

**CANADABIS CAPITAL INC.**

**STOCK OPTION PLAN**

**(2016)**

**1. Purpose**

The purpose of the Stock Option Plan (the “**Plan**”) of CANADABIS CAPITAL INC. (the “**Corporation**”) is to advance the interests of the Corporation and each Affiliate of the Corporation by encouraging the Directors, Consultants and Employees of the Corporation and its Affiliates to acquire shares in the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and its Affiliates and furnishing them with additional incentive in their efforts on behalf of the Corporation and its Affiliates.

**2. Definitions**

Unless otherwise defined in this Plan, all capitalized words shall have the meanings ascribed thereto in the policies of the TSX Venture Exchange Inc. (the “**Exchange**”), as such policies are from time to time amended or varied (the “**Policies**”).

**3. Administration**

The Plan shall be administered by the board of directors of the Corporation. A majority of the board of directors shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the board of directors shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the board of directors shall be binding and conclusive on the Optionees and on their legal personal representatives and beneficiaries.

Notwithstanding the foregoing or any other provision contained herein, the board of directors shall have the right to delegate the administration and operation of the Plan, in whole or in part, to a committee of the board of directors or to the President or any other officer of the Corporation. Whenever used herein, the term “board of directors” shall be deemed to include any committee or officer to which the board of directors has, fully or partially, delegated responsibility and/or authority relating to the Plan or the administration and operation of the Plan pursuant to this Section 3.

Each option granted hereunder shall be evidenced by an agreement, signed on behalf of the Corporation and by the Optionee, in such form as the directors shall approve. Each such agreement shall recite that it is subject to the provisions of the Plan.

**4. Shares Subject to Plan**

Subject to adjustment as provided in Section 15 hereof, the shares to be offered under the Plan shall consist of shares of the Corporation's authorized but unissued common shares (the “**Shares**”). The

aggregate number of Shares to be delivered upon the exercise of all options granted under the Plan shall not exceed 10% of the issued Shares of the Corporation as at time of granting of options. If any option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purpose of the Plan.

**5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

**6. Eligibility and Participation**

Directors, Employees and Consultants of the Corporation and its Affiliates shall be eligible for selection to participate in the Plan. The board of directors shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted, and the number of Shares to be subject to each option. An Optionee may, if he is otherwise eligible, and if permitted under the Policies, be granted an additional option or options if the directors shall so determine.

For options granted to Employees, Consultants or Management Company Employees, the Corporation shall represent in the agreement granting the option that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

**7. Exercise Price**

The exercise price of the Shares covered by each option shall be determined by the directors. The exercise price shall be not less than the price permitted by the Policies.

**8. Number of Optioned Shares**

The number of Shares subject to an option to an Optionee shall be determined in the resolution of the board of directors, provided that:

- (a) unless the Corporation has obtained disinterested shareholder approval as provided for in the Policies, no Optionee shall, during any 12 month period, be granted an option which exceeds 5% of the issued and outstanding Shares of the Corporation at the time of granting of the option, calculated at the date an option is granted to any such person;
- (b) no one Consultant shall, during any 12 month period, be granted an option which exceeds 2% of the issued and outstanding Shares of the Corporation at the time of granting of the option;
- (c) the aggregate number of options granted to all persons retained to provide Investor Relations Activities, including any Consultant that performs Investor Relations Activities and any Employee or Director whose role and duties primarily consist of Investor Relations Activities (each such person being referred to herein as an “**Investor Relations Provider**”), must not exceed 2% of the issued and outstanding Shares of the Corporation, during any 12 month period, calculated at the date an option is granted to any such person. In addition, options issued to Investor Relations Providers must vest in stages over a period of not less than 12 months with no more than ¼ of the options vesting in any three month period; and

- (d) unless the Corporation has obtained disinterested shareholder approval and meets applicable Exchange requirements, no options shall be granted to Insiders, as defined in the Exchange policies, if such grant could result in the Insiders, as a group, being granted, within a 12 month period, options to purchase a number of common shares exceeding 10% of the issued common shares of the Corporation, calculated at the date an option is granted to any Insider.

**9. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreements and shall be subject to earlier termination as provided in Sections 11, 12 and 15.

**10. Option Period, Consideration and Payment**

- (a) The period within which such option shall be exercised (the “**Option Period**”) shall be a period of time fixed by the board of directors, not to exceed ten (10) years from the date the option is granted, provided that the Option Period shall be reduced with respect to any option as provided in Sections 11, 12 and 15.
- (b) An option shall vest and may be exercised (in each case to the nearest full share) during the Option Period in such manner as the board of directors may fix by resolution. Options which have vested may be exercised in whole or in part at any time and from time to time during the Option Period.
- (c) The exercise of any option shall be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque, bank draft, or such other form of payment as shall be accepted by the Corporation, for the full purchase price of such Shares with respect to which the option is exercised plus payment of any required withholding tax (unless the Corporation has agreed to make alternative arrangements with the Optionee to cover the tax withholding obligation). No Optionee or his legal representatives, legatees or distributees shall be, or shall be deemed to be, a holder of any Shares subject to an option under the Plan, unless and until the certificates for such Shares are issued to him or them under the terms of the Plan.

**11. Ceasing To Be a Director, Employee or Consultant**

- (a) If an Optionee ceases to be a Director, Employee, Consultant or Management Company Employee of the Corporation or any of its Affiliates for any reason (other than death), the Optionee may, but only within a reasonable period, as fixed by the board of directors, next succeeding the Optionee's ceasing to be in at least one of the foregoing categories, exercise the Optionee's option to the extent that the Optionee was entitled to exercise such option at the date of such cessation.
- (b) If the Optionee who has been engaged in Investor Relations Activities shall cease to be employed to provide Investor Relations Activities for any reason (other than death), the Optionee may, but only within a reasonable period, as fixed by the board of directors, next succeeding the Optionee's ceasing to be employed to provide Investor Relations Activities, exercise the Optionee's option to the extent that the Optionee was entitled to exercise such option at the date of such cessation.

- (c) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Optionee any right with respect to continuance as a Director, Employee, Consultant or Management Company Employee of the Corporation or of any of its Affiliates.

**12. Death of Optionee**

In the event of the death of an Optionee, the Optionee's option shall be exercisable only within one year next succeeding such death and then only:

- (a) by the person or persons to whom the Optionee's rights under the option shall pass by the Optionee's will or the laws of descent and distribution; and
- (b) to the extent that the Optionee was entitled to exercise the option at the date of the Optionee's death.

**13. Rights of Optionee**

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued.

**14. Proceeds from Sale of Shares**

The proceeds from sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the board of directors may determine and direct.

**15. Adjustments**

In the event that the outstanding Shares of the Corporation are changed into or exchanged for a different number or kind of shares or other securities of the Corporation, or in the event that there is a reorganization, amalgamation, consolidation, subdivision, reclassification, dividend payable in capital stock or other change in the capital stock of the Corporation, then each Optionee shall thereafter upon the exercise of the option granted to him, be entitled to receive, in lieu of the number of Shares to which the Optionee was theretofore entitled upon such exercise, the kind and amount of shares or other securities or property which the Optionee would have been entitled to receive as a result of any such event if, on the effective date thereof, the Optionee had been the holder of the Shares to which he was theretofore entitled upon such exercise.

In the event the Corporation proposes to amalgamate, merge or consolidate with any other corporation (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Shares of the Corporation or any part thereof shall be made to all holders of Shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each Optionee, to require the exercise of the option granted within the thirty (30) day period next following the date of such notice and to determine that upon the expiry of such thirty (30) day period, all rights of the Optionee to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have any further force or effect whatsoever.

**16. Transferability**

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein. During the lifetime of an Optionee any benefits, rights and options may only be exercised by the Optionee.

**17. Amendment and Termination of Plan**

The board of directors may, at any time, suspend or terminate the Plan. The board may also at any time amend or revise the terms of the Plan subject to the Policies; provided that no such amendment or revision shall alter the terms of any options theretofore granted under the Plan.

**18. Reduction of Exercise Price**

If the Corporation agrees to amend any option agreement by reduction of the exercise price of an option, and if the Optionee is an Insider at the time of the amendment, such amendment shall be subject to disinterested shareholder approval in accordance with the Policies.

**19. Necessary Approvals**

The obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Optionee for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Optionee.

**20. Effective Date of Plan**

The Plan has been adopted by the board of directors of the Corporation subject to the approval of the TSX Venture Exchange and, if so approved, the Plan shall become effective upon such approval being obtained, subject to disinterested shareholder approval being obtained in accordance with the Policies.

**21. Interpretation**

The Plan will be governed by and construed in accordance with the laws of Canada and of the Province of Alberta.