



AUXLY CANNABIS GROUP INC.

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

**ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS**

TO BE HELD ON

JULY 15, 2020

DATED AS OF JUNE 5, 2020

AUXLY CANNABIS GROUP INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Auxly Cannabis Group Inc. (the "**Company**") will be held at the offices of McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Toronto, Ontario M5K 1E6 at 2:00 p.m. (Toronto time) on July 15, 2020, for the following purposes:

1. to receive the audited financial statements of the Company for the year ended December 31, 2019 and the report of the auditor thereon;
2. to elect directors of the Company for the ensuing year, as more particularly described in the management information circular (the "**Information Circular**") accompanying this Notice;
3. to appoint the auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration of the auditor;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution re-approving the equity incentive plan of the Company, as more particularly described in the accompanying Information Circular;
5. to consider and, if deemed advisable, to pass, with or without variation, a special resolution authorizing and approving the continuance of the Company from the *Business Corporations Act* (British Columbia) to the *Business Corporations Act* (Ontario), as more particularly described in the accompanying Information Circular; and
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Information Circular provides additional information relating to the business to be dealt with at the Meeting and is deemed to form part of this Notice. Additional information relating to the Company is available on SEDAR at www.sedar.com, including financial information and management discussion and analysis in respect of the Company's most recently completed financial year. Shareholders are reminded to carefully review the Information Circular and any additional materials prior to voting on the matters being transacted at the Meeting.

Out of an abundance of caution, to proactively deal with potential issues arising from the unprecedented public health impact of COVID-19, and to limit and mitigate risks to the health and safety of our communities, Shareholders, employees, directors and other stakeholders, the Company is discouraging physical attendance in person. The Meeting will not be open to the general public and will be limited to registered shareholders and duly appointed proxyholders only.

The vast majority of our Shareholders vote by proxy in advance of the meeting and we encourage Shareholders to continue to vote in this manner using one of the methods described in the Information Circular. Shareholders may listen to the Meeting by live audio teleconference by dialing 833-734-7391 (Conference ID: 9252559) starting at 2:00 p.m. (Toronto time) on July 15, 2020. Please note that Shareholders will not be entitled to vote at, or otherwise participate in, the Meeting by way of teleconference or other electronic means.

The Company has elected to use the notice-and-access provisions under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102

– *Continuous Disclosure Obligations* (the "**Notice-and-Access Provisions**") of the Canadian Securities Administrators for the Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to Shareholders of the Company by allowing the Company to post its Information Circular and any additional materials online.

The Information Circular and all additional materials have been posted in full on the Company's website at https://www.auxly.com/investors/#auxly_events and under the Company's SEDAR profile at www.sedar.com. All Shareholders of record as of June 2, 2020, the record date, will receive a notice and access notification containing instructions on how to access the Company's Information Circular and all additional materials. Shareholders of the Company may request paper copies of the Information Circular and additional materials at no cost by calling toll-free within North America at 1-866-692-0498, or direct from outside North America at 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 1-833-695-2414. In order to ensure that a paper copy of the Information Circular and additional materials can be delivered to a Shareholder in time for such Shareholder to review the Information Circular and return a form of proxy or voting instruction form prior to the deadline to receive proxies, it is strongly suggested that Shareholders ensure their request is received no later than July 5, 2020. Shareholders who would like more information about the Notice-and-Access Provisions may contact the Company's transfer agent, Computershare Investor Services Inc., toll-free at 1-866-964-0492. **Please see "Notice-and-Access" in the accompanying Information Circular.**

It is important that you read and follow the instructions on how to vote by proxy included in the accompanying Information Circular or the instructions on your voting instruction form in order to have your vote count.

Registered Shareholders may attend the Meeting in person or be represented by proxy, but rather than attending in person, registered Shareholders are strongly encouraged to vote in advance by submitting their proxy by mail, facsimile, telephone or online in accordance with the instructions below. Registered Shareholders who wish to appoint, as their proxy, the officers of the Company, whose names appear on the proxy form, are requested to complete, date and sign the enclosed form of proxy and deposit it with the Company's transfer agent, Computershare Investor Services Inc.: (i) by mail using the enclosed return envelope or one addressed to Computershare Investor Services Inc., Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by facsimile to 1-866-249-7775; or (iii) by telephone at 1-866-732-8683. As an alternative to completing and submitting a proxy for use at the Meeting, a Shareholder may vote electronically on the internet at www.investorvote.com. Votes cast electronically are in all respects equivalent to, and will be treated in the same manner as, votes cast via a paper form of proxy. Shareholders who wish to vote using internet or by telephone should follow the instructions provided in the form of proxy. In order to be valid, proxies must be received by the transfer agent not less than 48 hours prior to the commencement of the Meeting or any adjournment(s) thereof, excluding Saturdays, Sundays and holidays.

DATED this 5th day of June, 2020.

BY ORDER OF THE BOARD OF DIRECTORS
AUXLY CANNABIS GROUP INC.

"Hugo Alves"

Hugo Alves

Chief Executive Officer and Director

AUXLY CANNABIS GROUP INC.



MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JULY 15, 2020

PURPOSE OF SOLICITATION

This Management Information Circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Auxly Cannabis Group Inc. ("Auxly" or the "Company") for use at the annual general and special meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of the Company.

The Meeting will be held at the offices of McCarthy Tétrault LLP, Suite 5300, TD Bank Tower, Toronto, Ontario M5K 1E6 at 2:00 p.m. (Toronto time) on July 15, 2020 or at any adjournments or postponements thereof for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders (the "**Notice of Meeting**") accompanying this Information Circular. Information contained herein is given as of June 5, 2020, unless otherwise specifically stated.

The Company will use the Notice-and-Access Provisions (as defined below) to conduct the solicitation of proxies in connection with this Information Circular. Proxies may also be solicited by telephone, facsimile, email or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. Brokers, nominees or other persons holding Common Shares in their names for others shall be reimbursed for their reasonable charges and expenses in forwarding proxies and proxy material to the beneficial owners of such Common Shares. The costs of soliciting proxies will be borne by the Company.

NOTICE-AND-ACCESS

The Company has elected to deliver the materials in respect of the Meeting pursuant to the notice-and-access provisions ("**Notice-and-Access Provisions**") concerning the delivery of proxy-related materials to shareholders found in section 9.1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"), in the case of registered shareholders, and section 2.7.1 of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), in the case of beneficial shareholders. The Notice-and-Access Provisions are a set of rules that reduce the volume of proxy-related materials that must be physically mailed to shareholders by allowing issuers to deliver meeting materials to shareholders electronically by providing shareholders with access to these materials online.

The use of the Notice-and-Access Provisions reduces paper waste and mailing costs to the Company. In order for the Company to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting the Information Circular (and if applicable, other materials) electronically on a website that is not SEDAR, the Company must send a notice to Shareholders, including Beneficial Shareholders, indicating

that the proxy-related materials have been posted and explaining how a Shareholder can access them or obtain a paper copy of those materials from the Company.

In accordance with the Notice-and-Access Provisions, a notice and a form of proxy or voting instruction form has been sent to all Shareholders informing them that this Information Circular is available online and explaining how this Information Circular may be accessed, in addition to outlining relevant dates and matters to be discussed at the Meeting. This Information Circular has been posted in full on the Company's website at https://www.auxly.com/investors/#auxly_events and under the Company's SEDAR profile at www.sedar.com.

The Company will send proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent, Computershare Investor Services Inc. The Company does not intend to pay for the Intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* of NI 54-101.

Any Shareholder who wishes to receive a paper copy of this Information Circular must contact the Company's transfer agent, Computershare Investor Services Inc. at Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, toll-free within North America at 1-866-692-0498, or direct from outside North America at 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 1-833-695-2414. In order to ensure that a paper copy of the Information Circular can be delivered to a requesting Shareholder in time for such Shareholder to review the Information Circular and return a form of proxy or voting instruction form prior to the deadline to receive proxies, it is strongly suggested that Shareholders ensure their request is received no later than July 5, 2020.

All Shareholders may call 1-866-964-0492 in order to obtain additional information regarding the Notice-and-Access Provisions or to obtain a paper copy of the Information Circular, up to and including the date of the Meeting, including any adjournment thereof.

APPOINTMENT AND REVOCATION OF PROXIES

The information in this section applies to Shareholders who hold their own Common Shares in their own name and have a share certificate or direct registration system (DRS) statement (a "Registered Shareholder"). As a Registered Shareholder, you are identified on the share register maintained by the Company's register and transfer agent, Computershare Investor Services Inc., as being a Shareholder.

Registered Shareholders will receive a form of proxy for use at the Meeting. The persons named in the form of proxy are directors and/or officers of the Company. **A Registered Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such Registered Shareholder at the Meeting other than the persons designated in the enclosed form of proxy by inserting the name of the chosen nominee in the space provided for that purpose on the form of proxy and by striking out the printed names.**

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is signed by the Registered Shareholder or by the Registered Shareholder's attorney authorized in writing or, if the Registered Shareholder is a corporation, it must be executed by a duly authorized officer or attorney thereof. The proxy, to be acted upon, must be dated, completed, signed and deposited with the Company's transfer agent, Computershare Investor Services Inc.: (i) by mail using the enclosed return envelope or one addressed to Computershare Investor Services Inc., Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by facsimile to 1-866-249-7775; or (iii) by telephone at 1-866-732-8683, by no later than 2:00 p.m. (Toronto time) on July 13, 2020, or two business days preceding the date of any adjournment or postponement of the Meeting. As an alternative to completing and submitting a proxy for

use at the Meeting, a Shareholder may vote electronically on the internet at www.investorvote.com. Votes cast electronically are in all respects equivalent to, and will be treated in the same manner as, votes cast via a paper form of proxy. Shareholders who wish to vote using internet or by telephone should follow the instructions provided in the form of proxy.

A Registered Shareholder who has given a proxy may revoke it prior to its use, in any manner permitted by law, including by an instrument in writing executed by the Registered Shareholder or by his, her or its attorney authorized in writing or, if the Registered Shareholder is a corporation, executed by a duly authorized officer or attorney thereof and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name in the Company's records. Such Common Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should contact their broker or other intermediary as soon as practicable to ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Services, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or visit www.proxyvote.com to vote the Common Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his, her or its broker (or agent of the broker), a Beneficial

Shareholder may attend at the Meeting as proxyholder for a Registered Shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Common Shares as proxyholder for a Registered Shareholder should enter their own names in the blank space on the instrument of 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 (or agent), well in advance of the Meeting.

Beneficial Shareholders (other than Beneficial Shareholders who are duly appointed proxyholders) will not be admitted to the Meeting. Beneficial Shareholders are urged to vote their Common Shares in advance of the Meeting in accordance with the procedures and instructions received from Broadridge or other applicable intermediary. Beneficial Shareholders may listen to the Meeting using the live audioconferencing facilities described in this Information Circular.

VOTING OF PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted on any matter that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the accompanying form of proxy, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with such instructions. **In the absence of any such instructions, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon.**

The form of proxy confers discretionary authority upon the persons named therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly comes before the Meeting, then discretionary authority is conferred upon the person appointed in the proxy to vote in the manner they see fit, in accordance with their best judgment.

At the time of the printing of this Information Circular, management of the Company knew of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

Except as disclosed in this Information Circular, management of the Company is not aware of any material interest of any director or executive officer or any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The board of directors of the Company (the "**Board**") has fixed June 2, 2020 as the record date for the meeting (the "**Record Date**"). Shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote thereat or at any adjournments or postponements thereof on the basis of one vote for each Common Share held, except to the extent that: (i) a Registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or it owns the Common Shares and demands, not later than 10 days before the Meeting, that his, her or its name be included on the list of persons entitled to vote at the Meeting, in which case, the transferee shall be entitled to vote such Common Shares at the Meeting. The transfer books will not be closed.

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the Record Date, there were 641,849,946 Common Shares outstanding. The Shareholders are entitled to one vote per Common Share at all meetings of the Shareholders either in person or by proxy. The Shareholders

are also entitled to dividends, if and when declared by the directors of the Company, and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company.

On July 25, 2019, the Company entered into a subscription agreement with an indirect wholly-owned subsidiary of Imperial Brands PLC (“**Imperial**”) pursuant to which Imperial agreed to purchase a 4.00% senior unsecured convertible debenture due September 25, 2022 in an aggregate principal amount of \$122,851,094.58 (the “**Transaction**”). The Transaction closed on September 25, 2019. At the closing of the Transaction, the Company and Imperial also entered into an investor rights agreement (the “**Investor Rights Agreement**”). Pursuant to the terms of the Investor Rights Agreement, the Company has agreed, for so long as Imperial holds a partially diluted percentage of outstanding Common Shares of not less than 15%, to nominate for election as a director of the Company at any meeting of shareholders at which directors are to be elected, one individual designated by Imperial. Conrad Tate is Imperial’s director nominee.

To the knowledge of the Company, no person beneficially owns, controls, or directs, indirectly or directly, more than 10% of the issued and outstanding Common Shares as of the date of this Information Circular.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the Meeting:

Receive the Financial Statements

The audited financial statements of the Company for the period ended December 31, 2019 and the report of the auditors thereon will be received at the Meeting. The audited financial statements of the Company and the report of the auditors are available under the Company’s profile on SEDAR at www.sedar.com.

Election of Directors

At the Meeting, a board of five directors will be proposed for election. Management has been informed that each of the proposed nominees listed below is willing to serve as a director if elected.

The term of office for each director is from the date of the Meeting at which he or she is elected until the next following annual meeting or until his or her successor is elected or appointed.

The following table sets forth certain information regarding the nominees, their respective positions with the Company, principal occupations or employment during the last five years, the dates on which they became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of the Record Date.

Name and Residence	Position held with the Company	Director Since	Principal Occupation for the Previous Five Years	Common Shares Beneficially Owned Directly or Indirectly
Chuck Rifici Ottawa, Ontario	Chairman of Board and Former CEO	May 5, 2017	Chief Executive Officer of the Company from May 2017 – August 2019; and Chief Executive Officer of Nesta Holding Co. Ltd. since October 2015.	21,824,480 ⁽¹⁾

Name and Residence	Position held with the Company	Director Since	Principal Occupation for the Previous Five Years	Common Shares Beneficially Owned Directly or Indirectly
Hugo Alves Toronto, Ontario	Director and CEO	August 10, 2017	Chief Executive Officer of the Company since August 27, 2019; President of the Company from August 10, 2017 – August 27, 2019. Formerly senior corporate and commercial Partner at Bennett Jones LLP where he founded and led the firm’s cannabis group, September 2014 – July 2017.	25,645,902 ⁽²⁾
Genevieve Young ⁽³⁾ Ottawa, Ontario	Director	December 27, 2018	President and Chief Operating Officer of Global Public Affairs since January 2017, Chief Operating Officer of Global Public Affairs since January 2015, and SVP, Ottawa/Practice lead, Global Public Affairs January 2008 – December 2014.	Nil.
Troy Grant ⁽⁴⁾ Bedford, Nova Scotia	Director	December 21, 2016	Founder and Chief Executive Officer of Elcora Advanced Materials Corp., a TSXV listed graphene materials company, since June 2011.	11,250
Conrad Tate ⁽⁴⁾ Bristol, UK	Director	September 25, 2019	Corporate Development Director at Imperial Brands PLC since 2010.	Nil.

Notes:

- (1) Includes: (i) 14,312,908 Common Shares held through Chuck Rifici Holdings Inc., and (ii) 7,511,572 Common Shares held through Nesta Holding Co. Ltd., a private company of which Mr. Rifici is the CEO and owns 56.19% of its common shares.
- (2) Includes 12,000,000 Common Shares held through Grandville Asset Management Limited, a private company wholly owned by Mr. Alves.
- (3) Current Chair of the Audit Committee.
- (4) Current member of the Audit Committee.

Corporate Cease Trade Orders or Bankruptcies

No director or executive officer of the Company is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days.

No director or executive officer of the Company is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer 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.

Personal Bankruptcies

No director of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

No director of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxies FOR the election of each of the nominees specified above as directors of the Company. If, prior to the Meeting, any vacancies occur in the proposed nominees herein submitted, the persons named in the enclosed form of proxy intend to vote FOR the election of any substitute nominee or nominees recommended by management of the Company and FOR each of the remaining proposed nominees.

Appointment of Auditors

Effective November 28, 2019, Ernst & Young LLP (“E&Y”) was appointed as the auditor of the Company following the resignation of MNP LLP (“MNP”). The Company proposes to reappoint E&Y as its auditor, to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix the auditors’ remuneration and accept the resignation of MNP as predecessor auditors of the Company.

As indicated in the Change of Auditor Notice dated November 29, 2019, attached as Schedule "B" to this Information Circular, there are no reportable events as defined in section 4.11 of NI 51-102 and there were no reservations in the report of MNP on the Company’s financial statements relating to the “relevant period” as defined in Section 4.11 of NI 51-102.

Attached as Schedule "B" to this Information Circular is a Change of Auditor Notice – Reporting Package, which consists of (i) the Change of Auditor Notice, (ii) letter from the successor auditors, and (iii) letter from the former auditors.

Absent contrary instructions, proxies given pursuant to this solicitation by the management of the Company will be voted FOR the appointment of E&Y as the auditor of the Company to hold office until the next annual meeting of Shareholders or until a successor is appointed and the authorization of the directors to fix the remuneration of the auditor.

Re-approval of the Equity Incentive Plan

At the Meeting, Shareholders of the Company will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution re-approving the rolling option plan of the Company (the "**Equity Incentive Plan**"). The Equity Incentive Plan was previously approved by the Shareholders at the Company's annual and special meeting held on August 26, 2019. The policies of the TSX Venture Exchange (the "**TSXV**") require that the Equity Incentive Plan be approved annually by the Shareholders. A copy of the Equity Incentive Plan is attached to the Company's management information circular dated July 30, 2019 in connection with the annual and special meeting of shareholders held on August 26, 2019, a copy of which has been filed under the Company's profile on SEDAR at www.sedar.com.

The objective of the Equity Incentive Plan is to permit the directors, executive officers, employees, consultants and persons conducting Investor Relations Activities (as such term is defined in the policies of the TSXV) to participate in the growth and development of the Company through the grant of incentive stock awards. The Company will maintain the Equity Incentive Plan in accordance with Policy 4.4 – *Incentive Stock Options* of the Corporate Finance Manual of the TSXV.

Summary of the Equity Incentive Plan

The following is a summary of certain provisions of the Equity Incentive Plan. It does not purport to be complete and is subject to, and is qualified in its entirety by references to, all of the provisions of the proposed Equity Incentive Plan.

Eligibility

The Equity Incentive Plan is a rolling option plan that provides for the grant of incentive stock awards, including incentive stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and other awards based on Common Shares (collectively, the "**Stock Awards**"). Subject to the terms and conditions of the Equity Incentive Plan, Stock Awards are available to directors, officers, employees, consultants and persons conducting Investor Relations Activities for the Company (collectively, "**Eligible Persons**"). A "**Participant**" is an Eligible Person to whom a Stock Award has been granted under the Equity Incentive Plan.

The Equity Incentive Plan is administered by the Board, which has the authority to delegate administration of the Equity Incentive Plan to one or more of its committees.

Shares Reserved

Subject to the terms and conditions of the Equity Incentive Plan, the maximum number of Common Shares which may be reserved and set aside for issuance upon the grant or exercise of Stock Awards under the Equity Incentive Plan is 10% of the Company's issued and outstanding share capital at the time of any grant. The Equity Incentive Plan is a "rolling" maximum option plan, and any increase or decrease or reduction in the number of outstanding Common Shares will result in an increase or decrease, respectively, in the number of Common Shares that are available to be issued under the Equity Incentive Plan.

The maximum number of Common Shares reserved for issue pursuant to Stock Awards granted to Participants who are insiders of the Company in any 12-month period may not exceed, in the aggregate, 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received in accordance with the policies of the TSXV. The maximum number of Common Shares reserved for issue to any one Participant upon the exercise of Options (as defined below) in any 12-month period

may not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the TSXV.

Notwithstanding the foregoing, the maximum number of Common Shares reserved for issue to any one consultant upon the exercise of Options in any 12-month period shall not exceed 2% of the number of Common Shares then outstanding. The maximum number of Common Shares reserved for issue to all persons conducting Investor Relations Activities (as such term is defined in the policies of the TSXV) upon the exercise of Stock Awards in any 12-month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding.

Securities Issuable under the Equity Incentive Plan

Pursuant to and subject the terms of the Equity Incentive Plan, the Board may grant the following securities to Eligible Persons:

Options

The Board is authorized to grant stock options ("**Options**") to Eligible Persons, subject to the terms of the Equity Incentive Plan.

The exercise price per Common Share for Options shall not be less than the Discounted Market Price (as defined in the policies of the TSXV), or such other price as permitted pursuant to a waiver obtained from the TSXV, of the Common Shares on the effective date of grant of the Option.

The term of each Option shall be fixed by the Board, provided that in no circumstances shall the term of any Option granted exceed 10 years from the date the Option is granted.

Stock Appreciation Rights

The Board is authorized to grant stock appreciation rights ("**SARs**") to Eligible Persons, subject to the terms and conditions of the TSXV, including, in particular, that for so long as the Company's securities are listed on the TSXV, the Company shall only be permitted to grant SARs if the Company satisfies the requirements of, and is listed as, a "Tier 1 Issuer" (as such term is defined in the TSXV Corporate Finance Manual).

For SARs that may be granted under the Equity Incentive Plan, the Participant, upon exercise of the SAR, will have the right to receive, as determined by the Board, cash or a number of Common Shares equal to the excess of: (i) the fair market value of one Common Share on the date of exercise (or, if the Board so determines at any time during a specified period before or after the date of exercise); and (ii) the grant price of the SAR as determined by the Board, which grant price cannot be less than the Discounted Market Price of one Common Share on the date of grant of the SAR.

The term of each SAR shall be fixed by the Board, provided that in no circumstances shall the term of any SAR granted exceed 10 years from the date the SAR is granted.

Restricted Stock

The Board is authorized to grant restricted stock, in the form of Common Shares, to Eligible Persons subject to the terms and conditions of the Equity Incentive Plan ("**Restricted Stock**").

The Restricted Stock will be subject to such restrictions as the Board may impose and which comply with the requirements of the TSXV, which restrictions may lapse separately or in combination at such time or times, in such instalments or otherwise as the Board determines.

Subject to any restrictions imposed by the TSXV, holders of Restricted Stock shall have all rights of a shareholder of record with respect to such Common Shares (including the right to vote and receive dividends) upon the issuance of the certificate, certificates or written acknowledgment for the Common Shares of Restricted Stock. The Common Shares of Restricted Stock shall vest in the holder thereof when all vesting restrictions and vesting contingencies lapse, including the lapse of any rights of forfeiture. Until such time, the Board may require that such Common Shares be held by the Company together with a stock power duly endorsed in blank by the holder.

Except as otherwise determined by the Board, upon a Participant ceasing to be an Eligible Person during the applicable restriction period, all applicable Common Shares of Restricted Stock at such time subject to restriction shall be forfeited and reacquired by the Company.

Restricted Stock Units

The Board is authorized to grant restricted stock units ("**RSUs**"), in the form of Common Shares, to Eligible Persons, subject to the terms and conditions of the Equity Incentive Plan and any requirements of the TSXV.

Each RSU issued under the Equity Incentive Plan confers on the holder the right to receive a Common Share (or cash payment equal to the fair market value of such Common Share if the Board so elects) at some future date, subject to the terms of an RSU award agreement as set by the Board and containing terms consistent with the provisions of the Equity Incentive Plan. The terms of an RSU award agreement will typically contain, among other things, provisions pertaining to vesting, settlement (including settlement price and manner of settlement), expiry and dividend equivalency rights. The Board may also, in its discretion, issue RSUs to a Participant in circumstances where such award is subject to one or more conditions subsequent or other criteria which must be satisfied before the actual number of RSUs remaining available for vesting or settlement to the benefit of such Participant can be determined and then "granted" to the Participant.

An RSU will also entitle the Participant to receive, commencing from such date as is specified by the Board in the RSU award agreement, a payment in cash or property equal to any dividend paid on the security underlying the RSU. Any amount so paid does not have to be repaid by the Participant if the RSU is terminated or cancelled.

Other Stock Awards

The Board is authorized to grant to an Eligible Person, subject to the terms of the Equity Incentive Plan and any requirements of the TSXV, such other awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Common Shares (including, without limitation, securities convertible into Common Shares) or other securities, as are deemed by the Board to be consistent with the purpose of the Equity Incentive Plan.

Vesting

All employee Stock Awards will be governed by an agreement and vest in accordance with the vesting schedule set forth in such agreement.

If Stock Awards are issued to persons performing Investor Relations Activities, then such Stock Award must vest in stages over no less than a 12-month period with no more than one-quarter of the Common Shares subject to such Stock Award vesting in each three-month period.

Expiry

In the event that a Participant's service with the Company is terminated or interrupted in the manner set out in the Equity Incentive Plan, except as set out in the Participant's applicable Stock Award agreement or other written agreement between a Participant and the Company:

- (a) in the case of Options or SARs awarded to a Participant, the Participant may exercise the Options or SARs until the period ending on the earlier of: (i) the date that is 90 days following the termination of the Participant's continuous service (or such longer period specified in the Stock Award agreement, provided such period is no longer than 12 months), and (ii) the expiration of the term of the Options or SARs under the Stock Award agreement;
- (b) in the case of Restricted Stock, the Company may receive through a forfeiture condition or a repurchase right any or all of the Common Shares held by the Participant that have not vested as of the date of such termination under the terms of the Restricted Stock award agreement; and
- (c) in the case of RSUs, any RSUs that have not vested as of the date of termination will be forfeited.

In the event that a Participant is terminated for cause, any Options or SARs granted to the Participant will terminate immediately. In the event of the death or disability of a Participant, Options or SARs must be exercised by a Participant or his or her respective estate, as applicable, on the earlier of (a) the date that is 12 months following the date of death or disability of the Participant; and (b) the expiration of the term of the Option or SAR.

Non-Transferability

All Stock Awards are non-assignable and non-transferable (other than by will or laws of descent and distribution). The Equity Incentive Plan provides that, during the lifetime of a Participant, an Option or SAR shall be exercisable only by a Participant or a Participant's guardian or legal representative.

Acceleration

Subject to the terms of the Equity Incentive Plan, the Board may, in its sole discretion, accelerate, in whole or in part, the time at which a Stock Award may be exercised or vest.

Capitalization Adjustments

Appropriate adjustments to the Stock Awards granted under the Equity Incentive Plan will be made by the Board to give effect to adjustments in the number and type of Common Shares (or other securities or other property) resulting from subdivisions, consolidations, substitutions, or reclassifications of Common Shares, payment of stock dividends or other changes in the Company's capital.

Change of Control

In the event of a change in control, the Board has the right, among other things: (a) to arrange for the surviving or acquiring Company to assume or continue the Stock Award or to substitute a similar Stock Award; (b) arrange for the assignment or reacquisition or repurchase rights held by the Company in respect of Common Shares issued pursuant to a Stock Award to the surviving corporation or acquiring corporation; (c) accelerate the vesting, in whole or in part, of the Stock Award to a date prior to the effective time of the Change in Control, with such Stock Award terminating if not exercised; (d) arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award; (e) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Change in Control, in exchange for such cash consideration (including no consideration) as the Board, in its sole discretion, may consider appropriate; and (f) make a payment, in such form as may be determined by the Board to be equal to the excess of the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Change in Control over any exercise price payable by such Participant in connection with such exercise.

Amendments to the Equity Incentive Plan

The Board may, at any time, amend, suspend or terminate the Equity Incentive Plan. To the extent required under the rules of any securities exchange or market system on which the Common Shares are listed, amendments to the Equity Incentive Plan shall be subject to approval by the Shareholders entitled to vote at a meeting of Shareholders.

Shareholder Approval of the Equity Incentive Plan

At the Meeting, Shareholders of the Company will be asked to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Equity Incentive Plan Resolution**") confirming and approving the Equity Incentive Plan, subject to such amendments as may be required by the TSXV or otherwise determined by the Board in accordance with the requirements of the TSXV.

Shareholders will be asked at the Meeting to approve with or without variation the Equity Incentive Plan Resolution as follows:

"BE IT RESOLVED THAT:

1. the Equity Incentive Plan of the Company attached as Schedule "C" to the Management Information Circular of the Company dated July 30, 2019 be, and the same hereby is, confirmed and approved as the Equity Incentive Plan of the Company, subject to such amendments: (a) as may be required by the TSX Venture Exchange; or (b) that are consistent with the requirements of the TSX Venture Exchange as may be determined from time to time by the Company's Board of Directors.
2. Notwithstanding that this resolution has been passed by the shareholders of the Company, the Board of Directors of the Company may revoke such resolution at any time before it has been effected without further action by the shareholders of the Company.
3. Any director or officer of the Company be and is hereby authorized, for and on behalf of the Company to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to implement this ordinary

resolution and the matter authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action."

In order to be passed, the Equity Incentive Plan Resolution requires the approval of a majority of the votes cast thereon by the Registered Shareholders present in person or represented by proxy at the Meeting. The Board unanimously recommends that Shareholders vote FOR the Equity Incentive Plan Resolution.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Equity Incentive Plan Resolution.

Continuance to Ontario

Shareholders will be asked to consider and, if deemed advisable, approve a special resolution (the "**Continuance Resolution**") authorizing the Board, in its sole discretion, to apply for continuance (the "**Continuance**") out of the Province of British Columbia under the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") into the Province of Ontario under the provisions of the *Business Corporations Act* (Ontario) (the "**OBCA**"), as set out further below.

Introduction

The Company is currently incorporated under the BCBCA. The Board is of the view that it may be appropriate to continue the Company as an Ontario company for corporate and administrative reasons. The Company's head office is located in Toronto, Ontario, and its chief officers reside in Ontario.

The Continuance, if approved, will effect a change in the legal domicile of the Company as of the effective date and time thereof and will affect certain of the rights of Shareholders as they currently exist under the BCBCA. Management of the Company is of the view that the OBCA will provide to Shareholders substantively the same rights as are available to Shareholders under the BCBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions and that shareholders will not be adversely affected by the Continuance. **Shareholders should consult their legal advisors regarding implications of the Continuance which may be of particular importance to them.**

Upon the Continuance becoming effective, Shareholders will continue to hold one common share of the Company for each Common Share currently held. The principal attributes of the Common Shares after Continuance will be identical to the corresponding shares of the Company prior to the Continuance other than differences in shareholders' rights under the OBCA and the BCBCA, a summary of which is provided below.

The directors and officers of the Company immediately following the Continuance will be identical to the directors and officers of the Company immediately prior to the Continuance. As of the effective date of the Continuance, the election, duties, resignations and removal of the Company's directors and officers shall be governed by the OBCA and the Articles of Continuance and by-laws.

Procedure

Under the BCBCA, in order to effect the Continuance of the Company from British Columbia into Ontario, the Company must obtain the approval of the Shareholders by way of special resolution under the BCBCA, being a resolution passed by not less than 66 ²/₃% of the votes cast in person or by proxy at the Meeting. The Company must also make a written application to the Registrar of Companies appointed under the BCBCA (the "**Registrar of Companies**") for consent to continue.

If the Continuance Resolution is approved at the Meeting, it is proposed the Company may apply to and file all necessary documentation with the Registrar of Companies for authorization to continue into Ontario. Immediately following receipt of the authorization of the Registrar of Companies, it is proposed that the Company would apply for a Certificate of Continuance and file Articles of Continuance under the OBCA to continue the Company into Ontario.

Upon the issuance of a Certificate of Continuance by the Director appointed under the OBCA (the “**Director**”), the Continuance will become effective, whereupon the Company will become subject to the OBCA, as if it had been incorporated under the OBCA, and the Articles of Continuance will be deemed to be the articles of incorporation of the Company.

The Articles of Continuance will constitute the governing instrument of the continued Company under the OBCA and the Certificate of Continuance issued by the Director will be deemed to be the certificate of incorporation of the continued Company. Upon the Articles of Continuance becoming effective, the Company becomes a corporation to which the OBCA applies as if it had been incorporated under the OBCA.

Notwithstanding the Continuance of the Company from British Columbia into Ontario, the BCBCA and the OBCA provide that all the rights of creditors of the Company against the Company’s property, rights and assets and all liens on the Company’s property, rights and assets are unimpaired by the Continuance. All debts, contracts, liabilities and duties of the Company continue to attach to the Company upon being continued under the OBCA and continue to be enforceable against it as if the Company had remained incorporated under the BCBCA as well as any existing cause of action, claim or legal proceeding against the Company.

Notwithstanding the approval of the Continuance by special resolution of the Shareholders of the Company, the Board may, without further approval by the Company’s Shareholders, abandon the application for the Continuance of the Company under the OBCA at any time prior to the issue of a Certificate of Continuance.

Corporate Governance Differences

In general terms, the OBCA provides to shareholders substantively the same rights as are available to shareholders under the BCBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions, and is consistent with corporate legislation in most other Canadian jurisdictions. There are, however, important differences concerning the qualifications of directors, location of shareholder meetings and certain shareholder remedies. The following is a summary comparison of certain provisions and the highlights of the BCBCA and the OBCA which pertain to rights of Shareholders. This summary is not intended to be exhaustive and Shareholders should consult their legal advisers regarding all of the implications of the Continuance.

Charter Documents

Under the OBCA, the charter documents will consist of a Certificate and Articles of Continuance, which set forth, among other things, the name of the corporation and the amount and type of authorized capital, and by-laws, which govern the management of the Company following the Continuance. The Articles and the by-laws are kept at the Company’s registered office, or such other place in Ontario designated by the directors.

Under the BCBCA, the charter documents consist of a Certificate of Incorporation and Notice of Articles, which sets forth the name of the corporation, its directors and the amount and authorized share structure,

and Articles, which govern the management of the Company. The Notice of Articles is filed with the Registrar of Companies while the Articles are kept at the Company's records office.

A Continuance to Ontario and the adoption of the Articles of Continuance and by-laws will not result in any substantive changes to the constitution, powers or management of the Company, except as otherwise described herein.

Amendments to Charter Documents

Under the OBCA, certain fundamental changes require a special resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration at a special meeting of shareholders, and, in certain instances, where the rights of the holders of a class or series of shares are affected differently by the alteration than those of the holders of other classes or series of shares, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class or series so affected, whether or not they are otherwise entitled to vote. Authorization to amalgamate an OBCA corporation requires that a special resolution in respect of the amalgamation be passed by the holders of each class or series of shares entitled to vote thereon. The holders of a class or series of shares of an amalgamating corporation, whether or not they are otherwise entitled to vote, are entitled to vote separately as a class or series in respect of an amalgamation if the amalgamation agreement contains a provision that, if contained in a proposed amendment to the Articles, would entitle such holders to vote separately as a class or series under Section 170 of the OBCA.

Any substantive change to the charter documents of a company under the BCBCA, such as an alteration of the restrictions, if any, on the business carried on by a company, a change in the name of a company, an increase, reduction or elimination of the maximum number of shares that the company is authorized to issue out of any class or series of shares, an alteration of the special rights and restrictions attached to issued shares or continuance of a company out of the jurisdiction requires a resolution of the type specified in its Articles. If the Articles do not specify the type of resolution, a special resolution passed by the majority of votes that the Articles of the company specify is required, if that specified majority is at least two thirds and not more than three quarters of the votes cast on the resolution or, if the Articles do not contain such a provision, a special resolution passed by at least two thirds of the votes cast on the resolution. Other fundamental changes such as a proposed amalgamation or arrangement require a similar special resolution passed by holders of shares of each class or series entitled to vote at a general meeting of the company and the holders of all classes or series of shares adversely affected by such changes.

Sale of Undertaking

The OBCA requires approval by not less than two-thirds of the votes cast upon a special resolution at a duly called special meeting for a sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business of the corporation. If a sale, lease or exchange of all or substantially all of the property of the corporation other than in the ordinary course of business of the corporation would affect a particular class or series of shares of the corporation in a manner different from the shares of another class or series of the corporation entitled to vote on the sale, lease or exchange at the meeting, the holders thereof are entitled to vote separately as a class or series in respect to such sale, lease or exchange.

Under the BCBCA, a company may sell, lease or otherwise dispose of all or substantially all of the undertaking (as opposed to 'property' under the OBCA) of the company if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the Articles of the company specify is required, if that specified majority is at least two-thirds and not

more than three-quarters of the votes cast on the resolution or, if the Articles do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution.

Rights of Dissent and Appraisal

The OBCA provides a holder of shares of any class or series entitled to vote on a resolution may dissent to certain actions being taken by a company and require the company to purchase the shares held by such shareholder at the fair value of such shares, determined as of the close of business on the day before the resolution was adopted. The dissent right is applicable in respect of a resolution:

- (a) to amend its Articles to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) to amend its Articles to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) to amalgamate with another corporation;
- (d) to be continued under the laws of another jurisdiction; or
- (e) to sell, lease or exchange all or substantially all the corporation's property.

Although the procedure under BCBCA for exercising rights of dissent differs from the procedure under the OBCA, the BCBCA also provides that shareholders of a company, whether or not such shareholder's shares carry the right to vote, are entitled to dissent to certain actions being taken by the company and require the company to purchase the shares held by such shareholder at the fair value of such shares, determined immediately before the passing of the resolution. A shareholder is entitled to dissent pursuant to the BCBCA in respect of:

- (a) a resolution to alter the company's Articles to alter restrictions on the powers of the company or on the business that the company is permitted to carry on;
- (b) a resolution to adopt an amalgamation agreement;
- (c) a resolution to approve an amalgamation into a foreign jurisdiction;
- (d) a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of a company's undertaking;
- (f) a resolution to continue into a jurisdiction other than British Columbia;
- (g) any other resolution, if dissent is authorized by the resolution; or
- (h) any court order that permits dissent.

See "Shareholders' Rights of Dissent in Respect of the Continuance".

Oppression Remedies

Under the OBCA, a registered security holder, former registered security holder, beneficial security holder, former beneficial security holder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy may apply to a court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates:

- (a) any act or omission of the corporation or its affiliates effects, or threatens to effect, a result;
- (b) the business or affairs of the corporation or its affiliates are, or have been or are threatened to be carried on or conducted in a manner; or
- (c) the powers of the directors of the corporation or any of its affiliates are, have been or are threatened to be exercised in a manner,

that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of, any security holder, creditor, director or officer of the corporation.

The OBCA contains rights that are substantially broader in that they are available to a larger class of complainants than the BCBCA. Under the BCBCA, a shareholder of a company has the right to apply to court on the ground that:

- (a) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or
- (b) some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit, including an order to prohibit any act proposed by the company.

Shareholder Derivative Actions

Under the BCBCA, a shareholder or director of a company may, with leave of the court, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such a right, duty or obligation.

A broader right to bring a derivative action is contained in the OBCA, and this right extends also to registered security holders, former registered security holders, beneficial security holders, former beneficial security holders, directors, former directors, officers and former officers of a corporation or any of its affiliates, and any other person who, in the discretion of the court, is a proper person to make an application to court to bring a derivative action. In addition, the OBCA permits derivative actions to be commenced in the name and on behalf of a corporation or any of its subsidiaries, or to intervene in an action to which any such body corporate is a party, for the purpose of prosecuting, defending or discontinuing the action on behalf of the body corporate.

Shareholder Proposals

Both the OBCA and the BCBCA contain provisions with respect to shareholder proposals.

Under the OBCA, a registered holder of shares entitled to vote or a beneficial owner of shares that are entitled to be voted at a meeting of shareholders may: (i) submit to the corporation notice of a proposal; and (ii) discuss at the meeting any matter in respect of which such shareholder would have been entitled to submit a proposal. A corporation that solicits proxies shall set out the proposal in the management information circular or attach the proposal to the circular. If requested by the shareholder, management must also include in the management information circular a statement by the shareholder in support of the proposal provided such statement meets certain criteria. A shareholder proposal may include nominations for the election of directors if the proposal is signed by one or more holders of shares representing in the aggregate not less than 5% of the shares or 5% of the shares of a class or series of shares of the corporation entitled to vote at the meeting to which the proposal is to be presented.

A corporation is not required to set out the proposal or statement in support of the proposal in a management information circular where:

- (a) notice of the proposal is submitted to the corporation less than 60 days before: (i) the anniversary date of the previous annual meeting, if the matter is proposed to be raised at an annual meeting; or (ii) the date of a meeting other than the annual meeting, if the matter is proposed to be raised at a meeting other than the annual meeting;
- (b) it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the corporation or its directors, officers or security holders;
- (c) it clearly appears that the proposal does not relate in a significant way to the business or affairs of the corporation;
- (d) within two years before the receipt by the corporation of a person's notice of proposal, the person failed to present, in person or by proxy, at a meeting of the corporation's shareholders, a proposal which had been submitted by the person and had been included in a management information circular or a notice of meeting relating to that shareholders' meeting; or
- (e) substantially the same proposal was submitted to shareholders in a management information circular, dissident's information circular, or notice of a meeting relating to a previous meeting of shareholders, such previous meeting was held within five years before the receipt by the corporation of the person's current notice of proposal, and at that previous meeting, the proposal did not receive the minimum amount of support.

Pursuant to the BCBCA, a proposal may only be submitted by qualified shareholders, which means a person who:

- (a) is a registered owner or beneficial owner of one or more shares of the company that carry the right to vote at general meetings; and
- (b) has been a registered owner or beneficial owner of one or more such shares for an uninterrupted period of at least two years before the date of the signing of the proposal;

provided that such shareholder has not, within two years before the date of the signing of the proposal, failed to present, in person or by proxy, at any annual general meeting, an earlier proposal submitted by such shareholder in respect of which the corporation complied with its obligations under the BCBCA.

A proposal pursuant to the BCBCA is valid if:

- (a) the proposal is signed by a submitter who is a qualified shareholder;
- (b) the proposal is signed by qualified shareholders who, together with the submitter, are, at the time of signing, registered owners or beneficial owners of shares that, in the aggregate: (i) constitute at least 1/100 of the issued shares of the company that carry the right to vote at general meetings, or (ii) have a fair market value in excess of \$2,000;
- (c) the proposal, and the declarations referred to in paragraph (d) below, are received at the registered office of the company at least three months before the anniversary of the previous year's annual reference date; and
- (d) the proposal is accompanied by a declaration from the submitter and each supporter, signed by the submitter or supporter, as the case may be, or, in the case of a submitter or supporter that is a corporation, by a director or senior officer of the signatory: (i) providing the name of and a mailing address for that signatory; (ii) declaring the number and class or series of shares carrying the right to vote at general meetings that are owned by that signatory as a registered owner or beneficial owner; and (iii) unless the name of the registered owner has already been provided under subparagraph (i), providing the name of the registered owner of those shares.

A corporation that receives a valid proposal must send the text of the proposal, the names and mailing addresses of the submitter and supporting shareholders, and the text of any supporting statement accompanying the proposal to all persons who are entitled to notice of the annual general meeting in relation to which the proposal is made. Such information must be sent in, or within the time for sending of, the notice of the applicable annual general meeting, or in the corporation's information circular, if any, sent in respect of the applicable annual general meeting. If the submitter is a qualified shareholder at the time of the annual general meeting to which its proposal relates, the corporation must allow the submitter to present the proposal, in person or by proxy, at such meeting. If two or more proposals received by the corporation in relation to the same annual general meeting are substantially the same, the corporation needs to comply with such requirements only in relation to the first proposal received and not any others.

Requisition of Meetings

Both the BCBCA and the OBCA provide that shareholders of a company holding not less than 5% of the issued voting shares of a company may give notice to the directors requiring them to call and hold a meeting.

Place of Meetings

Subject to the Articles or any unanimous shareholder agreement, the OBCA permits meetings of shareholders to be held inside or outside Ontario as the directors determine, or in the absence of such a determination, at the place where the registered office of the corporation is located.

Under the BCBCA, meetings of shareholders are required to be held in British Columbia unless:

- (a) a location outside of British Columbia is provided for in the Articles;
- (b) the Articles do not restrict the company from approving a location outside of British Columbia, the location is approved by the resolution required by the Articles for that purpose (in the case of the Company, the location may be approved by directors' resolution), or if no resolution is specified then approved by ordinary resolution before the meeting is held; or

- (c) the location for the meeting is approved in writing by the Registrar of Companies before the meeting is held.

Directors

The OBCA and BCBCA both provide that a public company must have a minimum of three directors. The OBCA does not have a provincial residency requirement for directors (although at least 25% must be resident Canadians) and the BCBCA has neither Canadian nor provincial residency requirements for directors.

Shareholders' Rights of Dissent in Respect of the Continuance

The following is a summary of the operation of the provisions of the BCBCA relating to a Registered Shareholder's dissent and appraisal rights in respect of the Continuance. Such summary is not a comprehensive statement of the procedures to be followed by a Shareholder who seeks such dissent and appraisal rights and is qualified in its entirety by reference to the full text of Part 8, Division 2 of the BCBCA which is attached to this Information Circular as Schedule "C".

Any Registered Shareholder considering the exercise of the right of dissent should seek legal advice, since failure to comply strictly with the provisions of the BCBCA may prejudice the Registered Shareholder's right of dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of such shares are entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise the right of dissent must make arrangements for the Common Shares beneficially owned to be registered in their name prior to the time the written objection to the Continuance Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such shares to dissent on their behalf.

Pursuant to Section 238 of the BCBCA, any Shareholder who dissents to the Continuance Resolution (a "**Continuance Dissenting Shareholder**") in compliance with Sections 237 to 247 of the BCBCA will be entitled to be paid by the Company the fair value of the Common Shares held by such Continuance Dissenting Shareholder determined as at the point in time immediately before the passing of the Continuance Resolution. A Continuance Dissenting Shareholder must dissent with respect to all Common Shares in which the holder owns a beneficial interest.

The filing of a notice of dissent deprives a Continuance Dissenting Shareholder of the right to vote at the Meeting, except if such Continuance Dissenting Shareholder ceases to be a Continuance Dissenting Shareholder in accordance with the Continuance Dissent Rights. For greater certainty, a Shareholder who wishes to exercise the Continuance Dissent Rights may not vote in favour of the Continuance.

A Shareholder who wishes to dissent must deliver written notice of dissent to the Company at its registered office, which is 666 Burrard Street, 25th Floor, Vancouver, B.C., V6C 2X8, at least two days before the date on which the Continuance Resolution is to be voted upon and such notice of dissent must strictly comply with the requirements of Section 242 of the BCBCA.

In particular, the written notice of dissent must set out the number of Common Shares in respect of which the notice of dissent is to be sent and:

- (a) if such Common Shares constitute all of the Common Shares of which the Shareholder is the registered and beneficial owner, a statement to that effect;

- (b) if such Common Shares constitute all of the Common Shares of which the Shareholder is both the registered and beneficial owner but if the Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of Common Shares held by such registered owners and a statement that written notices of dissent have or will be sent with respect to such Common Shares; or
- (c) if the dissent rights are being exercised by a registered owner who is not the beneficial owner of such Common Shares, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all Common Shares of the beneficial owner registered in such registered owner's name.

The Company is required promptly after the later of (i) the date on which the Company forms the intention to proceed with the Continuance; and (ii) the date on which the written notice of dissent was received, to notify each Continuance Dissenting Shareholder of its intention to act on the Continuance. Upon receipt of such notification, each Continuance Dissenting Shareholder is then required, if the Continuance Dissenting Shareholder wishes to proceed with the dissent, within one month after the date of such notice to send to the Company (a) a written statement that the Continuance Dissenting Shareholder requires the Company to purchase all of its Common Shares; (b) the certificates representing such Common Shares; and (c) if the dissent right is being exercised by the Continuance Dissenting Shareholder on behalf of a beneficial owner who is not the Continuance Dissenting Shareholder, a statement signed by the beneficial owner which sets out whether the beneficial owner is the beneficial owner of other Common Shares, and if so, (i) the names of the registered owners of such Common Shares; (ii) the number of such Common Shares; and (iii) that dissent is being exercised in respect of such Common Shares. A Shareholder who fails to send the Company, within the required time frame, the written statements described above and the certificates representing the Common Shares in respect of which the Continuance Dissenting Shareholder dissents, forfeits the Shareholder's right to dissent.

On sending the required documentation to the Company, the fair value for a Continuance Dissenting Shareholder's Common Shares will be determined as follows:

- (a) if the Company and a Continuance Dissenting Shareholder agree on the fair value of the Common Shares, then the Company must promptly pay that amount to the Continuance Dissenting Shareholder or promptly send notice to the Continuance Dissenting Shareholder that the Company is lawfully unable to pay the Continuance Dissenting Shareholders for their Common Shares; or
- (b) if a Continuance Dissenting Shareholder and the Company are unable to agree on a fair value, the Continuance Dissenting Shareholder may apply to the Supreme Court of British Columbia to determine the fair value of the Common Shares, and the Company must pay to the Continuance Dissenting Shareholder the fair value determined by such Court or promptly send notice to the Continuance Dissenting Shareholder that the Company is lawfully unable to pay the Continuance Dissenting Shareholders for their Common Shares.

The Company will be lawfully unable to pay the Continuance Dissenting Shareholder the fair value of their Common Shares if the Company is insolvent or would be rendered insolvent by making the payment to the Continuance Dissenting Shareholder. In such event, Continuance Dissenting Shareholders will have 30 days to elect to either (a) withdraw their dissent or (b) retain their status as a claimant and be paid as soon as the Company is lawfully able to do so or, in a liquidation, be ranked subordinate to its creditors but in priority to its shareholders.

If the Continuance is not implemented for any reason, Continuance Dissenting Shareholders will not be entitled to be paid the fair value for their Common Shares and the Continuance Dissenting Shareholders

will be entitled to the return of any Common Share certificates delivered to the Company in connection with the exercise of the Continuance Dissent Rights.

The discussion above is only a summary of the Continuance dissent rights which are technical and complex. A Shareholder who intends to exercise Continuance dissent rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA. Persons who are beneficial owners of Common Shares registered in the name of an intermediary such as a broker, custodian, nominee, other intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such shares is entitled to dissent. It is suggested that any Shareholder wishing to avail himself or herself of the Continuance dissent rights seek his or her own legal advice as failure to comply strictly with the applicable provisions of the BCBCA may prejudice the availability of such dissent rights. Continuance Dissenting Shareholders should note that the exercise of dissent rights can be a complex, time-consuming and expensive process.

Continuance Resolution

Shareholders will be asked at the Meeting to approve with or without variation the Continuance Resolution as follows:

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the continuance of Auxly Cannabis Group Inc. (the "**Company**") from the Province of British Columbia to the Province of Ontario, pursuant to the *Business Corporations Act* (British Columbia) ("**BCBCA**") and the *Business Corporations Act* (Ontario) (the "**OBCA**") is hereby authorized and approved;
2. the Company is hereby authorized to make an application to the Registrar of Companies appointed under the BCBCA, for authorization to continue out of British Columbia into Ontario;
3. the Company is hereby authorized to make an application to the Director appointed under the OBCA, pursuant to section 180 of the OBCA, for a Certificate of Continuance continuing the Company into Ontario under the OBCA;
4. subject to the issuance of such Certificate of Continuance and without affecting the validity of the Company and the existence of the Company by or under its Notice of Articles and Articles and any act done thereunder, effective upon issuance of the Certificate of Continuance, the Company adopt the Articles of Continuance forming part of the said application for continuance and such bylaws as the directors of the Company may approve in substitution for the existing Notice of Articles and Articles of the Company;
5. the directors of the Company are hereby authorized, without further approval of the shareholders of the Company, to abandon the application for continuance of the Company under the OBCA at any time prior to the issue of a certificate of continuance by the Director appointed under the OBCA; and
6. any director or officer of the Company be and is hereby authorized, for and on behalf of the Company to execute and deliver all documents and instruments and take such other actions, including making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to implement this special resolution and the matter authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument and the taking of any such action."

Brandon Boddy ⁽¹³⁾ Former Director	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Ian McKay ⁽¹⁴⁾ Former Director	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.

Notes:

- (1) Mr. Alves was appointed CEO of the Company on August 27, 2019, prior to which he served as President of the Company. No compensation was paid to Mr. Alves for his role as a director.
- (2) Reflects an agreed minimum bonus earned but not yet paid for services performed in the financial year ending December 31, 2019. Payment of such bonus was voluntarily deferred by the NEO.
- (3) Reflects an agreed minimum bonus earned but not yet paid for services performed in the financial year ending December 31, 2018. Payment of such bonus was voluntarily deferred by the NEO.
- (4) Mr. Schmitt was appointed CFO of the Company on February 11, 2019.
- (5) Reflects salary paid from February to December 31, 2019.
- (6) Reflects a bonus earned but not yet paid for services performed in the financial year ending December 31, 2019.
- (7) On August 27, 2019, Mr. Alves assumed the role of CEO of the Company and Mr. Rifici's role changed to being solely the Chairman of the Board. No compensation was paid to Mr. Rifici for his role as a director.
- (8) Reflects salary paid from January to August 2019.
- (9) On February 11, 2019, Mr. Tung ceased his role as CFO of the Company and on March 20, 2020, Mr. Tung resigned as COO of the Company.
- (10) Ms. Young was appointed to the Board on December 27, 2018.
- (11) Mr. Tate was appointed to the Board on September 25, 2019.
- (12) Mr. Gaillard did not submit his name for re-election to the Board at the Company's annual and special meeting on August 26, 2019 and therefore ceased to be member of the Board as of that date.
- (13) Mr. Boddy resigned from the Board on December 27, 2018.
- (14) Mr. McKay resigned from the Board on July 12, 2018.

Stock options and other compensation securities

The following table sets forth information with respect to all compensation securities granted or issued to the Company's Named Executive Officers and directors by the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Brian Schmitt CFO	Options	1,000,000 ⁽¹⁾ 0.16% ⁰	February 12, 2019	0.84	0.71	0.54	February 12, 2024
Genevieve Young Director	Options	75,000 ⁽¹⁾ 0.01% ⁽²⁾	February 12, 2019	0.84	0.71	0.54	February 12, 2024
Jean-Paul Gaillard Former Director	Options	75,000 ⁽¹⁾ 0.01% ⁽²⁾	February 12, 2019	0.84	0.71	0.54	Expired

Notes:

- (1) 25% of the optioned shares will vest one year from the date of hiring/appointment and 25% will vest each year on that date for the following 3 years.
- (2) Based on 638,249,946 Common Shares issued and outstanding as at December 31, 2019.

Exercises of compensation securities by the Company's Named Executive Officers and directors during the most recently completed financial year were as follows:

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying Securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Equity Incentive Plan

As described under the heading "*Business to be Transacted at the Meeting – Re-approval of the Equity Incentive Plan*", the Company is seeking to obtain re-approval from the Shareholders at the Meeting of the Equity Incentive Plan. For more information and a summary of the Equity Incentive Plan, please see under the heading "*Business to be Transacted at the Meeting – Re-approval of the Equity Incentive Plan – Summary of the Equity Incentive Plan*".

Employment, consulting and management agreements

The Company currently has employment agreements in place with the Named Executive Officers. The employment agreements provide for, among other things, the continuation of the employment for an indefinite term, subject to termination as provided for in the employment agreements.

Hugo Alves

Pursuant to an employment agreement dated June 8, 2017 and effective as of August 10, 2017, (the "**Alves Agreement**") Mr. Alves was retained as the President of the Company at an annual base salary of \$420,000 per annum, and a minimum annual bonus of 25% of his annual base salary. Mr. Alves is now retained as the Company's Chief Executive Officer and the Alves Agreement remains in effect. In the event of a change of control as defined in the Alves Agreement, Mr. Alves may elect to terminate the agreement within 90 days of such change of control, and if he chooses to terminate then he shall be entitled to receive a payment equal to twenty-four months of Mr. Alves's annual base salary and the aggregate of the minimal annual bonus and any discretionary bonus paid to Mr. Alves in the preceding twelve month period multiplied by three, and where no discretionary bonus has been paid the minimum annual bonus multiplied by four. If Mr. Alves is terminated by the Company without cause then Mr. Alves shall be entitled to the same payments described above.

Brian Schmitt

Pursuant to an employment agreement dated February 7, 2019, Mr. Schmitt was retained as the Company's Chief Financial Officer at an annual base salary of \$240,000 per annum. Mr. Schmitt's agreement does not provide for a change of control. If Mr. Schmitt is terminated by the Company without cause within the first twenty-four months of his employment with the Company, then he shall be entitled to receive payment of six months of his annual base salary, and if Mr. Schmitt is terminated by the Company without cause after

the first twenty-four months of employment with the Company, then he shall be entitled to receive payment of twelve months of his annual base salary.

Chuck Rifici

Pursuant to an employment agreement dated May 5, 2017 (the "**Rifici Agreement**") Mr. Rifici was retained as the Company's Chief Executive Officer at an annual base salary of \$300,000 per annum, and a minimum annual bonus of 25% of his annual base salary. Effective August 26, 2019, Mr. Rifici resigned as the Company's Chief Executive Officer and the Rifici Agreement is no longer in effect. In the event of a change of control as defined in the Rifici Agreement, Mr. Rifici may have elected to terminate the agreement within 90 days of such change of control, and if he chose to terminate then he would have been entitled to receive a payment equal to twenty-four months of Mr. Rifici's annual base salary and the aggregate of the minimal annual bonus and any discretionary bonus paid to Mr. Rifici in the preceding twelve month period multiplied by three, and where no discretionary bonus had been paid the minimum annual bonus multiplied by four. If Mr. Rifici was terminated by the Company without cause then Mr. Rifici was entitled to the same payments described above.

Jeff Tung

Pursuant to an employment agreement dated May 5, 2017, Mr. Tung was retained as the Company's Chief Financial Officer and Chief Operating Officer at an annual base salary of \$240,000 per annum. On February 11, 2019, Mr. Tung's role changed to solely be the Chief Operating Officer. Effective March 20, 2020, Mr. Tung resigned as Chief Operating Officer of the Company and his employment agreement is no longer in effect. Mr. Tung's agreement did not provide for a change of control. If Mr. Tung was terminated by the Company without cause then he would have been entitled to receive payment of twelve months of his annual base salary and an amount equal to any discretionary bonus paid in the preceding twelve months period, and where no discretionary bonus had been paid, Mr. Tung would have been entitled to the payment of fifteen months of his annual base salary.

Oversight and description of director and named executive officer compensation

At present, the Company does not have a Compensation Committee. The Board is responsible for determining the compensation for the directors and the executive officers. The Board seeks to ensure that the Company's compensation goals and objectives, as applied to the actual compensation paid to the Company's executive officers, are aligned with the Company's overall business objectives and Shareholder interests.

The Board is tasked with establishing an executive compensation program, which includes any share-based awards, option-based awards or the establishment of any non-equity incentive plans. The terms of any proposed compensation for the directors of the Company who are not also officers of the Company (including any options to be granted) is determined by the Board.

Compensation Objectives

The Company's compensation policies and programs are designed to be competitive with industry peers and to recognize and reward executive performance consistent with the success of the Company's business. These policies and programs are intended to attract and retain capable and experienced individuals. The Board reviews the adequacy of remuneration for its executives by evaluating their performance in light of the Company's goals and objectives, and by comparing with other reporting issuers of similar size in the same industry. The Board is also responsible for reviewing the executive compensation disclosure before the Company discloses this information publicly.

The Board considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and Shareholders, overall financial and operating performance of the Company and the Board's assessment of each executive's individual performance and contribution toward meeting corporate objectives.

Elements of Executive Compensation

Executives of the Company currently receive compensation in the form of fixed compensation, short-term incentive compensation and long-term incentive compensation.

Fixed Compensation

Fixed compensation in the form of base salary is designed to provide income certainty and to attract and retain executives, and is therefore based on the assessment of a number of factors such as current competitive market conditions, compensation levels within similarly situated companies to the Company and factors particular to the executive, including individual performance, the scope of the executive's role with the Company and retention considerations. The Board considers available market data for companies in comparable industries and of a similar size, although a specific benchmark is not targeted and a formal peer group has not been established.

Short-term Incentive Compensation

In addition to base salary, the Company may award executives with short term incentive awards in the form of an annual bonus. Annual bonuses are intended to provide short-term incentives to executives and to reward them for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. Typically, the amount is not pre-established and is at the discretion of the Board. While there is no target amount for annual bonus, other than as may be set out in an executive's employment agreement, the Board review similar factors as those discussed above in relation to base salary.

Long-Term Incentive Compensation

Long-term incentive compensation may be provided through the grant of Stock Awards pursuant to the Equity Incentive Plan. The Company has the Equity Incentive Plan in place to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Shareholders.

The size of Stock Award grants to Named Executive Officers is dependent on each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long-term contribution to the Company will be crucial to its long-term success. Previous grants are taken into account when considering new grants.

Named Executive Officers and directors are not prevented from purchasing financial instruments (including 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 Officer or director.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the number of Common Shares to be issued upon exercise of outstanding Options, the weighted-average exercise price of such outstanding Options and the number of Common Shares remaining available for future issuance under equity compensation plans as at December 31, 2019.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by Shareholders	45,649,553	\$0.865	18,175,441 ⁽¹⁾
Equity compensation plans not approved by Shareholders	Nil.	N/A	Nil.
Total	45,649,553	\$0.865	18,175,441 ⁽¹⁾

Note:

(1) Options remaining as at December 31, 2019, based on issued and outstanding number of Common Shares of 638,249,946.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, proposed director, executive officer, nor any of their respective associates or affiliates, is or has been indebted to the Company or its subsidiaries since the beginning of the Company's most recently completed financial year.

CORPORATE GOVERNANCE AND AUDIT COMMITTEE DISCLOSURE

The Company's Statement of Corporate Governance Practices and audit committee disclosure required for venture issuers is set out in Schedule "A" to this Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Information Circular, neither the Company, nor any director or officer of the Company, nor any proposed nominee for election as a director of the Company, nor any other insider of the Company, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended December 31, 2019, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Company.

OTHER BUSINESS

Management of the Company is not aware of any other business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Financial information is contained in the Company's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2019. In addition, a Shareholder may obtain copies of the Company's financial statements and management's discussion and analysis, by contacting the Company by mail at 777 Richmond St. W., Unit 002, Toronto, ON M6J 0C2 or by telephone at 1-833-695-2414.

SCHEDULE "A"
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Capitalized terms used in this Schedule "A" but not otherwise defined herein shall have the meanings ascribed thereto in the Information Circular to which this Schedule "A" is appended.

Set out below is a description of the Company's current corporate governance practices and other information relating to the Board, per National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and related disclosure requirements.

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company. Listed below is a brief discussion of the Company's approach to corporate governance.

Board of Directors

The Board facilitates its exercise of independent supervision over management through the participation of directors. Currently, the Board has five directors of whom three are independent within the meaning of National Instrument 52-110 – *Audit Committees*. The Board members are Chuck Rifici, Hugo Alves, Troy Grant, Genevieve Young and Conrad Tate. Chuck Rifici is the Chairman of the Board.

Troy Grant, Genevieve Young and Conrad Tate are independent directors in that they do not have a direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of the director's independent judgment. Hugo Alves is not considered independent as he is the Chief Executive Officer of the Company. Chuck Rifici is not considered independent as he is the former Chief Executive Officer of the Company.

Directorships

The following directors are presently directors of other reporting issuers:

<u>Director</u>	<u>Name of Other Reporting Issuer</u>	<u>Stock Exchange</u>
Chuck Rifici	Buzz Capital Inc.	TSXV
	Buzz Capital 2 Inc.	TSXV
Troy Grant	Elcora Advanced Materials Corp.	TSXV

Orientation and Continuing Education

New directors will have orientation that includes meetings with management on business directions, operational issues and financial aspects of the Company. The Chairman meets with new directors to review and explain the role of the Board and the expectations of each individual in their role as a director.

Management updates the Board on a regular basis regarding the business and activities of the Company to ensure that the directors have the necessary knowledge to meet their obligations as directors. Directors are encouraged to communicate with management, the auditors and the Company's legal counsel to keep themselves current with the Company's business. Directors are also provided with full access to the Company's records.

Ethical Business Conduct

All Board members and employees are committed to maintaining the highest standards of integrity and ethical business conduct in the management of the Company and their interaction with all key securityholders. These standards can only be achieved by the Company adhering to the values and principles of conduct.

The Company expects all Board members and employees to conduct themselves in an ethical and law-abiding manner, in all areas, including but not limited to conflicts of interest and the protection and proper use of corporate assets, information and opportunities.

Conflicts of Interest

When faced with a conflict, it is required that business judgment of responsible persons, uninfluenced by considerations other than the best interests of the Company, will be exercised. Pursuant to the *Business Corporations Act* (British Columbia), any officer or director of the Company with a conflict of interest must disclose the nature and extent of such conflict to the Board and recuse themselves from a matter that materially conflicts with that individual's duty as a director or senior officer of the Company.

Protection and Proper Use of Corporate Assets, Information and Opportunities

Confidential information is not to be used for any purposes other than those of the Company. This requirement of confidentiality extends beyond the duty not to discuss private information, whether about the Company and/or its management and also applies to any asset of the Company, including trade secrets, customer lists, business plans, computer software, company records and other proprietary information.

In the situation of contracts with third parties such as suppliers and service providers, management is to share only that information which is needed to satisfy the conditions of the contract and only to those individuals who need to know.

The duty of confidentiality applies to all Board members and employees even after leaving the Company regardless of the reason for departing.

Compliance with Laws, Rules and Regulations

It is required that the Company is in compliance with all legislation applicable to the Company's business operations, including but not restricted to the *Cannabis Act* (Canada), the laws of the Province of British Columbia, all Canadian provincial laws and legislation, and any other similar legislation in jurisdictions where the Company operates.

All Board members and employees have a duty to know, understand and comply with any specific legislation pertaining to the business of the Company and any legislation applicable to their duties and responsibilities.

Nomination of Directors

At present, the Company does not have a Nominating Committee. The Board, however, reviews periodically the appropriate size of the Board and if necessary, identifies new candidates with qualified skills, appropriate experience and background, and necessary competencies that are consistent with the Company's goals and objectives.

Compensation

At present, the Company does not have a Compensation Committee. The Board is responsible for determining the compensation for the directors and the executive officers. The Board seeks to ensure that the Company's compensation goals and objectives, as applied to the actual compensation paid to the Company's executive officers, are aligned with the Company's overall business objectives and Shareholder interests.

The Board is tasked with establishing an executive compensation program, which includes any share-based awards, option-based awards or the establishment of any non-equity incentive plans. The terms of any proposed compensation for the directors of the Company who are not also officers of the Company (including any options to be granted) is determined by the Board.

The Company's compensation policies and programs are designed to be competitive with industry peers and to recognize and reward executive performance consistent with the success of the Company's business. These policies and programs are intended to attract and retain capable and experienced individuals. The Board reviews the adequacy of remuneration for its executives by evaluating their performance in light of the Company's goals and objectives, and by comparing with other reporting issuers of similar size in the same industry. The Board is also responsible for reviewing the executive compensation disclosure before the Company discloses this information publicly.

AUDIT COMMITTEE INFORMATION

The Audit Committee is governed by an Audit Committee Charter, a copy of which is attached hereto as Appendix 1 of Schedule "A".

Composition of the Audit Committee

As of the date of this Information Circular, the following were the members of the Audit Committee:

<u>Name</u>	<u>Independence</u>	<u>Financial Literacy</u>
Genevieve Young ⁽¹⁾	Yes	Yes
Troy Grant	Yes	Yes
Conrad Tate	Yes	Yes

Notes:

- (1) Chairman of the Audit Committee.

Relevant Education and Experience

The Board believes that the composition of the Audit Committee reflects financial literacy and expertise. Currently, all members of the Audit Committee have been determined by the Board to be "independent" and "financially literate" as such terms are defined under National Instrument 52-110 – *Audit Committees*. The Board has made these determinations based on the education as well as breadth and depth of experience of each member of the Audit Committee.

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate 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 following is a brief summary of the education and

experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Genevieve Young, Director

Genevieve Young is the President and Chief Operating Officer of Global Public Affairs, Canada's leading privately held strategic communications and government advocacy consultancy representing some of Canada's largest and most dynamic organizations. Ms. Young has two decades of experience in public affairs, leading national mandates and campaigns across jurisdictions and managing multiple stakeholders, government(s) and media. Ms. Young is responsible for all Global Public Affairs' corporate functions, driving an aggressive growth trajectory across all existing and potential markets, practice and service lines. She holds a Bachelor of Arts in Canadian Politics; an MBA from the Smith School of Business at Queen's University; and recently completed a Certificate in Business Implications for Artificial Intelligence from MIT Sloan School of Management.

Troy Grant, Director

Troy Grant is a graduate of St. Francis Xavier University with a Bachelor of Business and has spent most of his working career in the brokerage business. As a result of his business and public company experience Mr. Grant has become familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.

Conrad Tate, Director

Since 1998, Mr. Tate has held a number of senior legal and commercial roles in Imperial Brands and was appointed Corporate Development Director in 2010. Mr. Tate has played a key role in a number of significant transactions over the years, including the acquisition of Altadis, Commonwealth Brands, assets purchased by Imperial as part of the Reynolds American takeover of Lorillard and Nerudia. He has led Imperial Brands' investigation, analysis and entry into the legal cannabis sector and is currently leading a major divestment program for Imperial Brands, which will realize proceeds of up to £2 billion.

Pre-Approval Policies and Procedures

The Audit Committee of the Company has adopted specific policies and procedures for the engagement of audit and non-audit services. For all audit and non-audit services, management is required to seek pre-approval from the Audit Committee.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the most recently completed financial year of the Company has the Company relied on the exemption in section 2.4 of NI 52-110 (De Minimis Non-Audit Services), or an exemption from the application of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

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

Auditors' Fees

MNP LLP served as the Company's auditors prior to its resignation on November 28, 2019. E&Y has provided such services following its appointment as auditor of the Company on November 28, 2019. Fees paid to the Company's auditors for the years ended December 31, 2019 and 2018 are detailed below:

Fee	For the year ended December 31, 2019	For the year ended December 31, 2018
Audit Fees ⁽¹⁾	\$280,000	\$380,000
Audit-Related Fees ⁽²⁾	\$170,000	\$257,720
Tax Fees ⁽³⁾	\$24,500	\$19,025
All Other Fees ⁽⁴⁾	\$-	\$-
Total	\$474,500	\$656,745

Notes:

- (1) "Audit Fees" include the aggregate professional fees paid to the external auditors for the audit of the annual consolidated financial statements and other annual regulatory audits and filings.
- (2) "Audit Related Fees" includes the aggregate fees paid to the external auditors for services related to the audit services, including reviewing quarterly financial statements and management's discussion thereon and conferring with the Board and Audit Committee regarding financial reporting and accounting standards.
- (3) "Tax Fees" include the aggregate fees paid to external auditors for tax compliance, tax advice, tax planning and advisory services, including namely preparation of tax returns.
- (4) "Other Fees" include fees for assurance procedures in connection with filings statements and information circulars and services related to underwriter's due diligence.

All permissible categories of non-audit services require pre-approval by the Audit Committee, subject to certain statutory exemptions.

APPENDIX 1 OF SCHEDULE "A"

AUDIT COMMITTEE CHARTER AUXLY CANNABIS GROUP INC.

Purpose and Objectives

The Audit Committee is a committee of the Board. Its primary functions are to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial statements, its management's discussion and analysis, material press releases, the engagement and recommendation of compensation of independent auditors, the evaluation of the independent auditors' qualifications, independence and performance, and the performance of the Company's internal accounting procedures. The Audit Committee also prepares reports, if and when required, for inclusion by the Audit Committee in the Company's disclosure documents and enhances communication between management, independent auditors and the Board.

Composition and Process

- The Board shall appoint members of the Audit Committee annually. The Audit Committee shall be composed of not less than three members of the Board, a majority of whom shall be, in the determination of the Board, "independent" as that term is defined by National Instrument 52-110 – *Audit Committees*, as amended from time to time. Members shall be appointed by the Board on an annual basis, shall serve a one-year term and may serve consecutive terms, which are encouraged to ensure continuity of experience. The Board shall fill any vacancy in the event the Audit Committee has less than three members and may remove members by resolution.
- Each member of the Audit Committee shall, by virtue of education or experience, be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level 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.
- A quorum for a meeting of the Audit Committee shall be a majority of the members present in person or, by telecommunications device. The Audit Committee shall meet quarterly or more frequently at the discretion of the members of the Audit Committee as circumstances require.
- The Audit Committee shall select a Chairman from amongst their members. The Chair of the Committee shall be appointed by the Board for a one-year term, and may serve any number of consecutive terms. If the Chairman is not present at a meeting of the Audit Committee, a Chairman shall be selected from amongst the members present.
- The Audit Committee shall, as it determines necessary, have the authority to select, engage and remunerate independent counsel and other advisers to assist in carrying out the Audit Committee's duties at the expense of the Company.
- In discharging its duties under this Charter, the Audit Committee may investigate any matter brought to its attention and shall have access to all books, records, facilities and personnel of the Company, may conduct meetings or interview any officer or employee of the Company, the Company's legal counsel, independent auditors and consultants and may invite any such persons to attend any part of any meeting of the Audit Committee.

- The Audit Committee may designate one or more subcommittees consisting of at least one member to address specific issues on behalf of the Audit Committee.
- The Audit Committee shall regularly report to the Board on its activities.
- The Audit Committee shall review and reassess the adequacy of the Charter annually and submit any proposed changes to the Board for approval.
- The Audit Committee shall perform such other functions as are assigned by law and the, and on the instructions of the Board.
- The Audit Committee has neither the duty nor the responsibility to conduct audit, accounting or legal reviews. The Company's independent auditors are responsible for auditing those financial statements.

Functions

- **Independent Auditor**
 - The Audit Committee shall be directly responsible for the appointment, termination, compensation, retention and oversight of the work of the independent auditing firm employed by the Company (including resolution of disputes between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Audit Committee's independent auditor is subject to shareholder approval as required by law.
 - The independent auditor shall report directly to the Audit Committee.
 - All auditing services and permitted non-audit services provided to the Company by the independent auditor shall be pre-approved by the Audit Committee and the Audit Committee shall consider whether the provision of any non-audit services is compatible with the auditor's independence.
 - The Audit Committee shall evaluate, at least annually, the auditor's qualifications, performance and independence. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
 - Employees or former employees of the independent auditor shall not be hired by the Company without the prior approval of the Audit Committee.
- **Authority**
 - Primary responsibility for the Company's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Audit Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is also the responsibility of the Committee to ensure that management has done so.

- The Audit Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- The Audit Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss and review specific issues as appropriate.
- The Audit Committee shall have the sole authority to retain (or terminate) advisors or consultants as it determines necessary to assist the Committee in discharging its functions hereunder. The Committee shall be provided with the necessary funding to compensate the advisors or consultants retained by the Committee.
- Accounting Systems, Internal Controls and Procedures
 - The Audit Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company and its subsidiaries and affiliates.
 - The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
 - The Audit Committee shall review with the external auditor the quality and not just the acceptability of the Company's accounting principles and direct the external auditor's examinations to particular areas.
 - The Audit Committee will review control weaknesses identified by the external auditors, together with management's response and review with external auditors their view of the qualifications and performance of the key financial and accounting executives.
 - The Audit Committee will review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
 - The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 - The Audit Committee shall review and approve the Company's hiring policies regarding employees and employees of the present and former external auditor of the Company.

SCHEDULE "B"

CHANGE OF AUDITOR NOTICE – REPORTING PACKAGE

[See Attached]

AUXLY CANNABIS GROUP INC.

CHANGE OF AUDITOR NOTICE

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island

AND TO: Ernst & Young LLP

AND TO: MNP LLP

Corporation

Continuous Disclosure Obligations **NI 51-102**

Former Auditor

Successor Auditor

AUXLY CANNABIS GROUP

(signed) Brian Schmitt



Ernst & Young LLP
Ernst & Young Tower
100 Adelaide Street West
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M5H 0B3

Tel: +1 416 943 3000
Fax: +1 416 943 3795
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December 2, 2019

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island

RE: Auxly Cannabis Group Inc. – Notice of Change of Auditor dated November 29, 2019

Dear Sirs/Mesdames:

As required by subparagraphs (6)(a)(ii) and (6)(a)(iii) of section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*, we have reviewed the notice of change of auditor of Auxly Cannabis Group Inc. dated November 29, 2019 (the “**Notice**”) and, based on our knowledge of such information at this time, we agree with the statements contained in the Notice pertaining to our firm.

Yours truly,

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario

December 4, 2019

TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Financial and Consumer Services Commission (New Brunswick)
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island

**RE: Auxly Cannabis Group Inc.
Notice of Change in Auditor Pursuant to NI 51-102 (Part 4.11)**

Dear Sirs/Mesdames:

In accordance with Section 4.11 of National Instrument 51-102, we have reviewed the Company's Notice of Change of Auditor ("the Notice") dated November 29, 2019. Based on our information as of this date, we agree with the Statements #1, #2 and #4 contained in the Notice. We agree with Statement #5 contained in the Notice as it relates to our firm. We have no basis to agree or disagree with Statement #3 contained in the Notice.

Yours truly,



**Chartered Professional Accountants
Licensed Public Accountants**

SCHEDULE "C"

SECTIONS 237-247 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

SECTIONS 237- 247 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

Division 2 — Dissent Proceedings

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,
excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on; or
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
 - (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
 - (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
 - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
 - (g) in respect of any other resolution, if dissent is authorized by the resolution;
 - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
 - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
 - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
 - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

- 239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
 - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the

shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
 - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

- 240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
 - (b) a statement advising of the right to send a notice of dissent, and
 - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d),

(e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
 - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
 - (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
 - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and

- (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
 - (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
 - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
 - (a) the dissenter is deemed to have sold to the company the notice shares, and
 - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

- 245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
 - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
 - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)
- (a) of this section, the company must
 - (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
 - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
 - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
 - (b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.