

AUXLY CANNABIS GROUP INC.

MANDATE OF THE BOARD OF DIRECTORS

1. Introduction

The board of directors (the "**Board**") of Auxly Cannabis Group Inc. ("**Auxly**" or the "**Company**") is elected by the shareholders of Auxly and is responsible for the stewardship of the Company. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

2. Chair of the Board

The Chair of the Board ("**Chair**") shall be appointed by the Board.

3. Independence

The Board will be comprised of at least a majority of independent directors. A director of the Board shall be considered independent if he or she would be considered independent for the purposes of National Instrument 52-110 – *Audit Committees*. If the Chair is not an independent director, the Board shall also appoint a lead director who must be an independent director.

4. Role and Responsibilities of the Board

The role of the Board is to represent the shareholders of Auxly, enhance and maximize shareholder value and conduct the business and affairs of the Company ethically and in accordance with the highest standards of corporate governance. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of Auxly. Each director, in discharging his or her duties, must act honestly and in good faith, with a view to the best interests of the Company. Each director must also exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Meetings of the Board will be held at least quarterly, with additional meetings to be held depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces.

Minutes of meetings of the Board must accurately reflect the significant discussions and the decisions of the Board. Minutes of Committee meetings shall be recorded and maintained by the secretary of the meeting, and subsequently presented to the Board for approval.

The Board will delegate responsibility for the day-to-day management of the Company's business and affairs to Auxly's senior officers and will supervise such senior officers appropriately.

The Board may delegate certain matters it is responsible for to Board committees, presently consisting of the Audit Committee and the Compensation Committee. The Board will, however, retain its oversight function and ultimate responsibility for these matters and all delegated responsibilities.

5. Strategic Planning Process and Risk Management

The Board will adopt a strategic planning process to establish objectives and goals for Auxly's business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a

strategic plan which takes into account, among other things, the opportunities and risks of Auxly's business and affairs.

The Board, in conjunction with management, will identify the principal risks of Auxly's business and oversee management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks.

6. ESG (Environmental, Social and Governance), Ethics and Integrity

The Board will provide leadership to Auxly in support of its commitment to developing an ESG strategy, set the ethical tone for Auxly and its management and foster ethical and responsible decision making by management. The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management and satisfy itself that the Chief Executive Officer and management create a culture of integrity throughout the organization.

7. Succession Planning, Appointment and Supervision of Management

The Board will approve the succession plan for Auxly, including the selection, appointment, supervision and evaluation of the Chief Executive Officer and the other senior officers of Auxly, and will also approve the compensation of the Chief Executive Officer and the other senior officers of Auxly.

8. Delegations and Approval Authorities

The Board will delegate to the Chief Executive Officer and senior management authority over the day-to-day management of the business and affairs of Auxly. This delegation of authority will be subject to specified financial limits and any transactions or arrangements in excess of general authority guidelines will be reviewed by and subject to the prior approval of the Board.

9. Monitoring of Financial Reporting and Management

The Board will approve all regulatory filings, including the annual audited financial statements, interim financial statements, the financial notes and management discussion and analysis accompanying such financial statements, quarterly and annual reports (as applicable), management proxy circulars, annual information forms, prospectuses, and all capital investments as deemed necessary, equity financings, borrowings and all annual operating plans and budgets.

The Board will adopt procedures that seek to: ensure the integrity of internal controls and management information systems; ensure compliance with all applicable laws, rules and regulations; and prevent violations of applicable laws, rules and regulations relating to financial reporting and disclosure, violation of Auxly's Code of Business Conduct and Ethics and fraud against shareholders.

10. Corporate Disclosure and Communications

The Board will seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which the Company's securities are listed. In addition, the Board will adopt procedures that seek to ensure the Board receives feedback from security holders on material issues.

11. Corporate Policies

The Board will adopt and periodically review policies and procedures designed to ensure that Auxly, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Company's business ethically and with honesty and integrity.

12. Review of Mandate

The Board may review and recommend changes to the Board Mandate from time to time and the Compensation Committee may periodically review and assess the adequacy of this mandate and recommend any proposed changes to the Board for consideration.

The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability on the part of Auxly or its directors or officers to shareholders, security holders, customers, suppliers, partners, competitors, employees or other persons, or to any other liability whatsoever on their part.

Dated: May 19, 2021

Approved by: Board of Directors of the Company