



DELIC HOLDINGS CORP.

2022	Notice of Annual General Meeting of Shareholders
ANNUAL	Management Information Circular
GENERAL	
MEETING	
Place:	DLA Piper (Canada) LLP Suite 2800, Park Place 666 Burrard St. Vancouver, British Columbia, Canada V6C 2Z7
Time:	11:00 a.m. (Vancouver time)
Meeting Date:	June 22, 2022

DELIC HOLDINGS CORP.

CORPORATE DATA

Head Office

Suite 1400, 885 West Georgia
Vancouver, BC V6C 3E8
Canada

Registered Office

Suite 2800, Park Place 666 Burrard St.
Vancouver, BC V6C 2Z7
Canada

Directors and Officers

Paul Rosen - Director
Martin Tobias - Director
Sashko Despotovski - Director
Kraig Fox - Director
Matthew Stang - Director and Chief Executive Officer
Mathew Lee - Chief Financial Officer
Jackee Stang - Chief Creative Officer

Registrar and Transfer Agent

Olympia Trust Company

Legal Counsel

DLA Piper (Canada) LLP

Auditor

Manning Elliott LLP, Chartered Professional Accountants

Stock Exchange Listing

Canadian Securities Exchange under symbol "**DELC**"
OTCQB under symbol "**DELCF**"

DELIC HOLDINGS CORP.

Suite 1400, 885 West Georgia
Vancouver, BC V6C 3E8
Tel: 604 862-7953

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**Meeting**") of the holders (the "**Shareholders**") of Subordinate Voting Shares and Multiple Voting Shares in the capital of Delic Holdings Corp. (the "**Company**") will be held at Suite 2800, Park Place 666 Burrard St. Vancouver, British Columbia, Canada V6C 2Z7 and via teleconference on June 22, 2022 at 11:00 a.m. (Vancouver time), for the following purposes:

1. to receive the financial statements of the Company for the fiscal year ended December 31, 2021 and 2020 together with the report of the auditor thereon;
2. to fix the number of directors of the Company at five (5);
3. to elect the directors of the Company for the ensuing year;
4. to appoint Manning Elliott LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the directors of the Company to fix their remuneration; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Accompanying this notice of meeting ("**Notice**") is the management information circular ("**Information Circular**") and a form of proxy (including the Financial Statement Request Form). The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Company's shareholders, employees, communities and other stakeholders, Meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by teleconference. Those who attend the Meeting by teleconference are requested to read the notes to the enclosed form of proxy and then to, complete, sign and return the enclosed form of proxy in accordance with the instructions set out in the form of proxy and in the Information Circular accompanying this Notice. Shareholders will not be able to vote through teleconference.

To access the Meeting by teleconference, dial toll free at (866) 214-9607 (U.S. and Canada), (647) 427-7523 (International), Access Code: 1860347401.

DATED at Vancouver, British Columbia, this 17th day of May, 2022.

BY ORDER OF THE BOARD

(signed) "Matthew Stang"
Chief Executive Officer and Director

DELIC HOLDINGS CORP.

Suite 1400, 885 West Georgia
Vancouver, BC V6C 3E8
Tel: 604 862-7953

MANAGEMENT INFORMATION CIRCULAR

Unless otherwise stated, the information contained in this management information circular (this "**Information Circular**") is given as at May 17, 2022. Except as otherwise indicated, all dollar amounts in this Information Circular are expressed in US dollars and references to \$ are to US dollars.

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Delic Holdings Corp. (the "**Company**") for use at the annual general meeting of shareholders of the Company (and any adjournment thereof) to be held on June 22, 2022 (the "**Meeting**") at the time and place and for the purposes set forth in the accompanying notice of meeting ("**Notice of Meeting**").

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate potential risks to the health and safety of the Company's shareholders, employees, communities and other stakeholders, Meeting participants are encouraged not to attend in person. Rather, participants are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by teleconference. To access the Meeting by teleconference, dial toll free at (866) 214-9607 (U.S. and Canada), (647) 427-7523 (International), Access Code: 1860347401. Shareholders will not be able to vote through teleconference.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the Subordinate Voting Shares and Multiple Voting Shares of the Company (collectively, the "**Shares**"). The cost of any such solicitation will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the board of directors of the Company (the "**Board of Directors**" or the "**Board**").

APPOINTMENT OF PROXYHOLDER

The individuals named in the accompanying form of proxy are directors and/or officers of the Company (collectively, "**Management's Nominees**"). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY) TO REPRESENT HIM, HER OR IT AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF MANAGEMENT'S NOMINEES NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.**

REGISTERED SHAREHOLDERS

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to Olympia Trust Company by fax (403) 668-8307, by email at proxy@olympiatrust.com or by mail at PO Box 128, STN M, Calgary, AB T2P 2H6, Attn: Proxy Dept.; or
- (b) using the internet through the website of Olympia Trust Company at <https://css.olympiatrust.com/pxlogin>. Registered shareholders must follow the instructions that appear on the screen and refer to the enclosed form of proxy for the 12-digit control number.

A proxy will not be valid unless the completed form of proxy is received by Olympia Trust Company not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Proxies delivered after that time will not be accepted.

INFORMATION FOR NON-REGISTERED SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Many shareholders of the Company may be "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") should note that only registered shareholders may vote at the Meeting. If the 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 such shareholder's name on the records of the Company. Such Shares will more likely be registered under the name 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. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, 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 by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) 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 prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). 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 who receives a Broadridge voting instruction form cannot use that form to vote Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the Shares voted.**

Beneficial Shareholders may fall into two categories - those who object to their identity being made known to the issuers of the securities which they own ("**Objecting Beneficial Owners**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**Non-Objecting Beneficial Owners**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their Non-Objecting Beneficial Owners from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the Non-Objecting Beneficial Owners list in connection with any matters relating to the affairs of the issuer, including the distribution of proxy-related materials directly to Non-Objecting Beneficial Owners. The Company is sending Meeting materials to Non-Objecting Beneficial Owners with the assistance of Broadridge (as defined herein).

The Company does not intend to pay for intermediaries to forward the Meeting materials to Objecting Beneficial Owners under NI 54-101 and an Objecting Beneficial Owner will not receive Meeting materials unless such Objecting Beneficial Owner's intermediary assumes the cost of delivery. The Company's Non-Objecting Beneficial Owners and Objecting Beneficial Owners can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above.

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

All references to shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

REVOCATION OF PROXIES

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the registered shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Olympia Trust Company at PO Box 128, STN M, Calgary, AB T2P 2H6, Attn: Proxy Dept. at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered shareholder's Shares.

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

The Shares represented by a properly executed proxy in favour of persons proposed by management of the Company as proxyholders in the accompanying form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the shareholder appointing the proxyholder on any ballot that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

ON A POLL SUCH SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management

of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting Securities

The Company currently has two classes of shares issued: (i) Subordinate Voting Shares, which are listed on the Canadian Securities Exchange under symbol "DELC" and the OTCQB under symbol "DELFCF"; and (ii) Multiple Voting Shares which are not listed on any exchange, but which can be converted at any time at the option of the holder for Subordinate Voting Shares on a 1:100 basis.

The Board of Directors has fixed May 17, 2022 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only holders of record of Subordinate Voting Shares and/or Multiple Voting Shares at the close of business on the Record Date who either personally attend the Meeting or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their Shares voted at the Meeting.

As of May 17, 2022, there are: (i) 86,777,623 Subordinate Voting Shares issued and outstanding as fully paid and non-assessable shares; and (ii) 501,171.97 Multiple Voting Shares issued and outstanding as fully paid and non-assessable shares. The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws in that they do not carry equal voting rights with the Multiple Voting Shares. Each Subordinate Voting Share carries the right to one vote and each Multiple Voting Share carries the right to 100 votes. Assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares, there are 136,894,820 Subordinate Voting Shares outstanding. In aggregate, all the voting rights associated with the Subordinate Voting Shares represented, as at May 17, 2022, approximately 63.39% of voting rights attached to all of the Company's issued and outstanding Shares.

Take-Over Bid Protection

In the event that an offer is made to purchase Multiple Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if any, on which the Multiple Voting Shares (or the Subordinate Voting Shares which may be obtained upon conversion of the Multiple Voting Shares) are then listed, to be made to all or substantially all the holders of Multiple Voting Shares in a province or territory of Canada to which the requirement applies, each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares at the inverse of the conversion ratio (as defined in the Articles) then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares under the offer, and for no other reason. In such event, the transfer agent for the Subordinated Voting Shares shall deposit under the offer the resulting Multiple Voting Shares, on behalf of the holder.

If Multiple Voting Shares resulting from the conversion and deposited pursuant to an offer for Multiple Voting Shares are withdrawn by the holder, or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Multiple Voting Shares being taken up and paid for, the Multiple Voting Shares resulting from the conversion will be re-converted into Subordinate Voting Shares at the then conversion ratio (as defined in the Articles) and a share certificate or other evidence representing the Subordinate Voting Shares will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Multiple Voting Shares resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

In addition, in the event that an offer is made to purchase Subordinate Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if applicable, to be made to all or substantially all the holders of Subordinate Voting Shares in a province or territory of Canada to which the requirement applies, each Multiple Voting Share shall become convertible at the option

of the holder into Subordinate Voting Shares at the conversion ratio (as defined in the Articles) then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. This conversion right may only be exercised in respect of Multiple Voting Shares for the purpose of depositing the resulting Subordinate Voting Shares under the offer, and for no other reason. In such event, the transfer agent for the Subordinate Voting Shares shall deposit under the offer the resulting Subordinate Voting Shares, on behalf of the holder.

If Subordinate Voting Shares, resulting from the conversion and deposited pursuant to the offer, are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Subordinate Voting Shares being taken up and paid for, the Subordinate Voting Shares resulting from the conversion will be reconverted into Multiple Voting Shares at the inverse of conversion ratio (as defined in the Articles) then in effect and a share certificate or other evidence representing the Multiple Voting Shares will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Subordinate Voting Shares resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

Principal Holders of Voting Securities

To the knowledge of the directors and executive officers of the Company, as at the date hereof, there is no person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company, other than:

Name	No. of Subordinate Voting Shares Held⁽¹⁾	Percentage of Subordinate Voting Shares Held	No. of Multiple Voting Shares Held⁽¹⁾	Percentage of Multiple Voting Shares Held⁽²⁾	Percentage of Votes Attaching to all Outstanding Shares Held⁽²⁾
Jackee Stang ⁽³⁾	-	-	137,300	27.40%	10.03%

Notes:

- (1) Based on information obtained from public filings of Jackee Stang made on the System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca, as at May 17, 2022.
- (2) Percentages based on 86,777,623 Subordinate Voting Shares and 501,171.97 Multiple Voting Shares issued and outstanding as of May 17, 2022, representing the equivalent of 136,894,820 Subordinate Voting Shares issued and outstanding assuming the conversion of Multiple Voting Shares into Subordinate Voting Shares on the basis of 100 Subordinate Voting Shares for one Multiple Voting Share.
- (3) Jackee Stang is Chief Creative Officer of the Company.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein.

QUORUM

A quorum is present at the Meeting if one or more persons who are, or who represent by proxy, shareholders of the Company attend the Meeting.

PARTICULARS OF THE MATTERS TO BE ACTED UPON AT THE MEETING

ITEM 1. RECEIPT OF FINANCIAL STATEMENTS

The financial statements of the Company for the fiscal year ended December 31, 2021 and 2020, together with the report of the auditor thereon, will be presented to the shareholders at the Meeting. No vote by the shareholders is required to be taken on the financial statements.

ITEM 2. FIXING THE NUMBER OF DIRECTORS

The Board of Directors presently consists of five (5) directors. The term of office of each of the current directors expires at the Meeting. At the Meeting, shareholders will be asked to consider passing an ordinary resolution fixing the number of directors of the Company to be elected at five (5) members, as may be adjusted between shareholder meetings by way of resolution of the Board in accordance with the Company's Articles.

The resolution to fix the number of directors of the Company at five (5) must be approved by a simple majority of the aggregate votes cast by shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of the Management's Nominees, if named as proxy, to vote for the ordinary resolution in favour of fixing the number of directors to be elected at the Meeting at five (5).**

ITEM 3. ELECTION OF DIRECTORS

Shareholders will be asked to elect the five (5) persons listed below as directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as the nominees of management and **unless otherwise directed, the Management's Nominees named in the accompanying form of proxy intend to vote for the election of these nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia).

The following table and notes thereto states the name of each person proposed to be nominated by management for election as a director (a "**proposed director**"), the province or state and country of residence, all offices of the Company now held by him, his principal occupations, businesses or employments for the five preceding years, the period of time for which he has been a director of the Company, and the number of Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

Name, Position, Province or State and Country of Residence⁽¹⁾	Principal Occupation⁽¹⁾	Director Since	Number and Percentage of Shares beneficially owned or directly or indirectly controlled⁽²⁾
Matthew Stang⁽³⁾⁽⁶⁾ Chief Executive Officer and Director California, USA	Co-Founder and CEO of the Company. Formerly Chief Revenue Officer of High Times, an American monthly magazine and cannabis brand, from 2016-2019.	January 29, 2021	Nil (Nil%)

Name, Position, Province or State and Country of Residence ⁽¹⁾	Principal Occupation ⁽¹⁾	Director Since	Number and Percentage of Shares beneficially owned or directly or indirectly controlled ⁽²⁾
Martin Tobias ⁽⁴⁾⁽⁵⁾ Director Washington, USA	Co-founder of ReTree in March 2016, a non-profit to enable e-commerce companies to add reforestation as a product to their offerings. Founder of Element 8 Angels in January 2006, an angel group focussed on clean tech and sustainability. Founder and Manager of MGT Investments LLC since January 1996, an investment holding company. Formerly the CEO and CFO of Upgrade Labs, Inc. from 2018 to 2020.	November 12, 2020	1,250,000 Subordinate Voting Shares ⁽⁷⁾ (2.25%)
Sashko Despotovski ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Director Stavanger, Norway	Managing Director at Hinna Park Capital since March 2017, an open end venture capital fund. Advisor, Canadian Market for Everyday Human Alliance since October 2019. Investment Director at NV Capital since May 2018. Formerly External Advisor for PwC from March 2016 to February 2018, and prior thereto, Director, M&A for PwC from November 2013 to October 2016.	November 12, 2020	Nil (Nil%)
Kraig Fox ⁽⁴⁾⁽⁵⁾ Director New York, USA	Consultant at U-Bet Advisory, a consulting firm, since December 2018. Chief Executive Officer and President of High Times Holding Corporation, a cannabis publication, from April 2019 through December 2019. Prior thereto, Senior Managing Director of Entertainment and Media at Eldridge Industries, a private equity investment firm, from January 2016 to December 2018. Prior thereto, Senior Managing Director of Entertainment and Media at Guggenheim Partners, a global investment and advisory financial services firm, from July 2012 to January 2016.	November 12, 2020	Nil (Nil%)
Paul Rosen ⁽³⁾⁽⁵⁾ Director Ontario, Canada	Currently, Chief Executive Officer of 1933 Industries Inc., a consumer-packaged goods company. Prior thereto, Chief Executive Officer and Chairman of Tidal Royalty from April 2018 to February 2019. President, Chief Executive Officer and Director of PharmaCan Capital Corporation from November 2013 to May 2016.	November 12, 2020	100,000 Subordinate Voting Shares (0.07%)

Notes:

- (1) The information as to the province or state, and applicable country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to the Shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually. Percentages based on 86,777,623 Subordinate Voting Shares and 501,171.97 Multiple Voting Shares issued and outstanding as of May 17, 2022, representing the equivalent of 136,894,820 Subordinate Voting Shares issued and outstanding assuming

the conversion of Multiple Voting Shares into Subordinate Voting Shares on the basis of 100 Subordinate Voting Shares for one Multiple Voting Share.

- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Investment Committee.
- (6) Member of the Options Committee.
- (7) The Subordinate Voting Shares are held through MGT Investments LLC, an entity controlled or directed by Mr. Tobias.

Corporate Cease Trade Orders or Bankruptcies; Personal Bankruptcies

Other than as disclosed herein, none of the proposed directors (or any of their personal holding companies) of the Company:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, including the Company, that: (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the company 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; or
- (b) is as at the date of this Information Circular or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company, including the Company, 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; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of the proposed director.

On May 3, 2022, the Company was granted a management cease trade order ("**MCTO**") pursuant to National Policy 12-203 – *Management Cease Trade Orders*, which precludes Mr. Stang and Mr. Lee from trading in the securities of the Company until the Company completes the required filings and the regulator revokes the MCTO. The MCTO was sought by the Company as it would not be filing the Company's annual financial statements and accompanying management's discussion and analysis for the fiscal year ended December 31, 2021 by the required deadline. As of the date of this Information Circular, the MCTO is still in effect.

Penalties and Sanctions

None of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority after January 1, 2001; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

ITEM 4. APPOINTMENT OF AUDITOR

Manning Elliott LLP are the current auditors of the Company. Management proposes that Manning Elliott LLP be appointed as auditors of the Company to hold office until the earlier of the next annual meeting of shareholders or their removal by the Company, at a remuneration to be fixed by the Board. **Unless otherwise directed, it is the intention of Management's Nominees, if named as proxy, to vote the proxies in favor of an ordinary resolution appointing Manning Elliott LLP as auditor of the Company and to authorize the Board to fix the remuneration of Manning Elliott LLP.**

AUDIT COMMITTEE DISCLOSURE

Under National Instrument 52-110 – *Audit Committees ("NI 52-110")*, companies are required to provide disclosure with respect to their audit committee including the text of the audit committee's charter, composition of the audit committee and the fees paid to the external auditor.

A copy of the Company's Audit Committee's charter is attached here to as Schedule A hereto.

Composition of the Audit Committee

The current members of the Audit Committee are:

Sashko Despotovski (chair)	Independent ⁽¹⁾	Financially literate ⁽²⁾
Paul Rosen	Independent ⁽¹⁾	Financially literate ⁽²⁾
Matthew Stang	Not Independent	Financially literate ⁽²⁾

Notes:

- (1) A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company 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 Company's financial statements.

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience with analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Relevant Education and Experience

Sashko Despotovski, Director

Mr. Despotovski has been the Managing Director at Hinna Park Capital, an open end venture capital fund, since March 2017. Mr. Despotovski also acts as Advisor, Canadian Market for Everyday Human Alliance, an investment fund, since October 2019, as well as the Investment Director at NV Capital since May 2018. Formerly, Mr. Despotovski was an External Advisor for PwC from March 2016 to February 2018, and prior thereto, Director, M&A for PwC from November 2013 to October 2016.

Mr. Despotovski obtained an Associate of Science degree from the University of the Fraser Valley, a Bachelor of Science, Biology from the University of British Columbia and obtained an Honours Thesis, Genetics from the University of British Columbia.

Paul Rosen, Director

Mr. Rosen is currently the Chief Executive Officer of 1933 Industries Inc., a vertically-integrated cannabis cultivation and manufacturing company. Prior thereto, Mr. Rosen was the Chief Executive Officer and Chairman of Tidal Royalty, an investment company, from April 2018 to February 2019. Mr. Rosen was the President, Chief Executive Officer and a Director of PharmaCan Capital Corporation, a merchant bank investing primarily in the Canadian medical marijuana industry, from November 2013 to May 2016.

Mr. Rosen obtained a Bachelor of Arts, Economics from the University of Western Ontario and an LLB from the University of Toronto.

Matthew Stang, CEO and Director

Mr. Stang is the co-founder and CEO of the Company. Formerly, he was Chief Revenue Officer of High Times, an American monthly magazine and cannabis brand, from 2016-2019. Matt Stang was with High Times for 17 years prior to its sale to a private equity fund, and during that time he helped legalize Cannabis in multiple states, launched the Cannabis Cup in America, and helped build the legal cannabis industry. For almost 20 years he has met and interacted with all corners within the cannabis community. His expertise in business includes marketing, branding, business development and product viability.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

The Company has relied upon the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers from the requirement to comply with the restrictions on the composition of its audit committee and the disclosure requirements of its audit committee in an annual information form as prescribed by NI 52-110.

Pre Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. The audit committee must pre-approve any non-audit services to the Company and the fees for those services.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending Dec 31	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
2021	\$160,000	Nil	Nil	Nil
2020	\$20,000 ⁽⁵⁾	Nil	Nil	Nil

Notes:

(1) The aggregate audit fees billed. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees". The services provided in this category include due diligence assistance, accounting consultations on proposed transactions, and consultation on International Financial Reporting Standards conversion.
- (3) The aggregate fees billed for professional tax services rendered other than those included under "Audit Fees" and "Audit Related Fees". This category includes fees for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".
- (5) Of the total Audit Fees, \$10,000 was paid to Baker Tilly WM LLP, the Company's former external auditor. Baker Tilly WM LLP resigned as auditor effective November 12, 2020 at the request of the Company.

STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Information Circular, a "Named Executive Officer", or "NEO", means each of the following individuals:

- (a) each individual who, during any part of the Company's financial year ended December 31, 2020, served as chief executive officer ("CEO") of the Company, including an individual performing functions similar to a CEO;
- (b) each individual who, during any part of the Company's financial year ended December 31, 2020, served as chief financial officer ("CFO") of the Company, including an individual performing functions similar to a CFO;
- (c) the most highly compensated executive officers of the Company and its subsidiaries, other than the individuals identified in paragraphs (a) and (b), as at December 31, 2021 whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6, for the financial year ended December 31, 2020; and
- (d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, as at December 31, 2021.

Based on the foregoing definitions, the Company had three (3) Named Executive Officers for the year ended December 31, 2021: Matthew Stang, the Company's CEO; Mathew Lee, the Company's CFO; Jackee Stang, the Company current Chief Creative Officer ("COO") and the Company's former CEO and director.

The Summary Compensation table below provides information for the two most recently completed financial years ended December 31, 2021 and 2020 regarding compensation paid to or earned by each of the Named Executive Officers.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid, payable, awarded, granted or given, or otherwise provided, directly or indirectly to the Company's Named Executive Officers and directors for the fiscal years ended December 31, 2021 and 2020.

Table of Compensation Excluding Compensation Securities							
Name and position	Dec 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Matthew Stang⁽¹⁾ CEO and Director	2021	\$75,000	Nil	Nil	Nil	\$46,492	\$121,492
	2020	Nil	Nil	Nil	Nil	\$7,265	\$7,265

Table of Compensation Excluding Compensation Securities							
Name and position	Dec 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jackee Stang ⁽³⁾ CCO (former CEO and director)	2021	\$80,000	Nil	Nil	Nil	\$94,562	\$174,562
	2020	\$20,000	Nil	Nil	Nil	\$14,529	\$34,529
Mathew Lee ⁽²⁾ CFO	2021	\$47,361	Nil	Nil	Nil	\$18,913	\$66,274
	2020	\$23,089	Nil	Nil	Nil	\$2,927	\$26,016
Paul Rosen ⁽⁴⁾ Director	2021	Nil	Nil	Nil	Nil	\$18,913	\$18,913
	2020	Nil	Nil	Nil	Nil	\$2,927	\$2,927
Martin Tobias ⁽⁵⁾ Director	2021	Nil	Nil	Nil	Nil	\$18,913	\$18,913
	2020	Nil	Nil	Nil	Nil	\$2,927	\$2,927
Sashko Despotovski ⁽⁶⁾ Director	2021	Nil	Nil	Nil	Nil	\$18,913	\$18,913
	2020	Nil	Nil	Nil	Nil	\$2,927	\$2,927
Kraig Fox ⁽⁷⁾ Director	2021	Nil	Nil	Nil	Nil	\$18,913	\$18,913
	2020	Nil	Nil	Nil	Nil	\$2,927	\$2,927

Notes:

- (1) Mr. Stang was appointed to the Board and as CEO on January 29, 2021. On November 17, 2020, Mr. Stang was granted 500,000 stock options in his role as director of the Company. The stock options vest one-third on the date of grant and every six months thereafter. The stock options have an exercise price of C\$0.25 and expire November 17, 2023.
- (2) Mr. Lee was the former CEO and CFO of the Company prior to the Company's transaction with Delic Corp. which closed on November 12, 2020. Mr. Lee resigned as CEO, and continued as CFO, effective November 12, 2020. Mr. Lee receives C\$5,000 per month in his role as CFO of the Company.
- (3) Ms. Stang served as CEO and a director from November 12, 2020 to January 29, 2021 and was appointed CCO on January 29, 2021. Ms. Stang received \$34,635 in her role as CEO and director. On November 17, 2020, Ms. Stang was granted 1,000,000 stock options in her role as CEO and director of the Company. The stock options vest one-third on the date of grant and every six months thereafter. The stock options have an exercise price of C\$0.25 and expire November 17, 2023.
- (4) Mr. Rosen was appointed to the Board on November 12, 2020. On November 17, 2020, Mr. Rosen was granted 200,000 stock options in his role as director of the Company. The stock options vest one-third on the date of grant and every six months thereafter. The stock options have an exercise price of C\$0.25 and expire November 17, 2023.
- (5) Mr. Tobias was appointed to the Board on November 12, 2020. On November 17, 2020, Mr. Tobias was granted 200,000 stock options in his role as director of the Company. The stock options vest one-third on the date of grant and every six months thereafter. The stock options have an exercise price of C\$0.25 and expire November 17, 2023.
- (6) Mr. Despotovski was appointed to the Board on November 12, 2020. On November 17, 2020, Mr. Despotovski was granted 200,000 stock options in his role as director of the Company. The stock options vest one-third on the date of grant and every six months thereafter. The stock options have an exercise price of C\$0.25 and expire November 17, 2023.
- (7) Mr. Fox was appointed to the Board on November 12, 2020. On November 17, 2020, Mr. Fox was granted 200,000 stock options in his role as director of the Company. The stock options vest one-third on the date of grant and every six months thereafter. The stock options have an exercise price of C\$0.25 and expire November 17, 2023.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to the Named Executive Officers and directors by the Company or one of its subsidiaries during the fiscal year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Exercise of Compensation Securities by Directors and NEOs

No compensation securities were exercised by the Company's Named Executive Officers and directors during the fiscal year ended December 31, 2021.

Stock Option Plans and Other Incentive Plans

The Board has previously adopted a share compensation plan (the "**Share Compensation Plan**"), prepared in accordance with the policies of the Canadian Securities Exchange (the "**Exchange**"), that provides for the granting of restricted share units ("**RSUs**") and stock options ("**Options**") on such terms and conditions as prescribed by the Share Compensation Plan. The Share Compensation Plan is a "rolling" plan, pursuant to which the maximum number of Subordinate Voting Shares issuable under the Share Compensation Plan and any other share compensation arrangement of the Company including the RSUs that may be awarded under the Share Compensation Plan, is 15% (in the aggregate) of the Subordinate Voting Shares then issued and outstanding (assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares). The Share Compensation Plan was adopted effective November 12, 2021 and approved by shareholders of the Company at the annual general meeting held on June 28, 2021.

The Share Compensation Plan provides participants (each, a "**Participant**"), who may include participants who are citizens or residents of the United States (each, a "**US Participant**"), with the opportunity, through RSUs and Options, to acquire an ownership interest in the Company. The RSUs will rise and fall in value based on the value of the Subordinate Voting Shares. Unlike the Options, the RSUs will not require the payment of any monetary consideration to the Company. Instead, each RSU represents a right to receive one Subordinate Voting Share following the attainment of vesting criteria determined at the time of the award. See "*Restricted Share Units – Vesting Provisions*" below. The Options, on the other hand, are rights to acquire Subordinate Voting Shares upon payment of monetary consideration (i.e., the exercise price), subject also to vesting criteria determined at the time of the grant. See "*Options – Vesting Provisions*" below.

Purpose of the Share Compensation Plan

The stated purpose of the Share Compensation Plan is to advance the interests of the Company and its subsidiaries, and its shareholders by: (a) ensuring that the interests of Participants are aligned with the success of the Company and its subsidiaries; (b) encouraging stock ownership by such persons; and (c) providing compensation opportunities to attract, retain and motivate such persons.

Eligible Persons

The following people are eligible to participate in the Share Compensation Plan: any officer or employee of the Company or any officer or employee of any subsidiary of the Company and, solely for purposes of the grant of Options, any director of the Company or any director of any subsidiary of the Company, and any Consultant (defined under the Share Compensation Plan as an individual (other than an employee or a director of the Company) or a corporation that is not a U.S. Person that: (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an affiliate of the Company, other than services provided in relation to an offer or sale of securities of the Company in a capital raising transaction, or services that promote or maintain a market for the Company's securities; (b) provides the services under a written contract between the Company or the affiliate and the individual or the Company, as the case may be; (c) 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 an affiliate of the Company; and (d) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

Administration of the Share Compensation Plan

The Share Compensation Plan is administered by the Board or such other persons as may be designated by the Board (the "**Administrators**") based on the recommendation of the Board or the compensation committee of the Board, if applicable. The Administrators determine the eligibility of persons to participate in the Share Compensation Plan, when RSUs and Options will be awarded or granted, the number of RSUs and Options to be awarded or granted, the vesting criteria for each award of RSUs and grant of Options and all other terms and conditions of each award and grant, in each case in accordance with applicable securities laws and the requirements of the Exchange.

Restrictions on the Award of RSUs and Grant of Options

The awards of RSUs and grants of Options under the Share Compensation Plan is subject to a number of restrictions:

- (a) the total number of Subordinate Voting Shares reserved and available for grant and issuance pursuant to the exercise of Options and settlement of RSUs, each under the Share Compensation Plan, shall not exceed 15% (in the aggregate) of the issued and outstanding Subordinate Voting Shares from time to time (assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares); and
- (b) the aggregate sales price (meaning the sum of all cash, property, notes, cancellation of debt, or other consideration received or to be received by the Company for the sale of the securities) or amount of Subordinate Voting Shares issued during any consecutive 12 month period will not exceed the greatest of the following: (i) US\$1,000,000; (ii) 15% of the total assets of the Company, measured at the Company's most recent balance sheet date; or (iii) 15% of the outstanding amount of the Subordinate Voting Shares, measured at the Company's most recent balance sheet date.

In the event of any declaration by the Company of any stock dividend payable in securities (other than a dividend which may be paid in cash or in securities at the option of the holder of Subordinate Voting Shares), or any subdivision or consolidation of the Subordinate Voting Shares, reclassification or conversion of the Subordinate Voting Shares, or any combination or exchange of securities, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin off involving the Company, distribution (other than normal course cash dividends) of Company assets to holders of Subordinate Voting Shares, or any other corporate transaction or event involving the Company or the Subordinate Voting Shares, the Administrators may in their sole discretion make such changes or adjustments, if any, as the Administrators consider fair or equitable to reflect such change or event including, without limitation, adjusting the number of Options and RSUs outstanding under the Share Compensation Plan, the type and number of securities or other property to be received upon exercise or redemption thereof, and the exercise price of Options outstanding under the Share Compensation Plan, provided that the value of any Option or RSU immediately after such an adjustment shall not exceed the value of such Option or RSU prior thereto.

Restricted Share Units

The total number of Subordinate Voting Shares that may be issued on exercise of Options and RSUs, together with any other share compensation arrangements of the Company, shall not exceed 15% (in the aggregate) of the number of issued and outstanding Subordinate Voting Shares from time to time (assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares).

Mechanics for RSUs

RSUs awarded to Participants under the Share Compensation Plan are credited to an account that is established on their behalf and maintained in accordance with the Share Compensation Plan. After the relevant date of vesting of any RSUs awarded under the Share Compensation Plan, a Participant shall be entitled to receive and the Company shall issue or pay (at its discretion): (i) a lump sum payment in cash equal to the number of vested RSUs recorded in the Participant's account multiplied by the volume weighted average price of the Subordinate Voting Shares traded on the Exchange for the five (5) consecutive trading days prior to the payout date; (ii) the number of Subordinate Voting Shares required to be issued to a Participant upon the

vesting of such Participant's RSUs in the Participant's account will be, duly issued as fully paid and non assessable shares and such Participant shall be registered on the books of the Company as the holder of the appropriate number of Subordinate Voting Shares; or (iii) any combination of thereof.

Vesting Provisions

The provides that: (i) at the time of the award of RSUs, the Administrators will determine the vesting criteria applicable to the awarded RSUs; (ii) vesting of RSUs may include criteria such as performance vesting; (iii) each RSU shall be subject to vesting in accordance with the terms set out in an agreement evidencing the award of the RSU attached as Exhibit A to the Share Compensation Plan (or in such form as the Administrators may approve from time to time) (each an "**RSU Agreement**"); and (iv) all vesting and issuances or payments in respect of an RSU shall be completed no later than December 15 of the third calendar year commencing after the award date for such RSU.

It is the current intention that RSUs may be awarded with both time based vesting provisions as a component of the Company's annual incentive compensation program, and performance based vesting provisions as a component of the Company's long term incentive compensation program.

Under the Share Compensation Plan, should the date of vesting of an RSU fall within a blackout period or within nine business days following the expiration of a blackout period, the date of vesting will be automatically extended to the tenth business day after the end of the blackout period.

Termination, Retirement and Other Cessation of Employment in connection with RSUs

A person participating in the Share Compensation Plan will cease to be eligible to participate in the following circumstances: (i) receipt of any notice of termination of employment or service (whether voluntary or involuntary and whether with or without cause); (ii) retirement; and (iii) any cessation of employment or service for any reason whatsoever, including disability and death (an "**Event of Termination**"). In such circumstances, any vested RSUs will be issued (and with respect to each RSU of a US Participant, such RSU will be settled and shares issued as soon as practicable following the date of vesting of such RSU as set forth in the applicable RSU Agreement, but in all cases within 60 days following such date of vesting; and unless otherwise determined by the Administrators in their discretion, any unvested RSUs will be automatically forfeited and cancelled (and with respect to any RSU of a US Participant, if the Administrators determine, in their discretion, to waive vesting conditions applicable to an RSU that is unvested at the time of an Event of Termination, such RSU shall not be forfeited or cancelled, but instead will be deemed to be vested and settled and shares delivered following the date of vesting date of such RSU as set forth in the applicable RSU Agreement). Notwithstanding the above, if a person retires in accordance with the Company's retirement policy at such time, the pro rata portion of any unvested performance based RSUs will not be forfeited or cancelled and instead shall be eligible to become vested in accordance with the vesting conditions set forth in the applicable RSU Agreement after such retirement (as if retirement had not occurred), but only if the performance vesting criteria, if any, have been met on the applicable date. For greater certainty, if a person is terminated for just cause, all unvested RSUs will be forfeited and cancelled.

Options

The total number of Subordinate Voting Shares that may be issued on exercise of Options and RSUs, together with any other share compensation arrangements of the Company, shall not exceed 15% (in the aggregate) of the number of issued and outstanding Subordinate Voting Shares from time to time (assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares).

Mechanics for Options

Each Option granted pursuant to the Share Compensation Plan will entitle the holder thereof to the issuance of one Subordinate Voting Share upon achievement of the vesting criteria and payment of the applicable exercise price. Options granted under the Share Compensation Plan will be exercisable for Subordinate Voting Shares issued from treasury once the vesting criteria established by the Administrators at the time of the grant have been satisfied. However, the Company will continue to retain the flexibility through the amendment

provisions in the Share Compensation Plan to satisfy its obligation to issue Subordinate Voting Shares by making a lump sum cash payment of equivalent value (i.e., pursuant to a cashless exercise), provided there is a full deduction of the number of underlying Subordinate Voting Shares from the Share Compensation Plan's reserve.

Vesting Provisions

The Share Compensation Plan provides that the Administrators may determine when any Option will become exercisable and may determine that Options shall be exercisable in instalments or pursuant to a vesting schedule. The Option agreement will disclose any vesting conditions prescribed by the Administrators.

Termination, Retirement and Other Cessation of Employment in connection with Options

A person participating in the Share Compensation Plan will cease to be eligible to participate where there is an Event of Termination. In such circumstances, unless otherwise determined by the Administrators in their discretion, any unvested Options will be automatically cancelled, terminated and not available for exercise and any vested Options may be exercised only before the earlier of: (i) the termination of the Option; and (ii) two months after the date of the Event of Termination. If a person is terminated for just cause, all Options will be (whether or not then exercisable) automatically cancelled.

Other Terms

The Administrators will determine the exercise price and term/expiration date of each Option, provided that the exercise price in respect of that Option shall not be less than the Market Price on the date of grant. "**Market Price**" is defined in the Share Compensation Plan, as of any date, the price of the Subordinate Voting Shares determined as follows: (A) if the Subordinate Voting Shares are listed on any exchange, the Market Price will be the closing price of the Subordinate Voting Shares on such exchange for the last market trading day prior to the date of grant of the Option. Notwithstanding the foregoing, in the event that the Subordinate Voting Shares are listed on the Exchange, for the purposes of establishing the exercise price of any Options, the Market Price shall not be lower than the greater of the closing market price of the Subordinate Voting Shares on the Exchange on (i) the trading day prior to the date of grant of the Options, and (ii) the date of grant of the Options; or (B) in the absence of an established market for the Subordinate Voting Shares, the Market Price shall be determined in good faith by the Administrators.

No Option shall be exercisable after ten years from the date the Option is granted. Under the Share Compensation Plan, should the term of an Option expire on a date that falls within a blackout period or within nine business days following the expiration of a blackout period, such expiration date will be automatically extended to the tenth business day after the end of the blackout period.

Unless otherwise determined by the Board, in the event of a change of control, any surviving or acquiring corporation shall assume any Option outstanding under the Share Compensation Plan on substantially the same economic terms and conditions or substitute or replace similar options for those Options outstanding under the Share Compensation Plan on substantially the same economic terms and conditions.

Transferability

RSUs awarded and Options granted under the Share Compensation Plan or any rights of a Participant cannot be transferred, assigned, charged, pledged or hypothecated, or otherwise alienated, whether by operation of law or otherwise.

Reorganization and Change of Control Adjustments

In the event of any declaration by the Company of any stock dividend payable in securities (other than a dividend which may be paid in cash or in securities at the option of the holder of Subordinate Voting Shares), or any subdivision or consolidation of Subordinate Voting Shares, reclassification or conversion of the Subordinate Voting Shares, or any combination or exchange of securities, merger, consolidation, recapitalization, amalgamation, plan of arrangement, reorganization, spin off involving the Company,

distribution (other than normal course cash dividends) of Company assets to holders of Subordinate Voting Shares, or any other corporate transaction or event involving the Company or the Subordinate Voting Shares, the Administrators may make such changes or adjustments, if any, as they consider fair or equitable, to reflect such change or event including adjusting the number of Options and RSUs outstanding under the Share Compensation Plan, the type and number of securities or other property to be received upon exercise or redemption thereof, and the exercise price of Options outstanding under the Share Compensation Plan, provided that the value of any Option or RSU immediately after such an adjustment shall not exceed the value of such Option or RSU prior thereto.

Amendment Provisions in the Share Compensation Plan

The Board may amend the Share Compensation Plan or any RSU or Option at any time without the consent of any Participant provided that such amendment shall:

- (a) not adversely alter or impair any RSU previously awarded or any Option previously granted, except as permitted by the adjustment provisions of the Share Compensation Plan and with respect to RSUs and Options of US Participants;
- (b) be subject to any regulatory approvals including, where required, the approval of the Exchange; and
- (c) be subject to shareholder approval, where required, by the requirements of the Exchange, provided that shareholder approval shall not be required for the following amendments:
 - (i) amendments of a "housekeeping nature", including any amendment to the Share Compensation Plan or an RSU or Option that is necessary to comply with applicable laws, tax or accounting provisions or the requirements of any regulatory authority, stock exchange or quotation system and any amendment to the Share Compensation Plan or an RSU or Option to correct or rectify any ambiguity, defective provision, error or omission therein, including any amendment to any definitions therein;
 - (ii) amendments that are necessary or desirable for RSUs or Options to qualify for favourable treatment under any applicable tax law;
 - (iii) amendments to the vesting provisions of any RSU or any Option (including any alteration, extension or acceleration thereof), providing such amendments do not adversely alter or impair such RSU or Option;
 - (iv) amendments to the termination provisions of any Option (e.g., relating to termination of employment, resignation, retirement or death) that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of a blackout period) providing such amendments do not adversely alter or impair such Option;
 - (v) amendments to the Share Compensation Plan that would permit the Company to retain a broker and make payments for the benefit of Participants to such broker who would purchase Subordinate Voting Shares for such persons, instead of issuing Subordinate Voting Shares from treasury upon the vesting of the RSUs;
 - (vi) amendments to the Share Compensation Plan that would permit the Company to make lump sum cash payments to Participants, instead of issuing Subordinate Voting Shares from treasury upon the vesting of the RSUs; and
 - (vii) the amendment of the cashless exercise feature set out in the Share Compensation Plan.

For greater certainty, shareholder approval will be required in circumstances where an amendment to the Share Compensation Plan would:

- (a) increase the fixed maximum percentage of issued and outstanding Subordinate Voting Shares issuable under the Share Compensation Plan, other than by virtue of the adjustment provisions in the Share Compensation Plan, or change from a fixed maximum percentage of issued and outstanding Subordinate Voting Shares to a fixed maximum number of Subordinate Voting Shares;
- (b) increase the limits referred to above under "*Restrictions on the Award of RSUs and Grant of Options*";
- (c) reduce the exercise price of any Option (including any cancellation of an Option for the purpose of reissuance of a new Option at a lower exercise price to the same person);
- (d) extend the term of any Option beyond the original term (except if such period is being extended by virtue of a blackout period); or
- (e) amend the amendment provisions in Section 6.4 of the Share Compensation Plan.

Employment, Consulting and Management Agreements

Except as disclosed herein, there were no agreements or arrangements under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were: (a) performed by a director or named executive officer; or (b) performed by any other party but are services typically provided by a director or a named executive officer.

The Company entered into an oral employment agreement with Jackee Stang. Pursuant to Jackee Stang's agreement, she is entitled to receive annual compensation of \$5,000 per month from the Company. Other than as set forth herein, Jackee Stang is not entitled to any additional money, property, contracts, options or rights of any kind from the Company or its subsidiary.

Termination and Change of Control Payments

The Company is not a party to any compensation plan or arrangement with any of the executive officers or directors of the Company resulting from the resignation, retirement or the termination of employment of such person.

Oversight and Description of Named Executive Officer and Director Compensation

The Board is responsible for the oversight of the Company's strategy, policies and programs on the compensation and development of senior management and directors.

The Company's executive compensation program is intended to provide an appropriate overall compensation package that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results. The compensation of the Company's executive officers is established based on a relatively equal weighing of each of these considerations.

Compensation for the Company's executive officers is intended to reflect a fair evaluation of overall performance and is intended to be competitive in aggregate with levels of compensation of comparable companies. The Company's compensation structure is primarily composed of three components: (a) base salary; (b) an annual, discretionary cash bonus; and (c) long-term equity incentives, consisting of Options and RSUs under the Share Compensation Plan. The Company generally strives to use long-term incentives, such as the grant of Options, as performance incentives for executive management and to provide the opportunity for overall compensation of employees, including executives, to be above industry average levels as well as to increase the alignment of interests between employees, executive management and shareholders. Directors, officers, consultants and employees of the Company or its subsidiaries are eligible to be granted

Options and RSUs under the Share Compensation Plan, and previous grants of Options and / or RSUs are taken into consideration when considering new grants. The Share Compensation Plan is intended to provide long-term rewards linked directly to the market value of the Subordinate Voting Shares. The Company is of the view that the Share Compensation Plan is in the best interests of the Company and will assist the Company to attract, motivate and retain talented and capable board members and executive management.

As of the date of this Information Circular, there are 5,097,220 Options outstanding under the Share Compensation Plan. See "*Equity Compensation Plan Information*" below.

The Company does not have a pension plan benefit program nor a non-equity incentive plan in place. Therefore, there were no payments or benefits in connection with a defined benefit or a defined contribution plan and no annual incentive plan or long term incentive plan awards offered to the Named Executive Officers during the Company's most recently completed financial year.

Given the current stage of development and the limited elements of executive compensation, the Board believes it has effective risk management and regulatory compliance relating to its compensation policies used in determining executive compensation. Risks related to compensation are taken into consideration as part of the general review and determination of executive compensation by the Board. Inappropriate and excessive risks by executives are mitigated by regular Board meetings during which financial and other information of the Company is reviewed, and which information includes executive compensation. Interested directors declare their interest and abstain from voting on compensation matters. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company does not permit its Named Executive Officers or directors to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive or director.

Director Compensation

During the financial year ended December 31, 2021, none of the directors of the Company were paid, awarded or granted any compensation with respect to activities performed in their capacity as directors except as noted above, see "*Statement of Executive Compensation - Director and Named Executive Officer Compensation, Excluding Compensation Securities*". Directors are eligible to participate in the Share Compensation Plan. Directors are also entitled to be reimbursed for expenses incurred by them in their capacity as directors.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Effective June 30, 2005, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") was adopted in each of the provinces and territories in Canada. NI 58-101 requires reporting issuers to disclose the corporate governance practices that they have adopted on an annual basis.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making.

The Company's corporate governance practices are summarized below:

Board of Directors

Subject to certain exceptions, a director is "independent" within the meaning of NI 58-101 if he or she has no direct or indirect material relationship with the Company. A "material relationship" is a relationship that could,

in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are, by their nature, considered to be material relationships.

Four of the five members of the Board are considered to be "independent" within the meaning of NI 58-101. Paul Rosen, Martin Tobias, Sashko Despotovski and Kraig Fox are independent directors of the Company. Matthew Stang, the CEO of the Company, is a member of management and, as a result, are not an independent director.

The Company takes steps to ensure that adequate structures and processes are in place to permit the Board to function independently of Management. The role of the Chair of the Board is to effectively manage and to provide leadership to the Board and to ensure that the policies and procedures adopted by the Board allow the Board to function independent of Management. Where matters arise at meetings of the Board which require decision making and evaluation that is independent of Management and interested directors of the Company, directors hold an "in-camera" session among the independent and disinterested directors, without Management present at such meeting.

Orientation and Continuing Education

The CEO and the CFO are responsible for providing an orientation for new directors. Director orientation and ongoing training includes presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors. On occasions where it is considered advisable, the Board provides individual directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board ensures that each director is up to date with current information regarding the business of the Company, the role the director is expected to fulfill and basic procedures and operations of the Board. The Board members are given access to management and other employees and advisors, who can answer any questions that may arise. Regular technical presentations are made to the directors to keep them informed of the Company's operations.

Ethical Business Conduct

We have adopted a written code of ethics (the "**Code of Ethics**") that applies to all of our officers, directors, employees, contractors and agents acting on behalf of the Company. The objective of the Code of Ethics is to provide guidelines for maintaining our and our subsidiaries integrity, trust and respect. The Code of Ethics addresses compliance with laws, rules and regulations, conflicts of interest, confidentiality, commitment, preferential treatment, financial information, internal controls and disclosure, protection and proper use of our assets, communications, fair dealing, fair competition, due diligence, illegal payments, equal employment opportunities and harassment, privacy, use of Company computers and the internet, political and charitable activities and reporting any violations of law, regulation or the Code of Ethics. Any person subject to the Code of Ethics should report all violations of law, regulation or of the Code of Ethics of which they become aware to any one of the Company's senior executives. Our Board has ultimate responsibility for monitoring compliance with the Code of Ethics. The Code of Ethics is available on SEDAR at www.sedar.com under the Company's profile.

Nomination of Directors

The Board does not have a nominating committee. The Board will consider its size each year when it passes a resolution determining the number of directors to be appointed at each annual general meeting of shareholders. The Board has determined that the configuration of five (5) directors is the appropriate number of directors, taking into account the number required to carry out duties effectively while maintaining a diversity of views and experience. The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members, the Chairman and the CEO. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

Compensation Committee

The Board has established a Compensation Committee to assist the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Company's executive officers and directors, as applicable. In addition, the Compensation Committee is responsible for reviewing the Share Compensation Plan and proposing changes thereto, approving any awards of Options under the Share Compensation Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Company's executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on the Company's succession plans for its executive officers.

Other Board Committees

The Company has an Investment Committee, which is responsible for reviewing and providing recommendations to the Board with respect to proposed acquisitions and dispositions by the Company. Sashko Despotovski, Kraig Fox, Paul Rosen and Martin Tobias are members of the Investment Committee.

The Company also has an Options Committee, which is responsible for authorizing option grants pursuant to the Share Compensation Plan and within the parameters set by the Board and providing semiannual reports to the Board. Matthew Stang and Sashko Despotovski are members of the Options Committee.

As the Company evolves, and its operations and management structure become more complex, the Board will likely find it appropriate to constitute additional standing committees, to ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

Assessments

The members of the Board will collectively assess the performance of the Board as a whole, the committees of the Board and all directors with reference to their respective mandates, charters or terms of reference. Individual directors will be assessed with reference to any applicable position descriptions, as well as the competencies and skills that each director is expected to bring to the Board.

Unless otherwise determined by the Board, such assessment will occur informally and on an annual basis, with an emphasis on the overall effectiveness and contributions made by the Board as a whole, the committees of the Board and all directors individually.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information regarding compensation plans under which equity securities of the Company are authorized for issuance in effect as of the end of the Company's most recently completed financial year:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved By Shareholders ⁽¹⁾	5,097,220	C\$0.33	15,437,003

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Not Approved By Shareholders	Nil	N/A	Nil
Total:	5,097,220	\$0.33	13,742,003

Note:

- (1) The Company's Board adopted the Share Compensation Plan prior to its listing on the Exchange. Subsequently, the Share Compensation Plan was approved by shareholders of the Company at the annual general meeting held on June 28, 2021. For terms of the Share Compensation Plan, see "*Stock Option Plans and Other Incentive Plans*". The maximum number of Subordinate Voting Shares reserved for issuance, in aggregate, under the Share Compensation Plan is 15% of the aggregate number of Shares issued and outstanding from time to time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or executive officers of the Company, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, nor any shareholder beneficially owning, directly or indirectly, Shares, or exercising control or direction over Shares, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding shares of the Company nor an associate or affiliate of any of the foregoing persons has since the commencement of the Company's most recently completed financial year any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

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

Other than as set forth elsewhere in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors.

ANY OTHER MATTERS

Management of the Company knows of no matters to come before the meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information regarding the Company and its business activities is available on the SEDAR website located at www.sedar.com "Delic Holdings Corp." The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Company c/o Corporate Services Department, DLA Piper (Canada) LLP, Suite 2800, Park Place 666 Burrard St., Vancouver, British Columbia, Canada V6C 2Z7 at telephone number (604) 687-9444.

SCHEDULE A

AUDIT COMMITTEE CHARTER

DELIC HOLDINGS CORP.

1. Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Delic Holdings Corp. (the "**Company**") to which the Board has delegated its responsibility for the oversight of the following:

- nature and scope of the annual audit;
- management's reporting on internal accounting standards and practices;
- the review of financial information, accounting systems and procedures;
- financial reporting and financial statements,

and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee, with respect to the Company and its subsidiaries, are as follows:

- to assist the directors of the Company (the "**Directors**") in meeting their responsibilities in respect of the preparation and disclosure of the financial statements of the Company and related matters;
- to provide an open avenue of communication among the Company's auditors, financial and senior management and the Board;
- to ensure the external auditors' independence and review and appraise their performance;
- to increase the credibility and objectivity of financial reports; and
- to strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management and external auditors.

2. Composition

The Committee will be comprised of at least three Directors or such greater number as the Board may determine from time to time and all members of the Committee shall be "independent" (as such term is used in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") unless the Board determines that an exemption contained in NI 52-110 is available and determines to rely thereon. "**Independent**" generally means free from any business or other direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

All of the members of the Committee must be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110. Being "**financially literate**" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the

breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

The Board shall from time to time designate one of the members of the Committee to be the chairperson of the Committee (the "**Chair**").

3. Meetings and Administrative Matters

- (a) The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions, and at such other times as the external auditor and/or the Committee consider appropriate. The Chief Financial Officer of the Company shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.
- (b) Agendas, with input from management and approved by the Chair, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.
- (c) A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
- (d) The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
- (e) At all meetings of the Committee, every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall be entitled to a second or casting vote.
- (f) The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.
- (g) The Committee may invite such officers, directors and employees of the Company and its subsidiaries, if any, as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
- (h) The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company as determined by the Committee without any further approval of the Board.
- (i) Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.
- (j) Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.

4. Mandate and Responsibilities

To fulfill its responsibilities and duties, the Committee shall:

- (a) undertake annually a review of this mandate and make recommendations to the Corporate Governance and Nominating Committee as to proposed changes;
- (b) satisfy itself on behalf of the Board with respect to the Company's internal control systems, including, where applicable, relating to derivative instruments:
 - (i) identifying, monitoring and mitigating business risks; and
 - (ii) ensuring compliance with legal, ethical and regulatory requirements;
- (c) review the Company's financial statements and reports and any related management's discussion and analysis ("**MD&A**"), any annual earnings, interim earnings and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:
 - (i) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
 - (ii) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - (iii) reviewing accounting treatment of unusual or non-recurring transactions;
 - (iv) ascertaining compliance with covenants under loan agreements;
 - (v) reviewing financial reporting relating to asset retirement obligations;
 - (vi) reviewing disclosure requirements for commitments and contingencies;
 - (vii) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - (viii) reviewing unresolved differences between management and the external auditors;
 - (ix) obtain explanations of significant variances with comparative reporting periods; and
 - (x) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed;
- (d) review the financial reports and related information included in prospectuses, MD&A, information circular-proxy statements and annual information forms and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Company's disclosure of all other financial information and will periodically assess the adequacy of those procedures;
- (e) with respect to the appointment of external auditors by the Board:

- (i) require the external auditors to report directly to the Committee;
 - (ii) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
 - (iii) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company and confirming their independence from the Company;
 - (iv) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
 - (v) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
 - (vi) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;
 - (vii) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
 - (viii) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
 - (ix) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors;
 - (x) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial reports;
- (f) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (g) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Company and its subsidiaries;
- (h) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors and consider the impact on the independence of the auditors; The pre-approval requirement is waived with respect to the provision of non-audit services if:
- (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent (5%) of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and

- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee;

provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;

- (i) review any other matters that the Audit Committee feels are important to its mandate or that the Board chooses to delegate to it;
- (j) with respect to the financial reporting process:
 - (i) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
 - (ii) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
 - (iii) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
 - (iv) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;
 - (v) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
 - (vi) review any significant disagreement among management and the external auditors regarding financial reporting;
 - (vii) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented; and
 - (viii) review the certification process,
- (k) review financial reporting relating to risk exposure and risk management policies and procedures of the Company (i.e., hedging, litigation and insurance),
- (l) establish a procedure for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

5. Authority

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is

held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Company and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Company.