



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**TO BE HELD ON DECEMBER 13, 2018**



# HARVEST ONE

HARVEST ONE CANNABIS INC.

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON THURSDAY, DECEMBER 13, 2018

TO THE SHAREHOLDERS OF HARVEST ONE CANNABIS INC.

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Shareholders ("**Shareholders**") of **HARVEST ONE CANNABIS INC.** (the "**Company**") will be held at the offices of the Company, Suite 2650, Oceanic Plaza, 1066 West Hastings Street, Vancouver, BC Canada, V6E 3X1, on Thursday, December 13, 2018, at 10:00 a.m. (Vancouver time) (the "**Meeting**"), for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the years ended June 30, 2018 and 2017, respectively, together with the auditors' report thereon;
2. to fix the number of directors at four (4) and to elect directors of the Company for the ensuing year. For more information, see "*Business of the Meeting – Election of Directors*" in the Company's management information circular dated November 14, 2018 (the "**Information Circular**");
3. to appoint the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration of the auditors. For more information, see "*Business of the Meeting – Appointment of Auditors*" in the Information Circular;
4. to consider and, if deemed advisable, to pass, with or without variation, a resolution confirming and approving the share option plan of the Company. For more information, see "*Business of the Meeting – Approval of the Option Plan*" in the Information Circular; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Shareholders should refer to the Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

**Registered Shareholders may attend the Meeting in person or may be represented by proxy.** If you are a registered Shareholder and are unable to attend the Meeting in person, please exercise your right to vote by dating, signing and returning the accompanying form of proxy to Computershare Investor Services Inc., the transfer agent of the Company. To be valid, completed proxy forms must be dated, completed, signed and deposited with the Company's transfer agent, Computershare Investor Services: (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 hand delivery to Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to 1-866-249-7775; or (iv) by telephone at 1-866-732-8683. You may also vote through the internet and if you do vote through the internet, you may also appoint another person to be your proxyholder. Please go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions. You will require your 15-digit control number found on your proxy form. Your proxy or voting instructions must be received in each case no later than 10:00

a.m. (Vancouver time) on Tuesday, December 11, 2018, or two business days preceding the date of any adjournment or postponement. If you are unable to attend the Meeting, we encourage you to complete the enclosed form of proxy as soon as possible. If a Shareholder received more than one form of proxy because such Shareholder owns Common Shares registered in different names or addresses, each form of proxy should be completed and returned. The Chairman of the Meeting shall have the discretion to waive or extend the proxy deadline without notice.

**If you are not a registered Shareholder** and receive these materials through your broker or through another intermediary, please complete and return the form of proxy in accordance with the instructions provided to you by your broker or by the other intermediary.

The board of directors of the Company has fixed Wednesday, November 7, 2018 as the record date. Shareholders of record at the close of business on Wednesday, November 7, 2018 are entitled to notice of the Meeting and to vote thereat or at any adjournment(s) or postponement(s) 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 November 7, 2018; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or they own the Common Shares and demands, not later than 10 days before the Meeting, that his, her or their 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.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) "*Grant Froese*"

Grant Froese  
Chief Executive Officer and Director  
November 14, 2018.



# HARVEST ONE

## MANAGEMENT INFORMATION CIRCULAR

### FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, DECEMBER 13, 2018

#### PURPOSE OF SOLICITATION

**This Management Information Circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management of Harvest One Cannabis Inc. (the "Company") for use at the annual general meeting (the "Meeting") of the shareholders ("Shareholders") of common shares ("Common Shares") of the Company.**

The Meeting will be held at the offices of the Company, Suite 2650, Oceanic Plaza, 1066 West Hastings Street, Vancouver, BC Canada, V6E 3X1 on Thursday, December 13, 2018 at 10:00 a.m. (Vancouver time) or any adjournment thereof, for the purposes set forth in the Notice of Annual General Meeting of Shareholders (the "**Notice of Meeting**") accompanying this Information Circular. Information contained herein is provided as of November 14, 2018, unless otherwise specifically stated.

Solicitation of proxies will be primarily by mail, but may also be 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.

#### APPOINTMENT AND REVOCATION OF PROXIES

Enclosed herewith is 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 Shareholder submitting a proxy has the right to appoint a nominee (who need not be a Shareholder) to represent such 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 Shareholder or by the Shareholder's attorney authorized in writing or, if the 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 hand delivery to Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (iii) by facsimile to 1-866-249-7775; or (iv) by telephone at 1-866-732-8683, by no later than 10:00 a.m. (Vancouver time) on Tuesday, December 11, 2018, or two business days preceding the date of any adjournment.

**A 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 Shareholder or by his attorney authorized in**

writing or, if the 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 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 thereof.

#### ADVICE TO BENEFICIAL SHAREHOLDERS 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 Shareholders whose names appear on the records of the Company as the 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 on the records of the Company. 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 Common 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 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](http://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 their 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.

#### 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 in

accordance with such instructions. **In the absence of any such instruction, the persons whose names appear on the printed form of proxy will vote in favour of all the matters set out thereon.**

**The enclosed 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, the 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 Wednesday, November 7, 2018, as the record date. Shareholders at the close of business on Wednesday, November 7, 2018, 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 Wednesday, November 7, 2018; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he, she or they own the Common Shares and demands, not later than 10 days before the Meeting, that his, her or their 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 and an unlimited number of preferred shares. As of Wednesday, November 7, 2018, there were 173,771,452 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, based on information publicly available, and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company.

The following table sets out the information regarding ownership of the Common Shares owned by each person who, to the knowledge of the Company, beneficially owns, controls, or directs, indirectly or directly, more than ten percent (10%) of the issued and outstanding Common Shares as of the date of this Information Circular.

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Issued and Outstanding Common Shares</b>
MMJ Group Holdings Limited <sup>(1)</sup>	47,969,833	27.6%

(1) Includes 41,574,662 Common Shares held by PhytoTech Medical (UK) Pty Ltd., a wholly-owned subsidiary of MMJ Group Holdings Limited ("**MMJ**").

## MEETING MATTERS

### Financial Statements

The audited consolidated financial statements of the Company for the years ended June 30, 2018 and 2017, respectively, and the auditors' report thereon, will be received at the Meeting. The audited consolidated financial statements of the Company and the auditors' report will be provided to each Shareholder entitled to receive a copy of the Notice of Meeting and this Information Circular and who requests a copy of the audited consolidated financial statements and the auditors' report thereon. The consolidated financial statements will also be made available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Election of Directors

The term of office for each director is from the date of the Meeting at which he or she is elected until the annual meeting next following or until his or her successor is elected or appointed. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).

At the Meeting, a board of four (4) 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 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 Wednesday, November 14, 2018.

Name and Residence	Position held with the Company	Director Since	Principal Occupation for the Previous Five Years	Common Shares Beneficially Owned Directly or Indirectly
<b>Grant Froese</b> <sup>(3)</sup> <i>Toronto, Ontario</i>	CEO and Director	July 3, 2018	Chief Executive Officer of the Company; Chief Executive Officer of Marquee Health Group from May 2017 to June 2018; Chief Operating Officer of Loblaw Companies Limited from July 2014 to April 2017.	143,000 Common Shares
<b>Peter Wall</b> <sup>(4)</sup> <i>Perth, Australia</i>	Chairman and Director <sup>(1)</sup>	April 26, 2017	Corporate lawyer.	Nil
<b>Jason Bednar</b> <sup>(5)</sup> <i>Calgary, Alberta</i>	Director <sup>(1)(2)</sup>	April 26, 2017	CFO of Canacol Energy Inc. from 2015 to Present; CFO of MENA Hydrocarbons Inc. from 2011 to 2014.	Nil
<b>Frank Holler</b> <sup>(6)</sup> <i>North Vancouver, British Columbia</i>	Director <sup>(1)</sup>	September 18, 2018	President and CEO of Ponderosa Capital Inc. since May 2003.	Nil

(1) Member of the Audit Committee.

(2) Chair of the Audit Committee.

(3) Mr. Froese was appointed CEO and Director of the Company on July 3, 2018.

- (4) Mr. Wall owns 8,600,000 common shares of MMJ, the largest shareholder in the Company.
- (5) Mr. Bednar owns 2,526,522 common shares of MMJ, the largest shareholder in the Company.
- (6) Mr. Holler will be appointed Chairman of the Board subsequent to the Meeting.

### ***Corporate Cease Trade Orders or Bankruptcies***

Except as described below, 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.

Jason Bednar was formerly a director of Solimar Energy Limited ("**Solimar**") from November 12, 2011 to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as the result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management's discussion and analysis for the three-month period ended September 30, 2014, together with the related certification filings thereto.

Frank A. Holler was previously the Chairman & CEO of BC Advantage Funds ("**Advantage**"), a venture capital fund investing in emerging technology companies. On July 5, 2013 one of Advantage's publicly traded portfolio companies, Allon Therapeutics Inc. ("**Allon**"), made a proposal to its creditors under the *Bankruptcy and Insolvency Act*, and a reorganization of its share structure was approved by the Supreme Court of British Columbia. Following such approval, all of the issued and outstanding shares of Allon were acquired by Paladin Labs Inc. The common shares of Allon were delisted from the Toronto Stock Exchange on June 28, 2013. Mr. Holler was a director of Allon and ceased to be a director effective July 16, 2013.

On December 23, 2014, a privately held Advantage portfolio company, Contech Enterprises Inc. ("**Contech**"), made a proposal to its creditors under the *Bankruptcy and Insolvency Act*, and a reorganization of its capital structure was approved by the Supreme Court of British Columbia on January 26, 2015. This proposal was intended to facilitate a financing by a new lender and a debt restructuring that together would enable Contech to carry on its business profitability for the foreseeable future; however, on March 6, 2015, the British Columbia Court of Appeal overturned the approval of the proposal by the Supreme Court of British Columbia and placed Contech into bankruptcy. Mr. Holler was a director of Contech and ceased to be a director effective March 6, 2015.

### ***Personal Bankruptcies***

To the Company's knowledge, except as disclosed below, 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**

On April 24, 2018, Deloitte LLP ("**Deloitte**") was appointed as auditors of the Company, replacing BDO Canada LLP ("**BDO**"). At the Meeting, Shareholders will be requested to reappoint Deloitte as auditors of the Company to hold office until the next annual general meeting of Shareholders or until a successor is appointed, and to authorize the directors to fix the auditors' remuneration.

In accordance with NI 51-102, a copy of the prescribed reporting package relating to the change in auditors is attached to this Circular as Schedule "A", including the Company's notice of change of auditors dated April 24, 2018 and letters of acknowledgement from each of BDO and Deloitte dated April 27, 2018, and May 1, 2018, respectively. As noted in the reporting package, no "reportable events" (within the meaning of NI 51-102) have occurred and BDO and Deloitte did not express a modified opinion on any of their reports on the Company's consolidated financial statements for the audits of the two most recently completed fiscal years of the Company.

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

### **Approval of the Option Plan**

The Company's Share Option Plan (the "**Option Plan**") was approved by Shareholders of the Company at the annual general meeting of Shareholders held on September 29, 2017.

The objective of the Option Plan is to permit the directors, executive officers, employees, consultants and persons providing investor relation services to participate in the growth and development of the Company through the grant of options to purchase Common Shares ("**Options**"). It also allows the Company to reduce the proportion of executive compensation otherwise paid in cash and reallocate those funds to other corporate initiatives.

The maximum number of Common Shares that may be reserved for issuance upon exercise of Options (including any number of Common Shares reserved for issuance under the current plan) will be limited to ten percent (10%) of the issued and outstanding Common Shares of the Company.

Pursuant to the policies of the TSX Venture Exchange ("**TSX-V**"), the Company is required to obtain Shareholder approval of the Option Plan at the time of implementation, and each subsequent year, because the Option Plan is a rolling-maximum option plan whereby the maximum number of Common Shares that

may be reserved for issue and which can be purchased upon the exercise of all Options granted under the Option Plan is fixed at ten percent (10%) of the number of outstanding Common Shares from time-to-time.

The following summary is qualified in all respects by the provisions of the Option Plan. Reference should be made to the full text of the Option Plan which will be made available by contacting the Company by mail at 2650 - 1066 West Hastings Street, Vancouver, BC, V6E 3X1; by telephone at (778) 855-2408; or by email at [msegovia@harvestone.com](mailto:msegovia@harvestone.com).

### ***Summary of the Option Plan***

#### *Purpose, Administration and Eligible Participants*

The purpose of the Option Plan is to advance the interests of the Company through the motivation, attraction and retention of key employees, consultants and directors of the Company and designated affiliates of the Company and to secure for the Company and the Shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Company and the designated affiliates of the Company through the granting of Options to eligible participants under the Option Plan. The Option Plan is currently administered by the directors of the Company. Pursuant to the Option Plan, the directors may delegate the administration of the Option Plan to a committee (the "**Committee**") of the directors of the Company authorized to carry out such administration and, failing a committee being so designated, the Option Plan is to be administered by the directors of the Company.

Subject to the provisions of the Option Plan, the Committee has the authority to select those persons to whom Options will be granted. Eligible participants under the Option Plan include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or corporation engaged to provide ongoing management, advisory or consulting services for the Company or a designated affiliate of the Company or any employee of such person or corporation.

#### *Common Shares Subject to the Option Plan*

The aggregate number of Common Shares reserved for issue and which can be purchased upon the exercise of all Options granted under the Option Plan may not exceed 10% of the Common Shares outstanding from time-to-time. The Option Plan is a "rolling" maximum share option plan, and any increase or reduction in the number of outstanding Common Shares will result in an increase or reduction, respectively, in the number of Common Shares that are available to be issued under the Option Plan.

The maximum number of Common Shares reserved for issue pursuant to Options granted to participants who are insiders of the Company in any 12-month period may not exceed, in the aggregate, ten percent (10%) of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the TSX-V. The maximum number of Common Shares reserved for issue to any one participant upon the exercise of Options in any 12-month period shall not exceed five percent (5%) of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the TSX-V. The maximum number of Common Shares reserved for issue to any one participant (other than a participant who is an eligible director or eligible employee) upon the exercise of Options in any 12-month period shall not exceed two percent (2%) of the number of Common Shares then outstanding.

The maximum number of Common Shares reserved for issue to all eligible employees and to all participants (other than participants who are eligible directors) conducting Investor Relations Activities (as such terms are defined in the policies of the TSX-V) upon the exercise of Options in any 12-month period shall not exceed, in the aggregate, two percent (2%) of the number of Common Shares then outstanding. Options granted to participants (other than participants who are eligible directors or eligible employees) performing Investor Relations Activities shall vest in stages over a 12-month period, with no more than  $\frac{1}{4}$  of the Options

vesting in any 3-month period. The directors of the Company shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all grantees of Options performing Investor Relations Activities.

*Exercise Price of Options*

The exercise price of any Option may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day immediately preceding the date of grant of the Option less the maximum discount, if any, permitted by such stock exchange and, if the Common Shares are not then listed on any stock exchange, the exercise price may not be less than the fair market value of the Common Shares as may be determined by the directors of the Company on the day immediately preceding the day of the grant of such Option.

*Expiry Date of Options*

Each Option, unless sooner terminated pursuant to the provisions of the Option Plan, will expire on a date to be determined by the Committee at the time the Option is granted, subject to amendment by an employment contract, which date cannot be later than ten (10) years after the date the Option is granted. However, if the expiry date falls within a "blackout period" or within ten (10) business days after the expiry of a "blackout period", then the expiry date of the Option will be the date which is ten (10) business days after the expiry of the blackout period.

*Vesting and Exercise of Options*

Except as otherwise provided in the Option Plan or in any employment contract, each Option may be exercised during the term of the Option only in accordance with the vesting schedule, if any, determined by the Committee at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option, subject to applicable regulatory requirements. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option will be exercisable in whole at any time, or in part from time-to-time, during the term of the Option.

*Effect of Termination*

No Option granted under the Option Plan may be exercised unless the optionee at the time of exercise thereof is:

- (a) in the case of an eligible employee, an officer of the Company or a designated affiliate of the Company or in the employment of the Company or a designated affiliate of the Company and has been continuously an officer or so employed since the date of the grant of such Option;
- (b) in the case of an eligible director who is not also an eligible employee, a director of the Company or a designated affiliate of the Company and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of any other eligible participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Company or a designated affiliate of the Company, and has been so engaged since the date of the grant of such Option;

provided, however, that if a participant: (i) ceases to be a director of the Company and of the designated affiliates of the Company (and is not or does not continue to be an employee thereof) for any reason (other

than death); or (ii) ceases to be employed by, or provide services to, the Company or the designated affiliates of the Company (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the designated affiliates of the Company, for any reason (other than death) or receives notice from the Company or any designated affiliate of the Company of the termination of his or her employment contract, except as otherwise provided in any employment contract, such participant will have ninety (90) days (or, subject to the below limitations, such other period of time as may be determined by the Board of Directors) from the date of such termination to exercise his or her Options to the extent that such participant was entitled to exercise such Options at the date of such termination. Notwithstanding the foregoing or any employment contract, in no event shall such right extend beyond the period during which the Option was exercisable under the terms of its grant or one (1) year from the date of such termination.

*Consolidation, Merger, Etc.*

If there is a consolidation, merger or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity, upon the exercise of an Option under the Option Plan the holder thereof is entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had exercised the Option immediately prior to the effective time of such event, unless the Committee otherwise determines the basis upon which such Option shall be exercisable.

*Securities Exchange Take-Over Bid*

If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made as a result of which all of the outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute of the Company or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all optionees requiring them to surrender their Options within ten (10) days of the mailing of such notice, and the optionees shall be deemed to have surrendered such Options on the tenth (10<sup>th</sup>) day after the mailing of such notice without further formality, provided that, among other things, the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the optionees on the equity securities offered as consideration.

*Acceleration on Take-Over Bid, Consolidation or Merger*

In the event that: (a) the Company seeks or intends to seek approval from the Shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as hereinafter defined); or (b) a person makes a bona fide offer or proposal to the Company or the Shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event, then the Company is required to send notice to all optionees of such transaction, offer or proposal as soon as practicable. Provided that the Committee has determined that no adjustment will be made under the provisions of the Option Plan described above under the heading "Consolidation, Merger, Etc.", (i) the Committee may by resolution, and notwithstanding any vesting schedule applicable to any Option, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option), so that the optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise. An "**Acceleration Event**" means an acquisition by any offeror of beneficial ownership of more than fifty percent (50%) of the votes attached to the outstanding voting securities of the Company, any consolidation merger or statutory amalgamation or arrangement of the Company with or into another corporation and pursuant to which the Company will not be the surviving entity (other than a transaction under which the Shareholders of the Company immediately prior to completion of the transaction will have the same proportionate ownership

of the surviving corporation), a separation of the business of the Company into two or more entities, a sale, lease exchange or other transfer of all or substantially all of the assets of the Company to another entity or the approval by Shareholders of the Company of any plan of liquidation or dissolution of the Company.

*Amendments, Modifications and Changes*

The Committee has the right under the Option Plan to make certain amendments to the Option Plan, including, but not limited to, amendments of a "housekeeping" nature, to comply with applicable law or regulation, to the vesting provisions of the Option Plan, to the terms of any Option previously granted (with the consent of the optionee), and with respect to the effect of the termination of an optionee's position, employment or services under the Option Plan, to the categories of persons who are participants in respect of the administration or implementation of the Option Plan.

The Committee has the right, under the Option Plan, with the approval of the Shareholders, to make certain amendments to the Option Plan, including, but not limited to, any change to the number of Common Shares issuable from treasury under the Option Plan, any amendment which would change the number of days of an extension of the expiration date of Options expiring during or immediately following a blackout period, any amendment which reduces the exercise price of any Option, any amendment which extends the expiry date of an Option other than as permitted under the Option Plan, any amendment which cancels any Option and replaces such Option with an Option which has a lower exercise price, any amendment which would permit Options to be transferred or assigned by any participant other than as currently permitted under the Option Plan, and any amendments to the amendment provisions of the Option Plan.

*Shareholder Approval of the Option Plan*

At the Meeting, Shareholders of the Company will be asked to consider, and if deemed advisable, to approve and pass the following resolution:

**"BE IT RESOLVED THAT** the Company's Stock Option Plan as described in the Information Circular of the Company dated November 14, 2018, be and is hereby ratified, confirmed and approved".

In order to be passed, the Option Plan Resolution requires the approval of a majority of the votes cast thereon by Shareholders of the Company present in person or represented by proxy at the Meeting. The directors of the Company unanimously recommend that Shareholders vote in favour of the Option Plan Resolution. **Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the Option Plan Resolution.**

**STATEMENT OF EXECUTIVE COMPENSATION – VENTURE ISSUERS**

The purpose of this Statement of Executive Compensation is to provide information about the Company's philosophy, objectives and processes regarding executive compensation. This disclosure is intended to communicate the compensation provided to the most highly compensated executive officers of the Company (the "Named Executive Officers" or "NEOs"). For the purposes of this Circular, a NEO means each of the following individuals:

- a) a chief executive officer ("CEO") of the Company;
- b) a chief financial officer ("CFO") of the Company;
- c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and

- d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

During the year ended June 30, 2018, the NEOs of the Company were:

- Andreas Gedeon, former CEO (from April 26, 2017 to July 3, 2018);
- Lisa Dea, CFO since June 13, 2017; and
- Nick Maltchev, Chief Technology Officer (“CTO”) since May 3, 2017.

### Director and named executive officer compensation, excluding compensation securities

The following table sets forth the compensation paid to the Company’s Named Executive Officers and directors for the Company's financial years ending June 30, 2018, and June 30, 2017:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	Value of all other compensation	Total compensation
Lisa Dea CFO	2018	200,000	Nil	Nil	10,269	Nil	210,269
	2017	3,846	Nil	Nil	Nil	Nil	3,846
Andreas Gedeon <sup>(1)</sup> Former CEO and Director	2018	265,000	Nil	Nil	42,000	Nil	307,000
	2017	90,779	115,000	Nil	Nil	Nil	205,779
Nick Maltchev CTO	2018	165,000	Nil	Nil	6,021	Nil	171,021
	2017	28,558	Nil	Nil	Nil	Nil	28,558
Peter Wall Chairman and Director	2018	60,000	Nil	Nil	Nil	Nil	60,000
	2017	10,000	Nil	Nil	Nil	Nil	10,000
Jason Bednar Director	2018	36,000	Nil	Nil	Nil	Nil	36,000
	2017	6,000	Nil	Nil	Nil	Nil	6,000
Will Stewart <sup>(2)</sup> Former Director	2018	30,000	Nil	Nil	Nil	Nil	30,000
	2017	6,000	Nil	Nil	Nil	Nil	6,000

**Notes:**

- (1) Mr. Gedeon resigned as director and CEO of the Company on July 6, 2018.
- (2) Mr. Stewart resigned as director on April 30, 2018.

### Stock options and other compensation securities

The following table discloses all compensation securities granted or issued to each director and named executive officer by the Company in the year ended June 30, 2018, for services provided to the Company:

Compensation Securities							
Name and position <sup>(1)</sup>	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
Andreas Gedeon <sup>(2)</sup> Former CEO and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Lisa Dea <sup>(3)</sup> CFO	Options	Nil	N/A	N/A	N/A	N/A	N/A
Nick Maltchev <sup>(4)</sup> CTO	Options	Nil	N/A	N/A	N/A	N/A	N/A
Peter Wall <sup>(5)</sup> Chairman and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Jason Bednar <sup>(6)</sup> Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Will Stewart Former Director	Options	Nil	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Please refer to the notes to the table provided above under the heading "*Director and named executive officer compensation, excluding compensation securities*" for dates of appointment and/or resignation of each NEO and director. None of the NEOs or directors listed in the table above have exercised any Options granted to them in the most recent financial year.
- (2) Mr. Gedeon holds 3,000,000 stock options at an exercise price of \$0.75 - Pursuant to a settlement agreement dated August 2, 2018 between the Company and Mr. Gedeon (the "**Settlement Agreement**"), all 3,000,000 Options held by Mr. Gedeon vested on August 17, 2018. Pursuant to the Settlement Agreement, 1,500,000 of Mr. Gedeon's Options were exercisable for 90 days following July 6, 2018 (the "**Separation Date**") and the remaining 1,500,000 Options are exercisable for 12 months following the Separation Date. On July 6, 2018, Mr. Gedeon resigned from his position as CEO and also resigned from the Board of Directors. In accordance with the terms of the Settlement Agreement, Mr. Gedeon received a cash payment of \$750,000.
- (3) Ms. Dea holds 400,000 stock options granted on April 27, 2017, at an exercise price of \$0.75, which expire on April 27, 2022. 50% of the Options granted to Ms. Dea vested on April 27, 2018 and 50% will vest on April 27, 2019.
- (4) Mr. Maltchev holds 400,000 stock options granted at an exercise price of \$0.75, which expire on April 27, 2022. 50% of the Options granted to Mr. Maltchev vested on April 27, 2018, and 50% will vest on April 27, 2019.
- (5) Mr. Wall holds 700,000 stock options granted on April 27, 2017, at an exercise price of \$0.75, which expire on April 27, 2022. 233,334 of the Options granted to Mr. Wall vested on April 27, 2017; 233,333 vested on April 27, 2018; and 233,333 will vest on April 27, 2019.
- (6) Mr. Bednar holds 500,000 stock options granted on April 27, 2017, at an exercise price of \$0.75, which expire on April 27, 2022. 166,667 of the Options granted to Mr. Bednar vested on April 27, 2017; 166,667 vested on April 27, 2018; and 166,666 will vest on April 27, 2019.

**Employment, consulting and management agreements**

*Settlement Agreement*

On July 6, 2018, Andreas Gedeon resigned from his position as CEO and also resigned from the Board of Directors. In accordance with the terms of the Separation Agreement, Mr. Gedeon was paid severance of \$750,000. See also "*Stock options and other compensation securities*" above, for a discussion of the treatment of Mr. Gedeon's Options.

*Other NEOs contracts*

On May 12, 2017, the Company entered into an employment contract with Ms. Dea (the "**Dea Agreement**"). The Dea Agreement may be terminated on thirty (30) days' written notice by Ms. Dea, and by the Company upon three (3) months' written notice or compensation in lieu of such notice, with such notice period increasing by one (1) month for each year of service with the Company to a maximum of six

(6) months. The Dea Agreement may also be terminated without notice by the Company in certain circumstances. The Dea Agreement provides for bonus payments of up to thirty percent (30%) of Ms. Dea's base salary upon the achievement of certain key performance indicators which may be determined by Ms. Dea and the Company from time to time. The total estimated incremental payments, payables and benefits to Ms. Dea in the event of termination of her employment without cause, as if such event occurred on the last business day of the Company's most recently completed financial year, is \$66,666.

On April 13, 2017, the Company entered into an employment contract with Nick Maltchev (the "**Maltchev Agreement**"). The Maltchev Agreement may be terminated on thirty (30) days' written notice by Mr. Maltchev, and by the Company upon one (1) month's written notice or compensation in lieu of such notice, with such notice period increasing by one (1) month for each year of service with the Company to a maximum of twelve (12) months. The Maltchev Agreement may also be terminated without notice by the Company in certain circumstances. The total estimated incremental payments, payables and benefits to Mr. Maltchev in the event of termination of his employment without cause, as if such event occurred on the last business day of the Company's most recently completed financial year, is \$27,500.

### **Oversight and description of director and named executive officer compensation**

The Company's Compensation, Nominating and Governance Committee (the "**Compensation Committee**") is responsible for determining the compensation for the directors and the executive officers.

The Committee's primary responsibilities include, among other things, assisting the Board with the selection, retention, adequacy and form of the compensation of senior management and the Board. See "*Nomination of Board*" and "*Compensation*" under the "*Statement of Corporate Governance Practices*" for further information regarding the role of the Compensation Committee.

The Compensation Committee has been tasked with establishing an executive compensation program, which includes equity compensation under the Option Plan, discussed above under the heading "*Business of the Meeting – Approval of the Option Plan*" and the other elements of compensation described under the heading "*Director and named executive officer compensation*", above.

#### *Compensation Objectives and Principles*

The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long-term success, to encourage executives to further the development of the Company and its operations, and to motivate top quality and experienced executives. The key elements of the executive compensation program are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options.

The Compensation Committee reviews the adequacy of remuneration for the executive officers by evaluating their performance in light of the Company's goals and objectives, the bonus opportunities contained in their employment agreements, and by comparing the performance of the Company with other reporting issuers of similar size in the same industry.

The directors are of the view that all elements of the total program should be considered, rather than any single element, and as such does not use fixed criteria in determining the mix of compensation and instead determines compensation based on a contextual analysis of the Company. While the Company does not have a formally established peer group in determining compensation, the Compensation Committee will make reference from time to time to other comparable publicly traded Canadian companies to align its compensation practices with market practice.

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) will be determined by the Compensation Committee.

The compensation program is designed to provide income certainty, to attract and retain executives and to provide incentives for the achievement of both short-term and long-term objectives of the Company.

#### *Compensation Process*

The Company relies on its Compensation Committee, through discussion without any formal objectives, criteria or analysis, to determine the compensation of the Company's executive officers. The Compensation Committee has not established formal criteria or goals that are tied to total compensation or any significant element of total compensation. The Board is responsible for determining all forms of compensation, including long-term incentives in the form of Options, to be granted to the Company's Named Executive Officers and directors, and for reviewing the recommendations respecting compensation of other officers of the Company from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining compensation, the Compensation Committee considers: (i) recruiting and retaining executives critical to the Company's success and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to the Company's operations in general.

#### *Option Based Awards*

Long-term incentives in the form of Options are intended to align the interests of the Company's directors and its executive officers with those of its shareholders, to provide a long-term incentive that rewards these individuals for their contribution to the creation of shareholder value, and to reduce the cash compensation the Company would otherwise have to pay. The Option Plan is administered by the Company's Board. While the Company does not have a formally established peer group in determining compensation, in considering the number of the options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other comparable publicly traded Canadian companies. The Compensation Committee also considers previous grants of Options and the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of Option compensation.

See "*Business of the Meeting – Approval of the Option Plan – Summary of the Plan*" above for further detail regarding the Option Plan.

#### *Recent Developments*

Subsequent to the year ended June 30, 2018, the Board of Directors implemented a cash-settled performance appreciation rights plan, in connection with the hiring of Grant Froese as CEO and Andrew Kain as COO and General Counsel.

### **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 June 30, 2018.

<b>Plan Category</b>	<b>Number of Common Shares to be issued upon exercise of outstanding Options</b>	<b>Weighted-average exercise price of outstanding Options</b>	<b>Number of Common Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</b>
Equity compensation plans approved by Shareholders	<b>9,025,000</b>	<b>\$0.82</b>	<b>8,337,145</b>
Equity compensation plans not approved by Shareholders	<b>Nil</b>	<b>N/A</b>	<b>Nil</b>
<b>Total</b>	<b>9,025,000</b>	<b>\$0.82</b>	<b>8,337,145</b>

### **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.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

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 four directors of whom two are independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Board members are Grant Froese, Peter Wall, Frank Holler and Jason Bednar. Peter Wall is the Chairman of the Board.

Jason Bednar and Frank Holler 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. Grant Froese is not considered independent as he is the Chief Executive Officer of the Company. Peter Wall is not considered independent within the meaning of NI 52-110 as he is the Chairman of the Board.

## Directorships

The following directors are presently directors of other reporting issuers:

Director	Name of Other Reporting Issuer	Stock Exchange
Peter Wall	MMJ Group Holdings Ltd. (Australia)	ASX
	Minbos Resources Ltd. (Australia)	ASX
	Bronson Group Ltd Limited (Australia)	ASX
	MyFiziq Limited (Australia)	ASX
	Argent Minerals Limited (Australia)	ASX
	Sky and Space Global Ltd. (Australia)	ASX
	Transcendence Technologies Limited (Australia)	ASX
	Pursuit Minerals Ltd. (Australia)	ASX
Frank Holler	Sernova Corp.	TSX-V
	Xenon Pharmaceuticals Inc.	NASDAQ

## Orientation and Continuing Education

New directors will be provided orientations which include meetings with management on business directions, operational issues and financial aspects of the Company.

The Compensation Committee ensures that new directors receive orientation materials describing the Company's business and its corporate governance policies and procedures. New directors will have meetings with the Chairman of the Board, the CEO and the CFO and are expected to visit the Company's principal offices. The Compensation Committee is responsible for confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities.

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

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.

The Board has adopted a Code of Conduct and Business Ethics (the "**Code**") which provides guidelines surrounding, among other items, compliance with applicable laws, conflicts of interest, certain opportunities, confidentiality and disclosure, employment practices, and use of company property and resources. 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 by adhering to the values and principles of conduct established in the Code.

## **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 in compliance with the guidelines set out in the Code. 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. The Code adopted by the Board provides for certain specific guidelines around the duty of confidentiality of employees, officers and directors of the Company.

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 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**

The Compensation Committee is responsible for recommending to the Board a list of candidates for nomination for election to the Board at each annual general meeting of Shareholders. In addition, as the need arises, it will identify and recommend to the Board new candidates for Board membership. In making its recommendations to the Board, the Compensation Committee will provide its assessment of whether each candidate is or would be (i) "independent" and (ii) "financially literate" within the meaning of applicable law.

## **Compensation**

The Compensation Committee is responsible for determining the compensation for the directors and the executive officers. The Compensation Committee reviews the adequacy of remuneration for the executive officers 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 Compensation Committee also periodically reviews the adequacy and form of directors' compensation and recommends to the Board a compensation model that appropriately compensates directors for the

responsibilities and risks involved in being a director and a member of one or more committees, as applicable. The Compensation Committee is also responsible for reviewing the executive compensation disclosure before the Company discloses this information publicly.

The Compensation Committee is also responsible for: (i) ensuring that the mission and strategic direction of the Company is reviewed annually; (ii) ensuring that the Board and each of its committees carry out its functions in accordance with due process; (iii) assessing the effectiveness of the Board as a whole, each committee of the Board, and the contribution of each individual director; (iv) addressing governance issues; (v) identifying, recruiting, endorsing, appointing, and orienting new directors; (vi) reviewing and making compensation related recommendations and determinations regarding senior executives and directors; and (vii) the Company's human resources and compensation policies and processes.

See also the discussion under the heading "*Oversight and description of director and named executive officer compensation*".

### AUDIT COMMITTEE INFORMATION

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

#### Composition of the Audit Committee

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

Name	Independence	Financial Literacy
Jason Bednar <sup>(1)</sup>	Yes	Yes
Peter Wall	No	Yes
Frank Holler	Yes	Yes

(1) Chairman of Audit Committee.

#### Relevant Education and Experience

The Board believes that the composition of the Audit Committee reflects financial literacy and expertise. Currently, two members of the Audit Committee have been determined by the Board to be "independent" and all three members have been determined to be "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. Mr. Wall is not considered "independent" within the meaning of NI 52-110, as he is the Chairman of the Board. Mr. Holler, upon replacement of Mr. Wall as Chairman of the Board, will no longer be considered "independent" within the meaning of NI 52-110.

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 consolidated 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:

#### Jason Bednar (*Chair*)

Mr. Bednar is a Chartered Accountant with more than 20 years of direct professional experience in the financial and regulatory management of companies listed on the TSX, TSX-V, American Stock Exchange and the ASX. He is currently the CFO of Canacol Energy Ltd., a Colombian focused oil and gas exploration and production company with an enterprise value in excess of \$1 billion.

Mr. Bednar has been the past CFO of several international oil and gas exploration and production companies. Most notably, he was the founding CFO of Pan Orient Energy Corp., a south-east Asian exploration company, which during his tenure grew organically to operate 15,000 barrels of oil per day and had a market capitalization of \$700 million. He previously sat on the board of directors of several internationally-focused exploration and production companies, including being the past Chairman of Gallic Energy Ltd.

Mr. Bednar holds a Bachelor of Commerce degree from the University of Saskatchewan.

### **Peter Wall**

Mr. Wall is a corporate lawyer based in Perth, Western Australia and is a Partner at one of Australia's leading corporate and commercial law firms. He graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance) and subsequently completed a Masters of Applied Finance and Investment with the FINSIA (formerly the Securities Institute of Australia). Mr. Wall has a wide range of experience in all forms of corporate and commercial law, with a particular focus on mergers and acquisitions, initial public offerings, back door listing and capital market transactions.

Mr. Wall was a founding Director and shareholder of MMJ Group Holdings Ltd, the first medical cannabis company to list on the ASX. He is currently the Non-Executive Chairman of MMJ. He is also the Non-Executive Chairman of the following ASX-listed companies: Minbos Resources Ltd; Bronson Group Ltd; MyFiziq Limited; Sky and Space Global Ltd; Transcendence Technologies Limited; Pursuit Minerals Ltd and Argent Minerals Ltd.

### **Frank Holler**

Mr. Holler is currently the President & CEO of Ponderosa Capital Inc.

He is an expert in biotechnology, investment banking and venture capital and previously served as Chairman & CEO of BC Advantage Funds (VCC) Ltd., a venture fund investing in emerging technology companies; as President & CEO of Xenon Pharmaceuticals Inc., a NASDAQ listed drug development company; as President and CEO of ID Biomedical Corporation, a vaccine development company sold to GlaxoSmithKline plc; and as a founding director of Angiotech Pharmaceuticals, a TSX/NASDAQ listed medical device company.

Before working in biotechnology and healthcare, Mr. Holler was an Investment Banker with Merrill Lynch Canada and Wood Gundy Inc. (now CIBC World Markets).

Mr. Holler's experience, particularly in the pharmaceutical industry and capital markets, strengthens the depth of experience on the Company's Board.

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

The Audit Committee may pre-approve certain non-audit services to be provided to the Company or its subsidiaries by external auditors. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services, but such pre-approval must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

### **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), except for the exemption under subsection 6.1.1(6) of NI 52-110. The Company relied on the exemption under subsection 6.1.1(6) of NI 52-110 as a result of the resignation of Mr. Will Stewart from the Board. Mr. Stewart was replaced on the Audit Committee with Mr. Holler.

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

### Auditors' Fees

Deloitte was appointed as auditors of the Company by the Board on April 24, 2018, replacing BDO. Fees paid to the Company's auditors for the years ended June 30, 2018, and June 30, 2017, respectively, are detailed below:

Fee	For the year ended June 30, 2018	For the year ended June 30, 2017
Audit Fees <sup>(1)</sup>	\$262,330	\$86,594
Audit-Related Fees <sup>(2)</sup>	\$57,606	-
Tax Fees <sup>(3)</sup>	\$112,910	\$45,439
All Other Fees <sup>(4)</sup>	\$222,278	\$76,590
Total	<b>\$655,124</b>	<b>\$208,623</b>

- (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 consolidated financial statements and management's discussion thereon and conferring with the Board and Audit and Finance Committees 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 timely preparation of tax returns.
- (4) "Other Fees" include fees for assurance procedures in connection with filing 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.

### 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 June 30, 2018, 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 on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is contained in the Company's consolidated financial statements and management's discussion and analysis for the year ended June 30, 2018. In addition, a Shareholder may obtain copies of the Company's consolidated financial statements and management's discussion and analysis, by contacting the Company by mail at 2650 - 1066 West Hastings Street, Vancouver, BC, V6E 3X1, or by telephone at (778) 855-2408.

**DATED** this 14<sup>th</sup> day of November, 2018.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

*“Grant Froese”*

Grant Froese  
Chief Executive Officer and Director

**SCHEDULE "A"**

**CHANGE IN AUDITOR – REPORTING PACKAGE**

**HARVEST ONE CANNABIS INC.**

**NOTICE OF CHANGE OF AUDITOR  
(National Instrument 51-102)**

**TO: BDO Canada LLP**

**AND TO: Deloitte LLP**

**AND TO: British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange  
The Manitoba Securities Commission  
New Brunswick Financial and Consumer Services Commission  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Nova Scotia Securities Commission  
Prince Edward Island Office of the Superintendent of Securities  
Financial and Consumer Affairs Authority of Saskatchewan**

**RE: Notice Regarding Change of Auditor Pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102")**

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Notice is hereby given of a change of the auditor of Harvest One Cannabis Inc. (the "**Corporation**") pursuant to section 4.11 of NI 51-102. Take notice that:

- (a) BDO Canada LLP, the former auditors of the Corporation tendered their resignation effective April 24, 2018, and the directors of the Corporation have appointed Deloitte LLP, as successor auditors in their place;
- (b) the former auditors of the Corporation resigned at the request of the Corporation;
- (c) the resignation of BDO Canada LLP and the appointment of Deloitte LLP in their place has been approved by the audit committee of the Corporation's board of directors and approved by the board of directors of the Corporation;
- (d) there were no modified opinions expressed in the former auditors' reports on any of the financial statements of the Corporation which it audited, namely the year ending June 30, 2017, or during the subsequent interim period through the date of resignation; and
- (e) there are no reportable events (as defined in section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations*).

*[Remainder of page left intentionally blank. Signature page follows.]*

DATED this 24<sup>th</sup> day of April, 2018.

**HARVEST ONE CANNABIS INC.**

*(signed) "Andreas Gedeon"*

---

Andreas Gedeon  
Chief Executive Officer



Tel: 604 688 5421  
Fax: 604 688 5132  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

April 27, 2018

**British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission  
TSX Venture Exchange  
The Manitoba Securities Commission  
New Brunswick Financial and Consumer Services Commission  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Nova Scotia Securities Commission  
Prince Edward Island Office of the Superintendent of Securities  
Financial and Consumer Affairs Authority of Saskatchewan**

Dear Sirs:

**Re: Harvest One Cannabis Inc. (the "Company")**

We have read the statements made by the Company in the Change of Auditor Notice dated April 24, 2018, which we understand will be filed pursuant to Section 4.11 of the National Instrument 51-102. We agree with the statements in the Change of Auditor Notice dated April 24, 2018.

Throughout the period that BDO Canada LLP ("BDO") was the Company's auditor, there have been no reservations in our reports or any "reportable events" as that term is defined in Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations*. The resignation of BDO has not occurred because of any reportable disagreement or unresolved issue involving the Company, or any consultation with the successor auditor Deloitte LLP.

Yours very truly,

(signed) "BDO CANADA LLP"

Chartered Professional Accountants



Deloitte LLP  
2800 – 1055 Dunsmuir Street  
4 Bentall Centre  
P.O. Box 49279  
Vancouver BC V7X 1P4  
Canada

Tel: 604-669-4466  
Fax: 778-374-0510  
[www.deloitte.ca](http://www.deloitte.ca)

May 1, 2018

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Nova Scotia Securities Commission  
Financial and Consumer Services Commission (New Brunswick)  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Securities Commission of Newfoundland and Labrador  
Registrar of Securities, Northwest Territories  
Registrar of Securities, Yukon Territory  
Superintendent of Securities, Nunavut

Dear Sirs/Mesdames:

As required by subparagraph (6)(a)(ii) of section 4.11 of National Instrument 51-102, we have reviewed the change of auditor notice of Harvest One Cannabis Inc. dated April 24, 2018 (the "Notice") and, based on our knowledge of such information at this time, we agree with statements (a) through (e) contained in the Notice.

Yours very truly,

Chartered Professional Accountants

**SCHEDULE "B"**



**HARVEST ONE**

**AUDIT COMMITTEE CHARTER**

**Effective as of and from June 8, 2017**

## HARVEST ONE CANNABIS INC.

### CHARTER OF THE AUDIT COMMITTEE

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the "**Committee**") of the directors (the "**Board**") of Harvest One Cannabis Inc. ("**Harvest**").

#### 1.0 PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- (a) financial reporting and disclosure requirements;
- (b) ensuring that an effective risk management and financial control framework has been implemented by the management of Harvest; and
- (c) external and internal audit processes.

#### 2.0 COMPOSITION AND MEMBERSHIP

- (a) The members (collectively "**Members**" and, individually, a "**Member**") of the Committee shall be appointed by the Board to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director of Harvest.
- (b) The Committee will consist of at least three Members. Every Member must be a director of Harvest who is independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules, regulations and stock exchange requirements (collectively "**Applicable Laws**"), it being understood that for such time as Harvest remains a "venture issuer" under Applicable Laws, a majority (rather than all) of the Members of the Committee is required to be "independent". In this Charter, the terms "independent" and "financially literate" have the meanings ascribed to such terms in Applicable Laws and include the meanings given to similar terms in Applicable Laws to the extent such similar terms are used in this Charter and are applicable under Applicable Laws.
- (c) The chairman of the Committee (the "**Chairman**") will be appointed by the Board and confirmed by the Committee or appointed by the Committee from time to time and must have such accounting or related financial management expertise as the Board or Committee may determine in their business judgment is necessary. The Corporate Secretary of Harvest (the "**Corporate Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings, deliberations and proceedings of the Committee. In the absence of the Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

### **3.0 MEETINGS**

- (a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Any Member or the auditors of Harvest may call a meeting of the Committee at any time upon not less than forty-eight (48) hours advance notice being given to each Member orally, by telephone, by facsimile or by email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.
- (b) At the request of the external auditors of Harvest, the Chief Executive Officer or the Chief Financial Officer of Harvest or any Member will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- (c) The Chairman, if present, will act as the Chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, then the Members present may select one of their number to act as chairman of the meeting.
- (d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority of Members present at the meeting at which the vote is taken. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- (e) The Committee may invite from time to time such persons as the Committee considers appropriate to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee, except to the extent the exclusion of certain persons is required pursuant to this Charter or by Applicable Laws. The Committee will meet in camera without management at each meeting of the Committee.
- (f) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Harvest to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

### **4.0 DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee as they relate to the following matters, to the extent considered appropriate or desirable or required by Applicable Laws, are to:

#### **4.1 Financial Reporting and Disclosure**

- (a) review and recommend to the Board for approval, the audited annual financial statements of Harvest, including the auditors' report thereon, the management's

discussion and analysis of Harvest prepared in connection with the annual financial statements, financial reports of Harvest, guidance with respect to earnings per share, and any initial public release of financial information of Harvest through press release or otherwise, with such documents to indicate whether such information has been reviewed by the Board or the Committee;

- (b) review and approval of the quarterly financial statements of Harvest including the management's discussion and analysis prepared in connection with the quarterly financial statements, with such documents to indicate whether such information has been reviewed by the Board or the Committee;
- (c) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents;
- (d) review with management of Harvest and with the external auditors of Harvest significant accounting principles and disclosure issues and alternative treatments under Canadian generally accepted accounting principles ("GAAP") all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Harvest's financial position and the results of its operations in accordance with Canadian GAAP;
- (e) annually review Harvest's Corporate Disclosure Policy and recommend any proposed changes to the Board for consideration; and
- (f) review the minutes from each meeting of the disclosure committee of Harvest established pursuant to Harvest's Corporate Disclosure Policy, since the last meeting of the Committee.

#### **4.2 Internal Controls and Audit**

- (a) review and assess the adequacy and effectiveness of Harvest's system of internal control and management information systems through discussions with management and the external auditor of Harvest to ensure that Harvest maintains: (a) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Harvest's transactions; (b) effective internal control systems; and (c) adequate processes for assessing the risk of material misstatement of the financial statements of Harvest and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Harvest at any particular time;
- (b) satisfy itself that management has established adequate procedures for the review of Harvest's disclosure of financial information extracted or derived directly from Harvest's financial statements;
- (c) periodically assess the adequacy of such systems and procedures to ensure compliance with regulatory requirements and recommendations;

- (d) review and discuss the major financial risk exposures of Harvest and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (e) review and assess, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Harvest's risk management policies and procedures with regard to identification of Harvest's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Harvest; and

### **4.3 External Audit**

- (a) recommend to the Board a firm of external auditors to be engaged by Harvest;
- (b) ensure the external auditors report directly to the Committee on a regular basis;
- (c) review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (d) review and approve the compensation of the external auditors, and the scope and timing of the audit and other related services rendered by the external auditors;
- (e) review the audit plan of the external auditors prior to the commencement of the audit;
- (f) establish and maintain a direct line of communication with Harvest's external and, if applicable, internal auditors;
- (g) meet in camera with only the auditors (if present), with only management (if present), and with only the Members at every Committee meeting;
- (h) review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors' team;
- (i) oversee the work of the external auditors appointed by the shareholders of Harvest with respect to preparing and issuing an audit report or performing other audit, review or attest services for Harvest, including the resolution of issues between management of Harvest and the external auditors regarding financial disclosure;
- (j) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with management of Harvest and the ramifications of their use, as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;

- (k) discuss with the external auditors their perception of Harvest's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
- (l) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board; and
- (m) review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

#### **4.4 Associated Responsibilities**

- (a) monitor and periodically review the Whistleblower Policy of Harvest and associated procedures for:
  - (i) the receipt, retention and treatment of complaints received by Harvest regarding accounting, internal accounting controls or auditing matters;
  - (ii) the confidential, anonymous submission by directors, officers and employees of Harvest of concerns regarding questionable accounting or auditing matters; and
  - (iii) any violations of any Applicable Laws that relate to corporate reporting and disclosure, or violations of the Code of Conduct & Ethics of Harvest; and
- (b) review and approve the hiring policies of Harvest regarding employees and partners, and former employees and partners, of the present and former external auditors of Harvest.

#### **4.5 Non-Audit Services**

Pre-approve all non-audit services to be provided to Harvest or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the Committee at its first scheduled meeting following such pre-approval.

#### **4.6 Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Harvest's financial

statements are complete and accurate or are in accordance with Canadian GAAP and applicable rules and regulations. These are the responsibilities of the management and the external auditors of Harvest. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are directors of Harvest, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Harvest, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a Member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Harvest's financial information or public disclosure.

## **5.0 REPORTING**

The Committee shall provide the Board with a summary of all actions taken at each Committee meeting or by written resolution. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Secretary will circulate the minutes of each meeting of the Committee and each written resolution passed by the Committee to the Board. The Committee shall produce and provide the Board with all reports or other information required to be prepared under Applicable Laws.

## **6.0 ACCESS TO INFORMATION AND AUTHORITY**

The Committee will be granted unrestricted access to all information regarding Harvest and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at Harvest's expense, outside legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with external and, if applicable, internal auditors of Harvest.

## **7.0 REVIEW OF CHARTER**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

## **8.0 CHAIR**

The Chair of the Committee should:

- (a) provide leadership to the Committee with respect to its functions as described in this mandate and as otherwise may be appropriate, including overseeing the operation of the Committee;
- (b) chair meetings of the Committee, unless not present, including in camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations of the Committee;

