary mailing list for receipt of the Corporation's annual financial statements for the 2018 fiscal year.

The Corporation anticipates that relying on the Notice-and-Access Provisions will directly benefit the Corporation through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing Proxy-Related Materials.

Shareholders with questions about the Notice-and-Access Provisions can call the Corporation's transfer agent, AST at 1-888-433-6443 or outside of Canada and the US 1-416-682-3860. Shareholders may also obtain paper copies of Proxy Related Material free of charge by contacting AST at 1-888-433-6443 or [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com) or upon request to the Corporate Secretary of the Corporation.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Corporation or AST Trust Company, as applicable, by Wednesday, July 25, 2018, in order to allow sufficient time for Shareholders to receive their paper copies and to return: a) their form of proxy to the Corporation or AST, or b) their voting instruction form ("**VIF**") to their Intermediaries by the Proxy Deadline for submitting their proxy or VIF, as applicable.

### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the federal corporate laws of Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the Canadian securities laws applicable to the Corporation. Shareholders should be aware that disclosure requirements under the Canadian securities laws applicable to the Corporation differ from the disclosure requirements under United States securities laws.

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

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

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

The Board of Directors (the "**Board**") of the Corporation has fixed June 25, 2018, as the record date (the "**Record Date**") for determination of persons entitled to receive notice and vote at the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Common Shares are listed for trading on the Canadian Securities Exchange (the "**CSE**"). As of June 25, 2018, there were 55,252,775 Common Shares issued and outstanding, each carrying the right to one vote.

To the knowledge of the directors and executive officers of the Corporation, no person or Corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares.

## VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Corporation's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## MATTERS TO BE ACTED UPON

### PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements of the Corporation for the fiscal year ended January 31, 2018, together with the auditor's report thereon and the related MD&A, all of which may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com), will be presented at the Meeting.

### ELECTION OF DIRECTORS

The Articles of the Corporation provide that the number of directors of the Corporation will be a minimum of three and a maximum of eleven. Pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") and the By-Laws of the Corporation, the directors have determined that there will be five persons elected to the Board at the Meeting. Unless a director's office is earlier vacated in accordance with the provisions of the OBCA, each director elected will hold office until the conclusion of the next annual meeting of the Corporation, or if no director is then elected, until a successor is elected.

The following table sets out the names, municipality of residence of each management nominee (each a "Nominee"), the present offices of the Corporation now held by each Nominee, the principal occupations of each Nominee, the period of time during which each has been a director of the Corporation and the number of Common Shares beneficially owned by each Nominee, directly or indirectly, or over which control or direction is exercised as at the Record Date.

Name and Municipality of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(4)</sup>
<b>Peter Bilodeau</b> Windsor, Ontario, Canada	President and CEO of the Corporation from October 1, 2015 until April 24, 2017. Reappointed as President and CEO on April 9, 2018 to present. President of Wingold Energy Corp. from March 2017 to present. President of FMI Capital Advisory Inc. ("FMICAI") from April 2017 to present. CEO of Foundation Markets Inc. ("FMI") from May 2017 to present.	October 2013	140,814 <sup>(5)</sup>
<b>Aurelio Useche</b> <sup>(1)(2)(3)</sup> Verdun., Quebec, Canada	President of ZVS Investments since January 2007 to present; Chief Executive Officer of Relevium Technologies from	October 2014	Nil



Name and Municipality of Proposed Directors	Principal Occupation and Present Offices Held	Director Since	Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(4)</sup>
	November 2016 to present		
<b>Hamish Sutherland</b> <sup>(1)(2)(3)</sup> Toronto, Ontario, Canada	President and CEO of White Sheep Corp. from November 2016 to present. COO of Bedrocan Canada Ltd / Bedrocan Cannabis Corp. from November 2013 to August 2016.	December 12, 2016	109,600
<b>Robert Schwartz</b> <sup>(2)(3)</sup> Toronto, Ontario, Canada	Principal at Wa-Lin Trading from 2002 to present.	December 12, 2016	1,140,000
<b>David Posner</b> <sup>(1)</sup> Toronto, Ontario, Canada	Chairman of Nutritional High International Inc. ("NHII"). President and CEO of NHII from July 2014 to July 2016. Acquisitions Manager for Stonegate Properties Inc. from 2012 to 2014. Managing Director of Sales and Acquisitions for Maria Chiquita Development Company from 2005 to 2012.	December 12, 2016	1,140,000

**Notes:**

- (1) Member of the Audit Committee of the Board.
- (2) Member of the Compensation and Nomination Committee of the Board.
- (3) Member of the Corporate Governance Committee of the Board.
- (4) The information as to principal occupation and Common Shares beneficially owned or over which control or direction is exercised is not within the knowledge of the Corporation, and therefore has been furnished by each director individually.
- (5) Of these shares, 140,000 common shares are owned by SMN Corp., a company where Mr. Bilodeau is a beneficiary.

**Director Biographies**

***Peter O. Bilodeau, Director***

Mr. Bilodeau has been the Chief Executive Officer of FMI from May 2017, and President of FMICAI since April 2017. Mr. Bilodeau has also been the President of Wingold Energy Corp. since March 2017. Mr. Bilodeau has numerous business interests in various sectors, including oil and gas, corporate finance, real estate investments, management and financial consulting, the retail sign business, and the alternative financial services. Prior to launching his entrepreneurial career, Mr. Bilodeau worked for one of Canada's major chartered banks quickly advancing to the senior management ranks. He is a former real estate appraiser with extensive experience in real property valuation. Mr. Bilodeau has an MBA with a specialty in Financial Services, from Dalhousie University, Halifax, Nova Scotia, Canada.

***Aurelio Useche, Director***

Mr. Useche is currently CEO of Relevium Technologies and President of ZVS Investments. Mr. Useche has over 20 years of senior management experience in both private and publicly traded corporations in manufacturing, clean technologies, mineral exploration and most recently, consumer products and ecommerce. Mr. Useche has served on several corporate boards of private and public corporations. Mr. Useche holds an Executive MBA from Queens University and a BA in Economics from Concordia University. Mr. Useche is a CPA, CMA and is also a Certified Corporate Director ICD.D.

***Hamish Sutherland, Director***

Mr. Sutherland is the President and CEO of White Sheep Corp., and is the former COO of Bedrocan Cannabis Ltd./Bedrocan Cannabis Corp. ("**Bedrocan**") (Nov 2013 to August 2016), Managing Partner of The Marketing Partners Until Nov 2013, and the former President and Managing Director of Bod.Com in the Asia Pacific. Through the start-up and growth phases at Bedrocan, Mr. Sutherland led the operations teams through first time legal import of cannabis into Canada, the commissioning and full capacity operations of their 52,000 sq. ft. automated indoor cultivation and production facility, and the first legal cross-border transport of live cannabis plant material. Bedrocan currently comprises approximately 25% of the market value for Canopy Growth's \$1.4B market value. Previously, Mr. Sutherland was also a founding limited partner at the Upper Canada Brewing Company. Mr. Sutherland is a hands-on team builder and leader with a history of success creating, designing and executing comprehensive operations, marketing, business development and sales programs and strategies. He values most a commitment to customer satisfaction, a clear value proposition and market focus. He excels in high-growth, dynamic business operations in pharma, technology, integrated solutions, manufacturing and services. Specialties: Start-ups, high growth strategies, international market development, technology branding, financial capital structuring for small, high-growth tech companies - he fancies himself a corporate "sherpa" to entrepreneurs and intrapreneurs, outside and inside his organizations. He holds a Bachelor of Engineering Physics from McMaster University & an MBA from the Schulich School at York University.

***Robert Schwartz, Director***

Mr. Schwartz has been the Principal at Wa-Lin Trading from 2002. Mr. Schwartz is a serial entrepreneur for over 15 years. His expertise lies in manufacturing, global distribution, and corporate restructuring. His background is in financial services and financing micro and small cap companies in the venture capital space niche agricultural and technology space. Mr. Schwartz holds a Bachelor's degree in Economics at York University.

***David Posner, Director***

Mr. David Posner currently serves as the Chairman of the board of NHII, a director of Capricorn Business Acquisitions Inc. and of Aura Health Corp. (a private company involved in the development and acquisition of marijuana health clinics in the U.S.). Between July 2014 and July 2016, Mr. Posner was the President and Chief Executive Officer of NHII. Between 2012 and 2014, Mr. Posner served as the Acquisitions Manager for Stonegate Properties Inc., where he managed real estate properties and brokered deals in Canada and Oklahoma. He was a Managing Director of Sales and Acquisitions for Maria Chiquita Development Company from 2005 to 2012. From 2004 to 2007 he was a partner in a private investment group involved in the acquisition, re-zoning and re-positioning for sale of land holdings in Costa Rica and Panama. Mr. Posner holds a Bachelor of Arts degree from York University.

**Cease Trade Orders and Bankruptcies**

Except as disclosed below, no proposed director of the Corporation is, as of the date of this Circular, or has been, within the ten years prior to the date hereof, a director or chief executive officer or chief financial officer

of any company (including the Corporation) that: (i) was subject to an order that was issued while the proposed director was acting as a director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, no proposed director of the Corporation is, at the date of this Circular, or has been within ten years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Onco Petroleum Inc. ("**Onco**") was listed on the CNQ exchange (now the CSE). Peter Bilodeau was CEO and director of Onco from September 2008 to April 2011. In July 2008, prior to Mr. Bilodeau assuming his posts with Onco, a cease trade order was issued against Onco for failing to file financial statements.

On March 30, 2010, a receiver was appointed by the Ontario Superior Court and Onco's assets were sold off. Peter Bilodeau was CEO and director of Onco from September 2008 to April 2011. Energen Petroleum Inc., founded by Mr. Bilodeau, filed for bankruptcy in June 2016.

### **Penalties and Sanctions**

No proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **Individual Bankruptcies**

Except as disclosed below, no proposed director of the Corporation has, within the ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Due to his heavy investment in the Onco and Energen Petroleum Inc., Mr. Bilodeau filed a creditor proposal in June 2016. It was discharged in February 2017.

**The persons designated as proxyholders by management of the Corporation in the proxy which accompanies this Circular intend to fund vote FOR the election of the Nominees as directors of the Corporation whose names are set forth above, unless the shareholder has specified in the proxy that the Common Shares represented by such proxy are to be withheld from voting in respect thereof.**

### **APPOINTMENT AND REMUNERATION OF THE AUDITOR**

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the re-appointment of UHY McGovern Hurley LLP. ("**UHY McGovern**"), as the auditor of the Corporation, to hold office until the next annual meeting of the shareholders, and to authorize the directors to fix the auditor's remuneration. UHY McGovern was first appointed as auditor of the Corporation on March 28, 2017, prior to UHY McGovern, RSM Canada LLP (formerly Collins Barrow Toronto LLP) was auditor of the Corporation.

To be approved, the resolution must be passed by a majority of the votes cast by the holders of Common Shares at the Meeting. **Management recommends a vote "for" in respect of the resolution approving the re-appointment of the auditor and authorizing the directors to fix the auditor's remuneration.**

### AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Corporation is responsible for the Corporation's financial reporting process and the quality of its financial reporting. The Audit Committee is charged with the mandate of providing independent review and oversight of the Corporation's financial reporting process, the system of internal control and management of financial risks, and the audit process, including the selection, oversight and compensation of the Corporation's external auditors. In performing its duties, the Audit Committee maintains effective working relationships with the Board, management, and the external auditors and monitors the independence of those auditors.

The full text of the charter of the Corporation's Audit Committee is attached hereto as Schedule "A".

#### *Composition of the Audit Committee*

The Board members of the Corporation's Audit Committee are:

<u>Name</u>	<u>Independent<sup>(1)</sup></u>	<u>Financially Literate<sup>(2)</sup></u>
David Posner (Chair)	Yes	Yes
Hamish Sutherland	Yes	Yes
Aurelio Useche	Yes	Yes

#### Notes:

- (1) A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

#### *Relevant Education and Experience*

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to his or her responsibilities as an Audit Committee member.

<b>Name of Member</b>	<b>Relevant Experience and Qualifications</b>
<b>David Posner (Chair)</b>	Mr. David Posner currently serves as the Chairman of the board of NHII, as a director of Capricorn Business Acquisitions Inc., and as a director and VP-Communications of Aura Health Corp., (a private company involved in the development and acquisition of marijuana health clinics in the US). Between July 2014 and July 2016, Mr. Posner was the President and Chief Executive Officer of NHII. Between 2012 and 2014, Mr. Posner served as the Acquisitions Manager for Stonegate Properties Inc., where he managed real estate properties and brokered deals in Canada and Oklahoma. He was a Managing Director of Sales and Acquisitions for Maria Chiquita Development Company from 2005 to 2012. From 2004 to 2007 he was a partner in a private investment group investment group involved in the acquisition, re-zoning and re-positioning for sale of land holdings in Costa Rica and Panama. Mr. Posner holds a Bachelor of Arts degree from York

Name of Member	Relevant Experience and Qualifications
	University
<b>Hamish Sutherland</b>	Mr. Sutherland is the former COO of Bedrocan and the former President and Managing Director of Bid.Com in the Asia Pacific. He excels in high-growth, dynamic business operations in pharma, technology, integrated solutions, manufacturing and services. Specialties: Start-ups, high growth strategies, international market development, technology branding, financial capital structuring for small, high-growth tech companies. He holds a Bachelor of Engineering Physics from McMaster University & an MBA from the Schulich School at York University.
<b>Aurelio Useche</b>	Mr. Useche is currently the CEO of Relevium Technologies and has over 20 years of senior management experience in both private and publicly traded corporations in manufacturing, clean technologies, mineral exploration and most recently, consumer products and e-commerce. Mr. Useche has served on several corporate boards of private and public corporations. Mr. Useche holds an Executive MBA from Queens University and a BA in Economics from Concordia University. Mr. Useche is a CPA, CMA and is also a Certified Corporate Director ICD.D.

### ***Audit Committee Oversight***

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### ***Pre-Approval Policies and Procedures***

In the event that the Corporation wishes to retain the services of the Corporation's external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

### ***Audit Fees***

The following table provides details in respect of audit, audit related, tax and other fees billed to the Corporation by the external auditors for professional services.

	Year ended January 31, 2018	Year ended January 31, 2017
Audit Fees	\$28,000	\$12,000
Audit Related Fees	Nil	\$240
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Compensation Discussion and Analysis section sets out the objectives of the Corporation's executive

compensation arrangements, the Corporation's executive compensation philosophy and the application of this philosophy to the Corporation's executive compensation arrangements. It also provides an analysis of the compensation design, and the decisions that the Board made in fiscal 2018 with respect to the Named Executive Officers. When determining the compensation arrangements for the Named Executive Officers, the Compensation and Nominating Committee considers the objectives of: (i) retaining an executive critical to the success of the Corporation and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Corporation's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. See the "Compensation Governance" below for more discussion on the Compensation and Nominating Committee.

For the purposes of this Circular, "Named Executive Officer" is defined by Form 51-102F6 *Statement of Executive Compensation* to mean (i) each of the Chief Executive Officer and the Chief Financial Officer of the Corporation, (ii) each of the Corporation's three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

During the fiscal year ended January 31, 2018, the Named Executive Officers of the Corporation consisted of: Peter Bilodeau, the current President and CEO; David Drutz, the former President and CEO; Keith Li, the current CFO; and Amy Stephenson, the former CFO.

### ***Benchmarking***

The Compensation and Nominating Committee considers a variety of factors when designing and establishing, reviewing and making recommendations for executive compensation arrangements for all executive officers of the Corporation. The Board typically does not position executive pay to reflect a single percentile within the industry for each executive. Rather, in determining the compensation level for each executive, the Compensation and Nominating Committee looks at factors such as the relative complexity of the executive's role within the organization, the executive's performance and potential for future advancement, the compensation paid by the other companies in medicinal and recreational marijuana industry, and pay equity considerations.

### ***Elements of Named Executive Officer Compensation***

The compensation paid to Named Executive Officers in any year consists of two primary components:

- (a) base salary; and
- (b) long-term incentives in the form of stock options granted under the stock option plan (the "**Option Plan**").

The key features of these two primary components of compensation are discussed below:

#### 1. Base Salary

Base salary recognizes the value of an individual to the Corporation based on his or her role, skill, performance, contributions, leadership and potential. It is critical in attracting and retaining executive talent in the markets in which Corporation competes for talent. Base salaries for the Named Executive Officers are reviewed annually. Any change in base salary of a Named Executive Officer is generally determined by an assessment of such executive's performance, a consideration of competitive compensation levels in companies similar to the Corporation (in particular, companies in the marijuana industry) and a review of

the performance of the Corporation as a whole and the role such executive officer played in such corporate performance.

## 2. Stock Option Awards

The Corporation provides long-term incentives to Named Executive Officers in the form of stock options as part of its overall executive compensation strategy. The Compensation and Nominating Committee believes that stock option grants serve the Corporation's executive compensation philosophy in several ways: firstly, it helps attract, retain, and motivate talent; secondly, it aligns the interests of the Named Executive Officers with those of the shareholders by linking a specific portion of the officer's total pay opportunity to the share price; and finally, it provides long-term accountability for Named Executive Officers.

### *Compensation of Directors*

The Compensation and Nominating Committee makes recommendations to the Board as to the appropriate level of remuneration for the directors and officers of the Corporation. The Board as a whole makes the final determination in respect of compensation matters. Remuneration is assessed and determined by taking into account such factors as the size of the Corporation and the level of compensation earned by directors and officers of companies of comparable size and industry.

Other than with respect to director fees paid to the Chairman of the Board, the only arrangements the Corporation has, standard or otherwise, pursuant to which directors are compensated by the Corporation for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultants or experts for the financial year ended January 31, 2018, are through the issuance of stock options. The number of options to be granted from time to time is determined by the Board in its discretion. There was no additional compensation paid to the Chairman.

### *Risks Associated with Compensation Policies and Practices*

The oversight and administration of the Corporation's executive compensation program requires the Compensation and Nominating Committee to consider risks associated with the Corporation's compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual reviews and also throughout the year whenever it is deemed necessary by the Compensation and Nominating Committee.

The Corporation's executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) financial controls that provide limits and authorities in areas such as capital and operating expenditures to mitigate risk taking that could affect compensation, (ii) balancing base salary and variable compensation elements and (iii) spreading compensation across short and long-term programs.

### *Compensation Governance*

The Compensation and Nominating Committee intends to conduct a yearly review of directors' compensation having regard to various reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation. Except for director's fees paid to the Chairman of the Board, director compensation is currently limited to the grant of stock options pursuant to the Option Plan. It is anticipated that the Chief Executive Officer will review the compensation of officers of the Corporation for the prior year and in comparison to industry standards via information disclosed publicly and obtained through copies of surveys. The Board expects that the Chief

Executive Officer will make recommendations on compensation to the Compensation and Nominating Committee. The Compensation and Nominating Committee will review and make suggestions with respect to compensation proposals, and then makes a recommendation to the Board.

The Compensation and Nominating Committee is currently comprised of Aurelio Useche, Hamish Sutherland and Peter Bilodeau. Messrs. Useche and Sutherland are considered independent.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the directors of the Corporation in respect of compensation issues relating to directors and officers of the Corporation. Without limiting the generality of the foregoing, the Compensation and Nominating Committee has the following duties:

- (a) to review the compensation philosophy and remuneration policy for officers of the Corporation and to recommend to the directors of the Corporation changes to improve the Corporation's ability to recruit, retain and motivate officers;
- (b) to review and recommend to the Board the retainer and fees, if any, to be paid to directors of the Corporation;
- (c) to review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to the directors of the Corporation with respect to) the Chief Executive Officer's compensation level based on such evaluation;
- (d) to recommend to the directors of the Corporation with respect to executive officer (other than the Chief Executive Officer) and director compensation including reviewing management's recommendations for proposed stock options and other incentive-compensation plans and equity-based plans, if any, for non-CEO officer and director compensation and make recommendations in respect thereof to the directors of the Corporation;
- (e) to administer the Option Plan approved by the directors of the Corporation in accordance with its terms including the recommendation to the directors of the Corporation of the grant of stock options in accordance with the terms thereof; and
- (f) to determine and recommend for the approval of the directors of the Corporation bonuses to be paid to officers and employees of the Corporation and to establish targets or criteria for the payment of such bonuses, if appropriate. Pursuant to the mandate and terms of reference of the Compensation and Nominating Committee, meetings of the Committee are to take place at least once per year and at such other times as the Chair of the Compensation and Nominating Committee may determine.

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

The following table sets forth compensation for each Named Executive Officer and director of the Corporation for the two most recently completed financial years, excluding compensation securities.



**Table of compensation excluding compensation securities**

<b>Name and position</b>	<b>Year Ended January 31</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Peter Bilodeau</b> President, CEO & Director <sup>(1)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Keith Li</b> CFO <sup>(2)</sup>	2018	\$5,000	Nil	Nil	Nil	Nil	\$5,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Aurelio Useche</b> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Hamish Sutherland</b> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Robert Schwartz</b> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>David Posner</b> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>David Drutz</b> Former President & CEO and former Director <sup>(3)</sup>	2018	\$64,000	Nil	Nil	Nil	\$15,725	\$80,825
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Amy Stephenson</b> Former CFO <sup>(4)</sup>	2018	\$33,000	Nil	Nil	Nil	Nil	\$33,000
	2017	\$9,000	Nil	Nil	Nil	Nil	\$9,000
<b>Yannis Banks</b> Former Director <sup>(5)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Mr. Bilodeau was appointed as President and CEO on October 1, 2015, and resigned on April 24, 2017. He was reappointed on April 9, 2018.
- (2) Mr. Li was appointed as CFO on December 11, 2017. Mr. Li is paid by Branson Corporate Services Inc. pursuant to the Branson Agreement. See "*Executive Compensation – Termination and Change of Control Benefits and Management Contracts.*"
- (3) Mr. Drutz was appointed as President and CEO on April 24, 2017 and was terminated as an officer and resigned as a director on April 9, 2018.
- (4) Ms. Stephenson was appointed CFO on May 12, 2016, and resigned on December 11, 2017. Ms. Stephenson was paid by Branson Corporate Services Inc. pursuant to the Branson Agreement. See "*Executive Compensation – Termination and Change of Control Benefits and Management Contracts.*"
- (5) Mr. Banks resigned from the Board on February 17, 2017.

**Exercise of Compensation Securities by Directors and NEOs**

No Named Executive Officer or director of the Corporation exercised any options or other compensation securities during the financial year ended January 31, 2018:

## Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each Named Executive Officer and director by Corporation, pursuant to the Option Plan, for services provided or to be provided, directly or indirectly, to the Corporation in the most recently completed financial year:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant <sup>(6)</sup> (\$)	Closing price of security or underlying security at year end <sup>(6)</sup> (\$)	Expiry date
<b>Peter Bilodeau</b> President, CEO & Director	Stock option <sup>(2)</sup>	125,000 4.29%	December 12, 2016	\$0.10	N/A	N/A	December 12, 2021
<b>Keith Li</b> CFO	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Aurelio Useche</b> Director	Stock option <sup>(2)</sup>	85,000 2.92%	December 12, 2016	\$0.10	N/A	N/A	December 12, 2021
<b>Hamish Sutherland</b> Director	Stock option <sup>(1)</sup>	250,000 8.58%	December 12, 2016	\$0.10	N/A	N/A	December 12, 2021
<b>Robert Schwartz</b> Director	Stock option <sup>(1)</sup>	415,000 14.24%	December 12, 2016	\$0.10	N/A	N/A	December 12, 2021
<b>David Posner</b> Director	Stock option <sup>(1)</sup>	415,000 14.24%	December 12, 2016	\$0.10	N/A	N/A	December 12, 2021
<b>David Drutz</b> Former President, CEO and former Director	N/A	Nil	N/A	N/A	N/A	N/A	N/A
<b>Amy Stephenson</b> Former CFO	Stock option <sup>(1)</sup>	85,000 <sup>(3)</sup> 2.92%	December 12, 2016	\$0.10	N/A	N/A	March 11, 2018 <sup>(4)</sup>
<b>Yannis Banks</b> Former Director	Stock option <sup>(2)</sup>	85,000 <sup>(4)</sup> 2.92%	December 12, 2016	\$0.10	N/A	N/A	December 12, 2021

### Notes:

- (1) Vesting Schedule: 1/6th of such options vest immediately and 1/6th of such options vest every 6 months until fully vested.
- (2) No vesting schedule attached to these options, and all options vested on grant.
- (3) These options expired on March 11, 2018 being 90<sup>th</sup> day after Ms. Stephenson's resignation in accordance with the terms of the Option Plan.
- (4) These options expired on May 18, 2017 being 90<sup>th</sup> day after Mr. Bank's resignation in accordance with the terms of the Option Plan.
- (5) As of January 31, 2018, the Corporation was not listed on any Exchange.

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

The following information is intended to be a brief description of the Option Plan and is qualified in its entirety by the full text of the Option Plan, which is available for review by any Shareholder at the offices of the Corporation's solicitors, Fogler, Rubinoff LLP at 77 King St. W., Suite 3000, Toronto, Ontario, M5K 1G8:

- The purpose of the Option Plan is to authorize the grant to eligible persons (as such term is defined in the Option Plan) of options to purchase Common Shares and thus benefit the Corporation by enabling it to attract, retain and motivate eligible persons by providing them with the opportunity, through stock options, to acquire an increased proprietary interest in the Corporation.
- The Option Plan is administered by the Board or a committee established by the Board for that purpose.
- The number of Common Shares reserved for issuance cannot exceed 10% of the issued and outstanding Common Shares at the time of the grant.
- The total number of Common Shares which may be reserved for issuance to any one individual under the Option Plan within any one year period cannot exceed 5% of the issued and outstanding Common Shares at the time of the grant.
- The maximum number of Common Shares which may be reserved for issuance to insiders under the Option Plan, any other employer stock option plans or options for services, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- The maximum number of Common Shares which may be issued to insiders under the Option Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of Common Shares which may be issued to any one insider and his or her associates under the Option Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the Common Shares outstanding at the time of the grant (on a non-diluted basis).
- The maximum number of stock options which may be granted to any one consultant under the Option Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- The maximum number of stock options which may be granted to investor relations persons under the Option Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).
- The purchase price for the Common Shares under each stock option shall be determined by the Board on the basis of the market price, where "market price" shall mean the prior trading day closing price of the Common Shares on any stock exchange on which the Common Shares are listed or last trading price on the prior trading day on any dealing network where the Common Shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the daily high and low board lot trading prices of the Common Shares on

any stock exchange on which the Common Shares are listed or dealing network on which the Common Shares trade for the five immediately preceding trading days. In the event the Common Shares are listed on the CSE, the price may be the market price less any discounts from the market price allowed by the CSE. The approval of disinterested Shareholders will be required for any reduction in the price of a previously granted stock option to an insider of the Corporation.

- The stock options are exercisable for a period of up to five years from the date of grant.
- If any optionee who is a service provider ceases to be an eligible person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period ending within 90 days (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), or 30 days if the eligible person is an investor relations person (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the Common Shares trade), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended.
- In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within the period of one year next succeeding the optionee's death (unless such period is extended by the Board or the committee, as applicable, and approval is obtained from the stock exchange on which the Common Shares trade).
- Stock options issued under the Option Plan may vest at the discretion of the Board, provided that, if required by any stock exchange on which the Common Shares trade, stock options issued to investor relations consultants must vest in stages over not less than 12 months with no more than one quarter of the stock options vesting in any three month period.
- Stock options granted under the Option Plan are non-assignable and non-transferable.
- The Board or committee, as applicable, may at any time amend or terminate the Option Plan, but where amended, such amendment is subject to regulatory approval.
- Upon exercise of an option, the optionee shall, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or shall otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation has the right to retain and withhold from any payment of cash or Common Shares under the Option Plan the amount of taxes required to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Corporation may require an optionee receiving Common Shares to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the optionee in whole or in part until the Corporation is so reimbursed. In lieu thereof, the Corporation has the right to withhold from any cash amount due or to become due from the Corporation to the optionee an amount equal to such taxes. The Corporation may also retain and withhold or the optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such shares so withheld.

### **Termination and Change of Control Benefits and Management Contracts**

As at January 31, 2018, there were no written contracts or agreements that provide for payment to a Named

Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a Named Executive Officer's responsibilities other than below.

### ***Drutz Agreement***

On April 24, 2017, the Corporation entered into a consulting agreement with David Drutz (the "**Drutz Agreement**") to perform the services of Chief Executive Officer of the Corporation and its affiliates. Mr. Drutz was paid a base fee of \$8,000 per month, plus a range of bonuses based on milestones, subject to annual review by the Board. Under the terms of the Drutz Agreement, Mr. Drutz has the option to terminate his employment by giving the Corporation no less than ninety (90) days' notice. The Corporation may terminate the Drutz Agreement by giving no less than ninety (90) days prior written notice (or paying the equivalent consulting fees in lieu thereof). On April 9, 2018, the Board terminated the Drutz Agreement. The Corporation and Mr. Drutz reached a mutual agreement to terminate the Drutz Agreement whereby Mr. Drutz agreed to release the Corporation from its obligations to Mr. Drutz against a payment of \$67,500 from the Corporation.

### ***Branson Agreement***

On April 1, 2015, the Corporation entered into an agreement with Branson Corporate Services Inc. ("**Branson**") to provide Chief Financial Officer, controllership, bookkeeping, administrative, and general and back office services for a monthly fee of \$5,000 (the "**Branson Agreement**"). On September 1, 2017, the Corporation and Branson amended the Branson Agreement to increase the monthly fee to \$8,000. Keith Li, the current Chief Financial Officer of the Corporation, is employed by Branson which provides Mr. Li with compensation. Ms. Stephenson, the former Chief Financial Officer of the Corporation, was also employed by Branson, which provided Ms. Stephenson with compensation. Branson is located at 77 King St. W., Suite 2905, P.O. Box 121, Toronto, Ontario, M5K 1H1.

## **CORPORATE GOVERNANCE**

### ***Board of Directors***

The Board currently consists of five directors. The Board has concluded that Aurelio Useche, Hamish Sutherland, Robert Schwartz and David Posner are "independent" for purposes of Board membership, as defined in National Instrument 58-101 *Disclosure of Corporate Governance Practices*. By virtue of his management positions or his status as promoter of the Corporation, Peter Bilodeau is not considered to be "independent".

A member of the Board is considered to be independent if the member has no direct or indirect material relationship with the issuer. A material relationship means a relationship which could, in the view of the reporting issuer's Board, reasonably interfere with the exercise of a member's independent judgment.

### ***Directorships***

In the past five years, the directors and officers of the Corporation have held officer or director positions with the following issuers:

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name or Exchange or Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
<b>Peter Bilodeau</b>	Quinsam Capital Corporation	CSE	Director and President	December 2017	Present

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name or Exchange or Market</b>	<b>Position</b>	<b>From</b>	<b>To</b>
<b>David Posner</b>	The Tinley Beverage Company Inc.	CSE	Director	October 2015	February 2017
	Capricorn Business Acquisitions Inc.	NEX	Director	December 2016	Present
	Rigel Technologies Inc.	TSX-V	Director and President	April 2017	June 2017
	Nutritional High International Inc.	CSE	Chairman	April 2014	Present
<b>Aurelio Useche</b>	Relevium Technologies Inc.	TSX-V	Chief Executive Officer	November 2016	Present
<b>Hamish Sutherland</b>	Bedrocan Cannabis Corp.	TSX-V	Chief Operation Officer	November 2013	August 2016
	Indiva Ltd.	TSX-V	Director	December 2017	Present
<b>Keith Li</b>	Quinsam Capital Corporation	CSE	Chief Financial Officer	March 2018	Present
	Rigel Technologies Inc.	TSX-V	Chief Financial Officer	December 2017	Present

### ***Orientation and Continuing Education***

The Board is comprised of individuals with either prior experience as a director of a publicly listed issuer or a private entity or with significant business experience as a senior business manager. While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as annual reports, listing statements, prospectuses, proxy solicitation materials, budgets and operations reports) is provided to new Board members to ensure that each new director is familiar with the business of the Corporation and the functions of the Board. In addition, new directors are encouraged to meet with senior management.

### ***Ethical Business Conduct***

Ethical business conduct and behaviour is of great importance to the Board and management of the Corporation. The Corporate Governance Committee and the Board have discussed the adoption of a written code of conduct but as yet have not adopted a written code. The Corporation does expect that each of the directors, officers and employees conduct themselves ethically and within the confines of professional behaviour, including the avoidance of conflicts of interest, protection and proper use of Corporation information, compliance with laws, rules and regulations and reporting of illegal or unethical behaviour.

Any director or officer of the Corporation shall disclose in writing or request to have it entered into the minutes of Board's meeting or any of the committees of the directors the nature and extent of any interest in a material contract or a material transaction, whether made or proposed, as soon as the director or officer becomes aware of such a contract or transaction. In such a case, the director shall abstain from voting on any resolution to approve such a contract or transaction.

### ***Nomination of Directors***

The Compensation and Nominating Committee is entrusted with reviewing on a periodic basis the composition of the Board and, when appropriate, with maintaining a list of potential candidates for Board membership and interviewing potential candidates for Board membership.

### ***Compensation***

At present, no compensation other than the grant of options is paid to the Corporation's directors, in such capacity. For a description of the process by which the Board determines compensation for the Corporation's officers and directors, see "*Executive Compensation – Compensation of Directors*".

### ***Other Board Committees***

Other than the Audit Committee, the Corporation's Board has a Compensation and Nominating Committee and a Corporate Governance Committee.

The Compensation and Nominating Committee's responsibility is to formulate and make recommendations to the directors of the Corporation in respect of compensation issues relating to directors and officers of the Corporation. The Compensation and Nominating Committee is comprised of Robert Schwartz (Chair), Aurelio Useche and Hamish Sutherland all of whom are independent. See "*Executive Compensation – Compensation Governance*".

The Corporate Governance Committee's responsibility is to assist the Board in fulfilling its oversight responsibilities in the following principal areas: (i) developing a set of corporate governance rules; (ii) reviewing and recommending the compensation of the Corporation's directors; (iii) facilitating the evaluation of the Board and committees of the Board. The Corporate Governance Committee is comprised of Hamish Sutherland (Chair), Robert Schwartz and Aurelio Useche, all of whom are independent.

### ***Assessments***

The Board does not formally review the contribution and effectiveness of the Board, its members or committees. The Board believes that its size facilitates an informal review process through discussion and evaluation between the Chairman of the Board, the Chief Executive Officer, and the Chair of the Corporate Governance Committee.

### ***Pension Plan Benefits***

The Corporation does not have a Pension Plan for its Named Executive Officers and directors.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets out, as of the end of the Corporation's fiscal year ended January 31, 2018, all required information with respect to compensation plans under which equity securities of the Corporation are authorized for issuance:

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))
Equity compensation plans approved by securityholders	3,839,711	\$0.10	924,711
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	3,839,711	\$0.10	924,711

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Corporation's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is as at the date hereof, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise.

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out herein, none of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time once the commencement of the Corporation's most recently completed fiscal year, the proposed nominees for election to the board of directors of the Corporation, any person or Corporation who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of any such person, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction, or has any such interest in any proposed transaction, which has materially affected or would materially affect the Corporation.

#### Corporate Finance Agreement with FMI Capital Advisory Inc. ("FMICAI")

On May 30, 2017, FMICAI entered into a consulting agreement with the Corporation, to provide the services of corporate finance advisory services in connection with the Corporation's listing on the CSE (the "**Corporate Finance Agreement**") to the Corporation effective February 1, 2017. Peter Bilodeau, a director, President and Chief Executive Officer of the Corporation, is also the President of FMICAI. FMICAI is a subsidiary of Foundation Financial Holdings Corp. ("**FFHC**"), an entity in which Adam Szweras, the Corporate Secretary of the Corporation, is a director and whereas his minor children hold an indirect interest.

For the year ended January 31, 2018, the Corporation was charged \$159,000 for consulting services provided by FMICAI, and \$87,033 was owed to FMICAI as accounts payable and accrued liabilities as at January 31, 2018. On January 1, 2018, FMICAI and the Corporation amended and restated the Corporate Finance Agreement to indicate that as additional consideration for the services provided by FMICAI to the Corporation, the Corporation would compensate FMICAI with an additional number of Common Shares in the capital of the Corporation, equivalent to \$80,000 issued to FMICAI upon CSE listing at \$0.25 per share, which Common Shares were issued on March 5, 2018.



### Convertible Debenture Financing

On April 26, 2017, the Corporation and Foundation Markets Inc. ("**FMI**") entered into a private placement finder's fee agreement in relation to the offering of units comprising of convertible debentures and warrants ("**CD Units**") of the Corporation (the "**CD Offering**"). Peter Bilodeau, the President, Chief Executive Officer and a director of the Corporation, is also the President and Chief Executive Officer of FMI. Adam Szweras, the Corporate Secretary of the Corporation, is also the Chairman of FMI. On closing of the CD Offering, FMI and members of the selling group were paid a cash commission of \$98,800 of which FMI received \$71,800. In addition, the Corporation issued 395,200 broker warrants ("**Broker Warrants**") to FMI and members of the selling group, of which 287,200 broker warrants were issued to FMI. Each Broker Warrant entitles the holder to acquire one Common Share at a price of \$0.25 per share for a period of 24 months from the closing.

### Equity Offering

On January 24, 2018, the Corporation entered into a finders' fee agreement with FMI in connection with a private placement offering (the "**Equity Offering**") of units comprising of common shares and warrants ("**Units**") which was completed in four separate tranches. FMI was paid a finder's fee of \$80,575 and was granted finders options ("**Finder Options**") to acquire a total of 261,200 Units of the Corporation at \$0.25 per unit for 24 months after applicable closing dates of the Equity Offering, with each Unit comprised of one common share and one warrant (a "**Finder Unit Warrant**"), with each Finder Unit Warrant entitling the holder to purchase one common share at \$0.325 per share for 24 months after the applicable closing dates of the Equity Offering.

### M&A Agreement

On July 7, 2017, FMI entered into a consulting agreement with the Corporation, to act as an exclusive financial advisor to the Corporation in connection with the sale, spin-out, joint venture, investment by a strategic investor or a business combination of the Corporation (the "**M&A Agreement**"). Under the terms of the M&A Agreement, the Corporation shall pay FMI an advisory fee equal to 4% (plus applicable taxes thereon), if any, payable in cash or Common Shares of the Corporation of any transaction value of any acquisition, divestiture, spin-off, sale or merger, or joint-venture that is introduced by FMI or FMI's representatives.

### Legal Services

During the financial year ended January 31, 2018, Fogler, Rubinoff LLP ("**Fogler**"), a law firm with a head office located at 77 King St. W., Suite 3000, P.O. Box 95, Toronto, Ontario, M5K 1G8, provided \$152,189 of legal services to the Corporation. Adam Szweras, the Corporate Secretary of the Corporation, is also a partner at Fogler. As at January 31, 2018, an amount of \$124,954 owing to Fogler was included in accounts payable and accrued liabilities.

### Branson Agreement

Branson provides management services to the Corporation under the Branson Agreement. See "Executive Compensation – Termination and Change of Control Benefits and Management Contracts – Branson Agreement." Branson is an entity in which FFHC owns 49% of the shares. In consideration for the services provided, the Corporation agreed to pay a monthly fee of \$5,000. Effective September 1, 2017, the fees were amended so that the monthly fee was increased to \$8,000, whereas \$5,000 was to be paid in cash and \$3,000 accrued up to the closing of the January 2018 financing. For the year ended January 31, 2018, the Corporation was charged \$87,950 for services provided by Branson. As at January 31, 2018, an amount of \$15,000 owing to Branson was included in accounts payable and accrued liabilities.

### Former CEO Agreement

During the year ended January 31, 2018, the Corporation recorded consulting fees of \$64,000 included in management, consulting fees and salaries, for services rendered by the former CEO to the Corporation. As at January 31, 2018, \$80,825 owing to the former CEO was included in accounts payable and accrued liabilities. See "Executive Compensation – Termination and Change of Control Benefits and Management Contracts – Drutz Agreement."

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and management discussion and analysis, which is filed on [www.sedar.com](http://www.sedar.com). The Corporation will provide to any person or Corporation, upon request to the Chief Financial Officer of the Corporation, one copy of the comparative financial statements of the Corporation filed with the applicable securities regulatory authorities for the Corporation's most recently completed financial year in respect of which such financial statements have been issued, together with the report of the auditor, related management's discussion and analysis and any interim financial statements of the Corporation filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements.

To obtain paper copies of Proxy Related Material free of charge by contacting AST at 1-888-433-6443 or [fulfilment@astfinancial.com](mailto:fulfilment@astfinancial.com).

### **OTHER MATTERS**

As of the date of this Circular, the Board and Management of the Corporation are not aware of any matters to come before the Meeting other than those matters specifically identified in the accompanying Notice of Meeting. However, if such other matters properly come before the Meeting or any adjournment(s) thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

### **BOARD APPROVAL**

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

**DATED** this 25<sup>th</sup> day of June, 2018.

**BY ORDER OF THE BOARD OF  
DIRECTORS**

/s/ "Peter Bilodeau"

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Mr. Peter Bilodeau  
President & Chief Executive Officer

## **SCHEDULE "A"**

### **LINEAGE GROW COMPANY LTD.**

### **AUDIT COMMITTEE CHARTER**

The following charter is adopted in compliance with National Instrument 52-110 Audit Committees ("**NI 52-110**").

#### **Purpose**

The committee will assist the Board of Directors of the Company (the "**Board**") in fulfilling its responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct as it relates to financial reporting and disclosure. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. The committee will also be responsible for reviewing the Company's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company's business, operations and risks.

#### **Committee Membership**

The Committee shall consist of no fewer than three members, a majority of whom shall not be officers or employees of the Company or any of its affiliates and who shall meet the independence requirements of Canadian securities laws and the CSE. The members and chair of the Committee shall be appointed and removed by the Board in accordance with the rules of the Corporate Governance and Directors Nominating Committee.

#### **Committee Meetings**

The Committee shall meet quarterly each year. The Chairman will schedule regular meetings, and additional meetings may be held at the request of two or more members of the Committee, the CEO, or the Chairman of the Board. External auditors may convene a special meeting if they consider that it is necessary.

The committee should invite the CFO to its meetings, as it deems appropriate. The Committee shall keep adequate minutes of all its proceedings, and the Committee Chairman will report its actions to the next meeting of the Board. Committee members will be furnished with copies of the minutes of each Committee meeting and any action taken by unanimous consent.

#### **Committee Authority and Responsibilities**

In carrying out its responsibilities, the Committee will:

1. Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
2. Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.

3. Review the Company's strategic and financing plans to assist the Board's understanding of the underlying financial risks and the financing alternatives.
4. Review management's plans to access the equity and debt markets and to provide the Board with advice and commentary.
5. Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
6. Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside counsel whenever deemed appropriate.
7. Review the annual and quarterly financial statements including Management's Discussion and Analysis and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, stock exchange requirements and governmental regulations.
8. Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
9. Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
10. Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
11. Meet with management and the external auditors to review the annual financial statements and the results of the audit.
12. Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
  - (i) actual financial results for the interim period varied significantly from budgeted or projected results;
  - (ii) generally accepted accounting principles have been consistently applied;
  - (iii) there are any actual or proposed changes in accounting or financial reporting practices; and
  - (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
13. Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
14. Review the performance of the external auditors and approve in advance provision of services other than auditing.
15. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.

16. Make recommendations to the Board regarding the reappointment of the external auditors.
17. Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
18. Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
19. Obtain regular updates from management and the Company's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
20. Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
21. Perform other functions as requested by the full Board.
22. If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
23. Review and update the charter; receive approval of changes from the Board.