



AVICANNA™

**AVICANNA INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON TUESDAY, OCTOBER 20, 2020  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**September 22, 2020**



## AVICANNA INC.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Avicanna Inc. (the "**Corporation**") will be held on Tuesday, October 20, 2020 at 9:00 a.m. (Toronto time). This year, to deal with the public health impact of COVID-19, the Corporation is conducting an online only shareholders' meeting.

Registered Shareholders (as defined in the accompanying information circular (the "**Information Circular**") under the heading "*Voting at the Meeting*") and duly appointed proxyholders can attend the Meeting online at <http://web.lumiagm.com/239649527> where they can participate, vote, or submit questions during the Meeting's live webcast.

The Meeting is being held for the following purposes:

- a) to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2019, together with the auditors' report thereon;
- b) to elect the directors of the Corporation for the ensuing year;
- c) to reappoint MNP LLP as the auditors of the Corporation for the ensuing year and to authorize the board of directors of the Corporation (the "**Board**") to fix their remuneration and terms of engagement;
- d) to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution of disinterested shareholders of the Corporation, approving the cancellation and re-issuance of certain stock options previously granted to, among others, certain insiders of the Corporation, as more particularly described in the Information Circular; and
- e) to transact such further or other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

The Information Circular provides additional information relating to each of the matters to be addressed at the Meeting. Shareholders are directed to read the Information Circular carefully and in full to evaluate the matters to be considered at the Meeting.

The record date for the determination of shareholders of the Corporation entitled to receive notice of and to vote at the Meeting or any adjournment(s) or postponement(s) thereof is September 15, 2020 (the "**Record Date**"). Shareholders of the Corporation whose names have been entered in the register of shareholders of the Corporation at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting or any adjournment(s) or postponement(s) thereof.

**If you are a Registered Shareholder** and are unable to attend the Meeting or any adjournment(s) or postponement(s) thereof, please date, sign and return the accompanying form of proxy (the "**Proxy**") for use at the Meeting or any adjournment(s) or postponement(s) thereof in accordance with the instructions set forth in the Proxy and Information Circular. The Corporation's transfer agent recommends that shareholders vote in advance of the Meeting.

**If you are a Non-Registered Beneficial Shareholder**, a voting information form (also known as a VIF), instead of a form of proxy, may be enclosed. You must follow the instructions provided by your intermediary in order to vote your Common Shares. Non-registered beneficial Shareholders who have not duly appointed themselves as proxyholders will be able to attend the Meeting virtually as guests, but guests will not be able to vote at the Meeting.

**DATED** at Toronto, Ontario this 22nd day of September, 2020.

**BY ORDER OF THE BOARD**

(signed) "*Aras Azadian*"

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Chief Executive Officer and Director



AVICANNA™

**AVICANNA INC.**  
**("Avicanna" or the "Corporation")**

**MANAGEMENT INFORMATION CIRCULAR**

This management information circular (the "**Information Circular**") is dated September 22, 2020 and is furnished in connection with the solicitation of proxies by and on behalf of the management of the Corporation ("**Management**") for use at the annual general and special meeting (the "**Meeting**") of shareholders of the Corporation (the "**Shareholders**") to be held virtually at <http://web.lumiagm.com/239649527> on Tuesday, October 20, 2020 at 9:00 a.m. (Toronto time) for the purposes set out in the notice of Meeting (the "**Notice**") accompanying this Information Circular.

All dollar amounts herein are expressed in Canadian dollars unless otherwise indicated.

**GENERAL PROXY INFORMATION**

***Solicitation of Proxies***

Solicitation of proxies for the Meeting will be primarily by mail, the cost of which will be borne by the Corporation. Proxies may also be solicited personally by employees of the Corporation at nominal cost to the Corporation. In some instances, the Corporation has distributed copies of the Notice, the Information Circular, and the accompanying form of proxy (the "**Proxy**", and collectively with the Notice and Information Circular, the "**Documents**") to clearing agencies, securities dealers, banks and trust companies, or their nominees (collectively "**Intermediaries**", and each an "**Intermediary**") for onward distribution to Shareholders whose common shares in the capital of the Corporation (the "**Common Shares**") are held by or in the custody of those Intermediaries ("**Non-registered Shareholders**"). The Intermediaries are required to forward the Documents to Non-registered Shareholders.

Solicitation of proxies from Non-registered Shareholders will be carried out by Intermediaries, or by the Corporation if the names and addresses of Non-registered Shareholders are provided by the Intermediaries.

***Voting at the Meeting***

A Registered Shareholder (as defined below), or a Non-registered Shareholder who has appointed themselves or a third party proxyholder to represent him, her or it at the Meeting, will appear on a list of Shareholders prepared by Odyssey Transfer Inc. ("**Odyssey**"). Each Registered Shareholder or proxyholder will be required to enter the control number or username provided by Odyssey at <http://web.lumiagm.com/239649527> (password: "avicanna2020") prior to the start of the Meeting to have his, her or its Common Shares voted at the Meeting. In order to vote, Non-registered Shareholders who appoint themselves as a proxyholder MUST register with Odyssey at [avicanna@odysseytrust.com](mailto:avicanna@odysseytrust.com) after submitting their voting instruction form in order to receive a username (please see the information under "*Appointment of Proxyholders*" below for details).

Registered Shareholders and duly appointed proxyholders can attend the Meeting online by going to <http://web.lumiagm.com/239649527>.

Registered Shareholders and duly appointed proxyholders can participate in the Meeting by clicking "**I have a control number**" and entering a username and password before the start of the Meeting.

- Registered Shareholders – The 12-digit control number located on the Proxy or in the email notification received by such Shareholder is the username and the password is "avicanna2020" (case sensitive).
- Duly appointed proxyholders – Odyssey will provide the proxyholder with a control number after the voting deadline has passed. The password to the Meeting is "avicanna2020" (case sensitive).

Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders. Non-registered Shareholders who have not appointed themselves may attend the Meeting by clicking "**I am a guest**" and completing the online form.

**Shareholders may appoint a third party proxyholder to represent them at the Meeting. Shareholders wishing to do so must submit their Proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a Shareholder has submitted his, her or its Proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, shareholders MUST send an email to [avicanna@odysseytrust.com](mailto:avicanna@odysseytrust.com) and provide Odyssey with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email. It is important to be connected to the internet at all times during the Meeting in order to vote when balloting commences.**

**In order to participate online, Shareholders must have a valid 12-digit control number and proxyholders must have received an email from Odyssey containing a control number.**

### ***Non-registered Shareholders***

Non-registered Shareholders who have received the Documents from their Intermediary should, other than as set out herein, follow the directions of their Intermediary with respect to the procedure to be followed for voting at the Meeting. Generally, Non-registered Shareholders will either:

- be provided with a form of proxy executed by the Intermediary but otherwise uncompleted. The Non-registered Shareholder may complete the proxy and return it directly to Odyssey; or
- be provided with a request for voting instructions. The Intermediary is required to send the Corporation an executed form of proxy completed in accordance with any voting instructions received by the Intermediary.

If you are a Non-registered Shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained from your Intermediary in accordance with applicable securities regulatory requirements. By choosing to send the Documents to you directly, the Corporation (and not your Intermediary) has assumed responsibility for (i) delivering the Documents to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### ***Participating in the Meeting***

The Meeting will be hosted online by way of a live audiocast. Shareholders will not be able to attend the Meeting in person. A summary of the information Shareholders will need to attend the Meeting is provided below. The Meeting will begin at 9:00 a.m. (Toronto time) on Tuesday, October 20, 2020.

- Registered Shareholders that have a 12-digit control number, along with duly appointed proxyholders who were assigned a control number by Odyssey (see details under "*Appointment of Proxyholders*"), will be able to vote and submit questions during the Meeting. To do so, please go to <http://web.lumiagm.com/239649527> prior to the start of the Meeting to login. Click on "I have a control number" and enter your 12-digit control number or username along with the password "avicanna2020" (case sensitive). Non-Registered Shareholders who have not appointed themselves to vote at the Meeting may login as a guest by clicking on "I am a guest" and completing the online form. Guests will not be able to vote at the Meeting.
- United States Non-registered Shareholders: To attend and vote at the Meeting, you must first obtain a valid legal proxy from your Intermediary and then register in advance to attend the Meeting. Follow the instructions from your Intermediary included with these Meeting materials, or contact your Intermediary to request a legal proxy form. After first obtaining a valid legal proxy from your Intermediary, to then register to attend the Meeting, you must submit a copy of your legal proxy via email at [avicanna@odysseytrust.com](mailto:avicanna@odysseytrust.com).
- Requests for registration must be labeled as "Legal Proxy" and be received no later than 9:00 a.m. (Toronto time) on October 16, 2020. You will receive a confirmation of your registration by email after your registration materials have been received. You may attend the Meeting and vote your Common Shares at <http://web.lumiagm.com/239649527> (password: "avicanna2020") during the Meeting. Any appointees must reach out to Odyssey in advance of the meeting (latest 48 hours before the meeting). They must complete the Request for Control Number and email it to [avicanna@odysseytrust.com](mailto:avicanna@odysseytrust.com) in advance of the meeting.
- Non-registered Shareholders who do not have a 12-digit control number or username will only be able to attend as a guest which allows such persons to listen to the Meeting, however, Non-registered Shareholders will not be able to vote or submit questions.
- If you are using a 12-digit control number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies. However, in such a case, you will be provided the opportunity to vote by ballot on the matters put forth at the Meeting. If you DO NOT wish to revoke all previously submitted proxies, please log in as a guest.
- If you are eligible to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

### ***Appointment of Proxyholders***

The persons named in the enclosed Proxy (the "**Management Designees**") are directors and/or officers of the Corporation. **SHAREHOLDERS HAVE THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM, HER OR IT AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE PROXY INSTRUMENT** either by striking out the names of the persons designated in the Proxy and by inserting the

name of the person or company to be appointed in the space provided in the Proxy or by completing another proper form of proxy.

Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting **must submit their Proxy or voting instruction form (if applicable) prior to registering their proxyholder. Registering a proxyholder is an additional step once the Proxy or voting instruction form have been submitted. Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting.** To register a proxyholder, shareholders MUST send an email to avicanna@odysseytrust.com and provide Odyssey with their proxyholder's contact information, amount of shares appointed, name in which the shares are registered if they are a registered shareholder, or name of broker where the shares are held if a beneficial shareholder, so that Odyssey may provide the proxyholder with a Username via email.

A Proxy can be submitted to Odyssey either in person, or by mail or courier, to Odyssey Transfer Inc., Trader's Bank Building, Suite 702 - 67 Yong St., Toronto ON M5E 1J8. The Proxy must be deposited with Odyssey by no later than 9:00 a.m. (Toronto time) on October 16, 2020 or, if the Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before the beginning of any adjournment(s) or postponement(s) to the Meeting. If a Shareholder who has submitted a Proxy attends the Meeting and has accepted the terms and conditions when entering the Meeting, any votes cast by such Shareholder on a ballot will be counted and the submitted Proxy will be disregarded.

**Without a control number, proxyholders will not be able to vote at the Meeting.**

#### ***Revocation of Proxy***

A Registered Shareholder who has given a proxy pursuant to this solicitation may revoke it at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof at which the proxy is to be used:

- (a) by an instrument in writing executed by the Shareholder or by his, her or its attorney authorized in writing and either delivered to the attention of the Corporate Secretary of the Corporation c/o Odyssey Transfer Inc., Trader's Bank Building, Suite 702 - 67 Yonge St., Toronto ON M5E 1J8;
- (b) by delivering written notice of such revocation to the chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof;
- (c) by attending the Meeting and voting the Common Shares; or
- (d) in any other manner permitted by law.

Non-registered Shareholders who wish to change their vote must contact their Intermediary to discuss their options well in advance of the Meeting.

#### ***Voting of Proxies and Discretion Thereof***

Common Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed Proxy **WILL, UNLESS OTHERWISE INDICATED, BE VOTED FOR THE ELECTION OF DIRECTORS, FOR THE RE-APPOINTMENT OF MNP LLP, AS THE AUDITORS OF THE**



**CORPORATION, FOR THE AUTHORIZATION OF THE BOARD TO FIX THE AUDITORS' REMUNERATION AND TERMS OF ENGAGEMENT AND FOR THE OPTION RE-PRICING RESOLUTION.** The Common Shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. The enclosed Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice or other matters which may properly come before the Meeting. At the date of this Information Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if other matters properly come before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote such proxy according to their best judgment.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The voting securities of the Corporation consist of an unlimited number of Common Shares. As of the Record Date, the Corporation had issued and outstanding 28,546,829 Common Shares.

As of the Record Date, the Common Shares represent 100% of voting rights attached to outstanding securities of the Corporation. The rights and restrictions attached to each class of outstanding securities of the Corporation are as follows:

#### ***Common Shares***

Holders of the Common Shares are entitled to notice of and to attend at any meeting of the Shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation have the right to vote. At each such meeting holders of the Common Shares are entitled to one vote in respect of each Common Share held. Holders of Common Shares are entitled to receive, as and when declared by the directors of the Corporation, dividends in cash or property of the Corporation. In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Common Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Common Shares, entitled to participate rateably along with all other holders of Common Shares.

#### ***Record Date & Principal Shareholders***

The close of business on September 15, 2020 has been fixed as the record date (the "**Record Date**") for the determination of Shareholders entitled to receive notice of the Meeting and any adjournment(s) thereof. Accordingly, only Shareholders of record on the Record Date are entitled to vote at the Meeting or any adjournment(s) thereof.

The registered holders of Common Shares are shown on the list of Shareholders which is available for inspection during usual business hours at Odyssey Transfer Inc., Trader's Bank Building, Suite 702 - 67 Yonge St., Toronto ON M5E 1J8 and at the Meeting. The list of Shareholders will be prepared not later than ten (10) days after the Record Date. If a person has acquired ownership of shares since that date, he, she or it may establish such ownership and demand, not later than ten (10) days before the Meeting, that his, her or its name be included in the list of Shareholders.

To the best of the Corporation's knowledge, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, directly or indirectly, ten percent (10%) or more of the issued and outstanding Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. **Presentation of Financial Statements**

The audited consolidated financial statements of the Corporation for the year ended December 31, 2019, together with the auditors' report thereon and the related management's discussion and analysis, will be presented to the Shareholders at the Meeting or any adjournment(s) or postponement(s) thereof for their consideration.

### 2. **Election of Directors**

There are currently seven (7) directors of the Corporation, each of which will be standing for re-election at the Meeting or any adjournment(s) or postponement(s) thereof. The present term of office of each current director of the Corporation will expire at the Meeting.

Management proposes to nominate at the Meeting the persons whose names are set forth in the table below, each to serve as a director of the Corporation until the next meeting of Shareholders at which the election of directors is considered, or until his/her successor is duly elected or appointed, unless he/she resigns, is removed or becomes disqualified in accordance with the articles of the Corporation or the *Business Corporations Act* (Ontario) (the "**Act**"). The persons named in the accompanying form of proxy (the "**Proxy Instrument**") intend to vote for the election of such persons at the Meeting, unless otherwise directed. Management does not contemplate that any of the nominees will be unable to serve as a director of the Corporation.

The following table and the notes thereto set out the name of each person proposed by Management to be nominated for election as a director of the Corporation at the Meeting, the period during which he/she has been a director of the Corporation, his/her principal occupation within the five (5) preceding years, all offices of the Corporation now held by such person, and his/her shareholdings, which includes the number of voting securities of the Corporation beneficially owned, or over which control or direction is exercised, directly or indirectly.

Name of Proposed Nominee, Province/State and Country of Residence	Year First Elected a Director	Principal Occupation(s) for the Past Five Years	Position(s) with the Corporation	Shares Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup>
Aras Azadian Ontario, Canada	Director since November 2016	Chief Executive Officer of the Corporation (2016-Present); and Chief Operating Officer of Panacea Global Incorporated (2013-2017).	Chief Executive Officer	2,553,522 Common Shares
David Allan White <sup>(2)(3)(4)</sup> North Carolina, USA	Director since August 2018	Corporate Director and Business Consultant at First Call Services (2012-Present).	N/A	41,583 Common Shares

Dr. Chandrakant Panchal <sup>(2)(3)(4)</sup> Quebec, Canada	Director since November 2016	Chief Executive Officer of Axcelon Biopolymers Corp. (2008-Present).	Chairman	166,092 Common Shares
Janet Giesselman <sup>(2)(3)(4)</sup> Florida USA	Director since June 2019	Retired business person and corporate director.	N/A	37,201 Common Shares
Setu Purohit Ontario, Canada	Director since November 2016	President and Chief Legal Officer of the Corporation (2018-Present); Director, General Counsel and Secretary of the Corporation (2016-Present); and Partner at Purohit Vaid Professional Corporation (2012-2016).	President, Chief Legal Officer, General Counsel & Corporate Secretary	2,582,829 Common Shares
Giancarlo Davila Char Miami, USA	Director since October 2018	Commercial Manager of Caribbean Eco Soaps U.I.B.S. (2017-Present); and Student (2013-2017).	N/A	1,988,859 Common Shares
Benjamin Leavenworth	Director since January 2020	Chief Strategy Officer and Chief Relationship Officer of Afina International LLC (March 11, 2011-Present).	N/A	Nil Common Shares

Notes:

- (1) The information as to the number of shares owned, controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by such person directly or obtained from the System for Electronic Disclosure by Insiders (SEDI). With the exception of Mr. Davila, no director beneficially owns, or controls or directs, directly or indirectly, any of the voting securities of the subsidiaries of the Corporation; Mr. Davila beneficially owns 100% of the voting securities of Immobiliaria Bondue S.A.S. which beneficially owns 38.6% of the voting securities of the Corporation's subsidiary Santa Marta Golden Hemp S.A.S. These figures do not include Stock Options or RSUs (as each such term is defined herein). This information is presented on a non-diluted basis.
- (2) Member of the compensation committee of the board of directors of the Corporation (the "**Compensation Committee**").
- (3) Member of the audit committee of the board of directors of the Corporation (the "**Audit Committee**").
- (4) Member of the nominating and corporate governance committee of the board of directors of the Corporation (the "**Nominating & Corporate Governance Committee**").
- (5) Mr. Davila Char beneficially owns, controls, or directs, directly or indirectly, the listed number of Common Shares through the following: (i) Immobiliaria Bondue S.A.S., which owns 1,477,818 Common Shares; (ii) Siranom Investments Inc., which owns 363,202 Common Shares; (iii) Sambaq Investments Inc., which owns 35,904 Common Shares; (iv) Bodelian Holding Corp. owns 102,346 Common Shares and (v) Mr. Davila Char personally owns 9,589 Common Shares.

The biographies of the proposed nominees for directors are set out below.

**Aras Azadian, Director & Chief Executive Officer** | Mr. Azadian serves as the Chief Executive Officer of the Corporation. Mr. Azadian previously served as the President and Chairman of the Board of the Corporation. Mr. Azadian brings extensive senior management experience in the biotechnology and financial sectors including his involvement in several successful start-up companies. In addition to his international experience in corporate development, his diverse roles include his previous position as the president of an investment corporation in the cannabis space and former Chief Operating Officer of an oncology company. Mr. Azadian holds a Bachelor of Economics degree from York University in Toronto, and an International Masters in Management degree from EADA Business School in Barcelona, Spain.

**David Allan White, Director** | Mr. White serves as a director of the Corporation. Mr. White is a director and chair of the audit committees of several Toronto Stock Exchange ("**TSX**") and NASDAQ companies. Mr. White has held several senior financial positions with John Labatt Limited, Lawson Marden Group Inc. and

Laidlaw Inc. and most recently as Chief Executive Officer of TransCare Inc., a medical transportation company and as President and Chief Executive Officer of Student Transportation of America, a TSX listed company. In addition to sitting on the Board and chairing the Audit Committee, Mr. White has also been a corporate director and business consultant for First Call Services, a private holding company and advisory firm, since 2012. Mr. White has been a Canadian Chartered Accountant since 1978 and holds a Master of Business Administration degree from the University of Toronto.

**Dr. Chandrakant Panchal, Chairman of the Board** | Dr. Panchal serves as the Chairman of the Board of the Corporation. Dr. Panchal has been the Chief Executive Officer of Axcelon Biopolymers Corp. since 2008, has authored over seventy scientific papers, holds several patents in oncology, diagnostics, biopolymers and microbiology, and is an Adjunct Professor in Chemical and Biochemical Engineering at the University of Western Ontario. Dr. Panchal currently sits on the board of directors of both an oncology company known as Medicenna Therapeutics Corp. (MDNA), and Canadian Oil Recovery and Remediation Inc. (CVR). Dr. Panchal holds a Master of Science degree in Molecular Biology and a Ph.D. in Biochemical Engineering from the University of Western Ontario.

**Janet Giesselman, Director** | Ms. Giesselman serves as a director of the Corporation. Ms. Giesselman is a Corporate Director at: Ag Growth International Inc. (a public Winnipeg based Ag Based Infrastructure company), where she serves as Chair of the compensation committee and member of the audit and governance committees; Omnova Solutions Inc. (a public Ohio based specialty chemicals and engineered surfaces company), where she serves as Chair of the compensation committee; Twin Disc, Incorporated (a Wisconsin based public company involved with power transmission equipment), where she serves as Chair of the executive development committee and a member of the audit and compensation committees, and at McCain Foods Limited (a private New Brunswick based frozen food, produce and transportation company), where she serves as Chair of the environmental health & safety committee as well as on the audit and the compensation and management committees. Ms. Giesselman retired as the President and General Manager of Dow Oil & Gas, a business unit of The Dow Chemical Corporation, and has over 30 years of U.S. and international agriculture, energy and specialty and commodity chemicals industry experience, having led businesses in the U.S., Europe, Latin America, the Middle East and Asia. From 2001 to 2010, Ms. Giesselman held numerous senior leadership positions with The Dow Chemical Corporation including Vice President, Dow AgroSciences, and Vice President, Dow Latex (Switzerland). Before joining Dow, Ms. Giesselman held various leadership positions in marketing and strategic planning with the Rohm & Haas Corporation, a specialty and performance materials company. Ms. Giesselman holds a B.Sc., Biology from Pennsylvania State University and a Masters in Plant Pathology from the University of Florida.

**Setu Purohit, President, Director, General Counsel, Chief Legal Officer and Secretary** | Mr. Purohit serves as a Director and as the President, General Counsel, Chief Legal Officer and Secretary of the Corporation. Mr. Purohit is a lawyer and entrepreneur with experience in complex corporate and legal strategy, contract negotiations, and litigation. Mr. Purohit has been involved in the cannabis industry for several years as an advocate for patients' rights and advising healthcare professionals, licensed cannabis producers, and other corporate and regulatory stakeholders in Canada and abroad. Prior to co-founding Avicanna, Mr. Purohit operated his own private practice since 2012. Mr. Purohit holds a Bachelor of Commerce degree from the University of Ottawa, a Juris Doctor (JD) degree from the University of Western Ontario, an ICD.D designation from the Institute of Corporate Directors and a CIC.C designation from the Canadian Corporate Counsel Association.

**Giancarlo Davila Char, Director** | Mr. Char serves as a Director of the Corporation. Upon obtaining his degree, Mr. Char returned home to work for his family's business, a company dedicated to the sustainable and organic cultivation and production of industrial scale palm oil as well as other agriculture crops such as

avocados and coffee beans. In 2017, Mr. Char went on to lead a new branch of his family's business which is dedicated to producing private label oils for national distribution in supermarkets across Colombia. This business unit reached USD\$30,000,000 in sales in 2018. Mr. Char holds a Bachelor of Science in Business Administration from Northeastern University.

***Benjamin Leavenworth, Director*** | Mr. Leavenworth has more than 20 years' experience in international business, with a focus on Latin America. Mr. Leavenworth is currently the Chief Strategy Officer of Afina International LLC, a specialist advisory and finance firm, and also serves as Honorary Consul of Chile for Pennsylvania, Delaware, and southern New Jersey. Prior to co-founding Afina in 2011, Mr. Leavenworth founded and ran the Chispa Group, an international consultancy with a focus on mining, energy, agriculture, and government projects across Latin America. He also serves as president of the board of Pata Foods, a leading organic baby food producer, and as a director on the boards of the Chilean & American Chamber of Commerce, Global Independence Center, Pan America Associations, and the Consular Corps Association of Philadelphia.

**The persons named in the accompanying Proxy Instrument (if named and absent contrary directions) intend to vote the shares represented thereby FOR the re-election of each of the aforementioned named nominees unless otherwise instructed on a properly executed and validly deposited proxy.** Management does not contemplate that any nominees named above will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

### **Majority Voting Policy**

The Board has adopted a majority voting policy (the "**Majority Voting Policy**") which applies to the election of directors. Under the Majority Voting Policy, a director who is elected with more votes withheld than cast in favour of his or her election will be required to tender his or her resignation to the Chairman of the Board. The resignation will be effective when accepted by the Board and the nominee director will not participate in any committee or Board meetings or deliberations on this matter. The Majority Voting Policy does not apply in circumstances involving contested director elections.

The Nominating & Corporate Governance Committee will consider the resignation and make a recommendation to the Board on whether the resignation should be accepted. In considering the recommendation of the Nominating & Corporate Governance Committee, the Board will consider the factors taken into account by the committee and such additional information and factors that the Board considers to be relevant. The Board expects that resignations will be accepted unless there are extenuating circumstances that warrant a contrary decision.

If the resignation is accepted, subject to any applicable law, the Board may leave the resultant vacancy unfilled until the next annual meeting of Shareholders, fill the vacancy through the appointment of a new director, or call a special meeting of Shareholders at which there will be presented one or more nominees to fill any vacancy or vacancies.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

#### *Cease Trade Orders*

No proposed director of the Corporation is, as of the date of this Information Circular, or has been, within 10 years before the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Corporation) that was subject to a cease trade order, an order similar to a cease

trade order or an order that denied such company access to any exemptions under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, that was issued: (a) while that person was acting in such capacity; or (b) after that person ceased to act in such capacity but which resulted from an event that occurred while that person was acting in such capacity.

#### *Corporate Bankruptcies*

Except as described below, no proposed director of the Corporation is, as of the date of this Information Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while such 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.

Dr. Chandrakant Panchal was a director of Pure Global Cannabis Inc. ("**Pure Global**") when it commenced proceedings for creditor protection under the *Companies' Creditors Arrangement Act (Canada)* ("**CCAA**") on March 19, 2019. Ernst & Young Inc. was appointed as monitor of Pure Global. On May 1, 2019, Dr. Panchal resigned as a director of Pure Global and Farber & Partners Inc. was appointed as receiver pursuant to the *Bankruptcy and Insolvency Act* and the *Courts of Justice Act*.

No proposed director of the Corporation has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### *Penalties or Sanctions*

No proposed director of the Corporation has 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, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **3. Appointment of Auditors**

Shareholders will be requested to re-appoint MNP LLP, Chartered Professional Accountants, as auditors of the Corporation to hold office until the next annual meeting of Shareholders, and to authorize the directors of the Corporation to fix the auditors' remuneration and the terms of their engagement. MNP LLP, was first appointed auditors of the Corporation on May 23, 2018.

**The persons named in the accompanying Proxy Instrument (if named and absent contrary directions) intend to vote the shares represented thereby FOR the resolution appointing MNP LLP as auditors of the Corporation for the ensuing year and to authorize the directors to fix MNP LLP's remuneration.**

### **4. Approval of Option Repricing**

Disinterested shareholders will be asked to consider and, if deemed advisable, approve an ordinary resolution (the "**Option Re-Pricing Resolution**") as set forth below to approve the cancellation and re-

issuance of certain stock options of the Corporation previously granted to insiders of the Corporation (the "**Re-Issuance**").

Pursuant to Section 613(i) of the TSX Company Manual (the "**TSX Policy**"), if a listed issuer cancels options (or similar entitlements) held by insiders, or held by non-insiders where the amendment provision does not permit such amendment, and then re-grants those securities under different terms, the TSX will consider this an amendment to those securities and will require security holder approval, unless the re-grant occurs at least three months after the related cancellation. Under the 2019 Incentive Plan, an amendment with the effect of lowering the exercise price of an award requires security holder approval.

On January 16, 2020, in connection with the Re-Issuance, the Corporation received conditional approval (the "**TSX Approval**") from the TSX to cancel an aggregate of 319,260 Options (the "**Cancelled Options**") and re-issue an aggregate of 191,556 Options (the "**Re-Priced Options**") to the same holders on the same terms, save and except for the exercise price and a provision that prohibits the Re-Priced Options from being exercised prior to the Corporation obtaining disinterested shareholder approval for the Re-Issuance. The TSX Approval was conditional on, among other things, the Re-Issuance being ratified by the Corporation's shareholders (on a disinterested basis).

On January 23, 2020, the Board, following a recommendation from the Compensation Committee, approved the cancellation of the Cancelled Options and the issuance of the Re-Priced Options in connection with the Re-Issuance. The Cancelled Options had an exercise price of \$8.00 per Common Share and the Re-Priced Options have an exercise price of \$2.50 per Common Share. All of the other terms, save and except the provision requiring shareholder approval prior to exercise, are identical between the Cancelled Options and Re-Priced Options (for example, if a Cancelled Option was to expire 10 years from grant and vested 1/3 per year, the recipient's Re-Priced Options would expire on the same date (10 years from the grant of the corresponding Cancelled Option) and vest on the same dates as the corresponding Cancelled Options). The closing price of the Common Shares on the Exchange on the date that the issuance of the Re-Priced Options was approved was \$2.10. Each holder of Cancelled Options received a number of Re-Priced Options equal to approximately 60% of the number of Cancelled Options previously held. Interested directors abstained from voting on the Re-Issuance.

As more fully described under "*Statement of Executive Compensation – Compensation Components – Long Term Equity Incentives*", one of the components of the Corporation's compensation philosophy is the granting of Options to attract and retain key talent within the Corporation. Management believes that the issuance of Options helps align the interests of employees and shareholders by providing such employees with a strong link to long-term corporate performance and the creation of shareholder value; in the view of the Compensation Committee, the Cancelled Options no longer accomplished this goal, as the respective exercise price of such Cancelled Options were so high in relation to the price of the Corporation's Common Shares, there was very little prospect of their exercise in the foreseeable future, regardless of the success of the Corporation. In order to further incentivize key personnel of the Corporation to focus on future performance, the Compensation Committee recommended that the Board approve the Re-Issuance.

In order to be effective, the Option Re-Pricing Resolution must be passed by a simple majority of the votes cast by shareholders present in person or by proxy at the Meeting, excluding votes attached to Common Shares held, directly or indirectly, by insiders (as defined in the TSX Policy) entitled to receive a benefit, directly or indirectly, from the Re-Issuance (collectively, the "**Insiders**"). If the Option Re-Pricing Resolution is not passed, the Re-Priced Options will not become exercisable and will likely be cancelled.

The Re-Priced Options were issued to the following Insiders, as further set out below:

Name of Optionee	Title	Number of Cancelled Options	Number of Re-Issued Options
Aras Azadian	Officer & Director	30,820	18,492
Setu Purohit	Officer & Director	20,680	12,408
Davender Sohi	Officer	19,720	11,832
Lucas Nosiglia	Officer	19,700	11,820
Sheik Muhamad Amza Ali	Officer	17,660	10,596
Janet Giesselman	Director	30,000	18,000

The policies of the TSX require that the Re-Issuance be approved by the Shareholders, excluding the shares held by the Insiders (the "**Disinterested Shareholders**"). Based on the present shareholdings of the Insiders and their associates, a total of 5,885,176 Common Shares will be excluded from voting on the Option Re-Pricing Resolution, representing approximately 20.66% of the total issued and outstanding Common Shares as of the Record Date.

At the Meeting, the Disinterested Shareholders will be asked to pass the Option Re-Pricing Resolution, in the following form:

**"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, WITH VOTES OF CERTAIN INSIDERS AND THEIR ASSOCIATES EXCLUDED THEREFROM, THAT:** subject to the final acceptance of the Toronto Stock Exchange, the cancellation of an aggregate of 319,260 stock options and re-issuance of an aggregate of 191,556 stock options, with an exercise price of \$2.50 per common share, to the same holders on the same terms, save and except for the exercise price, substantially as described in the Management Information Circular with respect to the annual general and special meeting of shareholders of Avicanna Inc. to be held on October 20, 2020, is hereby ratified, confirmed and approved."

**Management of the Corporation recommends that the Disinterested Shareholders vote FOR the Option Re-Pricing Resolution and the persons named in the accompanying Proxy Instrument (if named and absent contrary directions) intend to vote the shares represented thereby FOR the Option Re-Pricing Resolution.**

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation, and no proposed nominee for election as a director of the Corporation, or any associate of any such director, executive officer or proposed nominee: (i) is or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries, or (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.



## SECURITY BASED COMPENSATION ARRANGEMENTS

### *Equity Compensation Plan Information*

The following table sets out information as of December 31, 2019 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by Securityholders <sup>(1)</sup>	1,527,915 <sup>(2)</sup>	\$4.42	608,557
Equity compensation plans not approved by Securityholders	100,000 <sup>(2)</sup>	\$0.10	Nil
<b>TOTAL</b>	<b>1,627,915</b>	<b>\$4.43</b>	<b>608,557</b>

Notes:

- (1) The maximum number of Common Shares issuable under the 2019 Incentive Plan of the Corporation was 2,236,472, representing 10% of the issued and outstanding Common Shares as at December 31, 2019.
- (2) Pursuant to a pre Stock Option Plan incentive options grant, the Corporation issued 1,400,000 incentive stock options, of which 100,000 remained outstanding as of December 31, 2019. These options were subsequently exercised and are no longer outstanding.

### *The Option Plans*

On June 28, 2017, the Board approved the adoption of the Corporation's previous stock option plan (the "**Stock Option Plan**") which permitted the granting of incentive stock options ("**Plan Options**") to the Corporation's employees, officers, directors and consultants for the purpose of developing the interest of the participants in the growth and development of the Corporation and to better enable the Corporation to attract and retain persons of desired experience and ability. The Stock Option Plan was approved by the Corporation's shareholders at the annual general and special meeting of shareholders held on May 23, 2018. The Board will not issue further Plan Options under the Stock Option Plan. The last grant of Plan Options under the Stock Option Plan was made on April 1, 2019. Plan Options granted under the Stock Option Plan shall continue to be governed by the terms of the Stock Option Plan, and Plan Options outstanding under the Stock Option Plan that expire unexercised shall not be available for re-issuance.

On June 1, 2019, the Board approved the adoption of an Omnibus Long-Term Incentive Plan (the "**2019 Incentive Plan**"). The 2019 Incentive Plan was approved by the Corporation's shareholders at the special meeting of shareholders held on June 20, 2019. As of the date hereof, all future stock options will be granted pursuant to the 2019 Incentive Plan.

### *2019 Incentive Plan*

The following is a summary of the material features of the 2019 Incentive Plan.

The 2019 Incentive Plan allows for a variety of equity-based awards that provide different types of incentives to be granted to the Corporation's directors, officers, employees and consultants. The 2019 Incentive Plan will facilitate granting of awards ("**Awards**") representing: (i) the right to receive one Common Share (an

"**Option**" and together with the Plan Options, the "**Stock Options**") subject to such terms as are set out in each Eligible Participant's Option agreement, and at such exercise price as shall be fixed by the Board when such Option is granted, but which shall not be less than the Market Value (as herein defined) of such Common Shares at the time of the grant; or (ii) the right to receive one Common Share (a "**Share Unit**"), the cash equivalent of a Share Unit, or a combination thereof at such purchase price as determined by the Board, subject to such restrictions and conditions as the Board may determine at the time of grant.

Under the terms of the 2019 Incentive Plan, the Board, or if authorized by the Board, the Compensation Committee, may grant Awards to eligible participants. Awards may be granted at any time and from time to time in order to: (i) provide Eligible Participants (as herein defined) with additional incentives; (ii) encourage stock ownership by Eligible Participants; (iii) increase the proprietary interest of Eligible Participants in the success of the Corporation; (iv) promote growth and profitability of the Corporation; (v) encourage Eligible Participants to take into account long-term corporate performance; (vi) reward Eligible Participants for sustained contributions to the Corporation and/or significant performance achievements of the Corporation; and (vii) enhance the Corporation's ability to attract, retain and motivate Eligible Participants.

"**Eligible Participants**" shall be the directors, officers, senior executives, consultants, management company employees and other employees of the Corporation or a subsidiary of the Corporation, providing ongoing services to the Corporation and its affiliates. Participation in the 2019 Incentive Plan is voluntary and, if an Eligible Participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, except upon the death or incapacity of the Eligible Participant, provided, however, that the Award may be exercised in a person's capacity as legal representative of the Eligible Participant.

The 2019 Incentive Plan provides that appropriate adjustments, if any, will be made by the Board in connection with a reclassification, reorganization or other change to the Common Shares, consolidation, distribution, merger or amalgamation, in the Common Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the 2019 Incentive Plan. In the event that a participant receives Common Shares in satisfaction of an Award during a black-out period, such participant shall not be entitled to sell or otherwise dispose of such Common Shares until such black-out period has expired.

The maximum number of Common Shares reserved for issuance under the 2019 Incentive Plan (as well as any other share compensation arrangement) shall not exceed ten percent (10%) of the aggregate number of Common Shares issued and outstanding from time to time, which as at the date hereof represents 2,858,138 Common Shares. The aggregate number of Common Shares reserved and available for grant issuance pursuant to Share Units under the Plan shall not exceed four percent (4%) of the total issued and outstanding Common Shares from time to time, which as at the date hereof represents 1,143,255 Common Shares.

The maximum number of Common Shares reserved for issuance under the 2019 Incentive Plan to non-employee directors will be 1% of the aggregate number of Common Shares issued and outstanding from time to time. The total Market Value (as defined herein) to any non-employee directors in any given calendar year shall not exceed \$150,000, of which no more than \$100,000 of value may be comprised of Options. The aggregate number of Common Shares (i) issued to insiders under the 2019 Incentive Plan or any other proposed or established share compensation arrangement within any one-year period and (ii) issuable to insiders at any time under the 2019 Incentive Plan or any other proposed or established share compensation arrangement, shall in each case not exceed 10% of the aggregate number of issued and outstanding Common Shares from time to time (the "**Insider Participation Limit**"), or such other number as may be approved by any stock exchange on which the Common Shares may be listed for trading, and

the Corporation's shareholders from time to time. Unless the Board determines otherwise, the 2019 Incentive Plan provides that Options will vest as to 1/5 on the first anniversary of the date of such grant, 1/5 on the second anniversary of the date of such grant, 1/5 on the third anniversary of the date of such grant, 1/5 on the fourth anniversary of the date of such grant, and 1/5 on the fifth anniversary of the date of such grant. The exercise price of any Option shall be fixed by the Board when such Option is granted, but shall be no less than the five-day volume weighted average trading price of the Common Shares on any stock exchange on which the Common Shares may be listed for trading on the day prior to the date of grant (the "**Market Value**").

An Option shall be exercisable during a period established by the Board, which shall commence on the date of the grant and shall terminate no later than ten years after the date of granting the Option, or such shorter period of time as the Board may determine. The 2019 Incentive Plan will provide that the exercise period shall automatically be extended if the date on which such Option is scheduled to terminate shall fall during or within 10 business days immediately following a black-out period. In such cases, the extended exercise period shall terminate 10 business days following the last day of the black-out period.

With respect to RSUs (as defined in the 2019 Incentive Plan), unless otherwise approved by the Board and except as otherwise provided in a participant's grant agreement or any other provision of the 2019 Incentive Plan, RSUs will vest as to 1/3 each on the first, second and third anniversary date of their grant. With respect to PSUs (as defined in the 2019 Incentive Plan), unless otherwise approved by the Board and except as otherwise provided in a participant's grant agreement or any other provision of the 2019 Incentive Plan, PSUs will vest subject to performance and time vesting.

The following table describes the impact of certain events upon the rights of holders of Awards under the 2019 Incentive Plan, including termination for cause, resignation, termination other than for cause, retirement, death and change of control, subject to the terms of a participant's employment agreement:

<b>Event Provisions</b>	<b>Provisions</b>
<b>Termination for cause</b>	Immediate forfeiture of all vested and unvested Awards.
<b>Resignation</b>	Forfeiture of all unvested Awards and the earlier of the original expiry date and 90 days after resignation to exercise vested Awards or such longer period as the Board may determine in its sole discretion.
<b>Termination other than for cause</b>	Subject to the terms of the grant or as determined by the Board, upon a participant's termination without cause, the number of Awards that may vest is subject to pro-ration over the applicable performance or vesting period and expire on the earlier of: (i) 90 days after the effective date of termination; or (ii) the expiry date of such Awards.
<b>Retirement</b>	Upon the retirement of a participant's employment with the Corporation, any unvested Awards held by the participant as at the retirement date will continue to vest in accordance with their vesting schedules, and all vested Awards held by the participant at the retirement date may be exercised until the earlier of the expiry date of the Awards or one year following the retirement date; provided that, if the participant breaches any post-employment restrictive covenants in favour of the Corporation then any Awards held by such participant, whether vested or unvested, will immediately expire and the participant shall pay to the Corporation any "in-the-money" amounts realized upon exercise of Options and/or Share Units following the retirement date.

Event Provisions	Provisions
<b>Death</b>	All unvested Awards will vest immediately and may be exercised within 180 days after the death of the Eligible Participant.
<b>Change of Control</b>	If an Eligible Participant is terminated without cause or resigns for good reason during the 12 month period following a change of control of the Corporation (a " <b>Change of Control</b> "), any unvested Share Units and/or Options immediately vest and may be exercised prior to the earlier of (i) 30 days following such date, or (ii) the expiry date of such Options.

In connection with a Change of Control, the Board will take such steps as are reasonably necessary or desirable to cause the conversion, exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent (or greater) value in the continuing entity. If such continuing entity does not assume the outstanding Awards, or the Board determines otherwise in its discretion, the Board may provide written notice to all Eligible Participants that the 2019 Incentive Plan shall be terminated effective immediately prior to the Change of Control, and all Options and RSUs, and a specified number of PSUs shall be deemed to be vested, and unless exercised, expire.

The Board may, in its sole discretion, suspend or terminate the 2019 Incentive Plan at any time, or from time to time, amend, revise or discontinue the terms and conditions of the 2019 Incentive Plan or of any Award granted under the 2019 Incentive Plan and any grant agreement relating thereto, subject to any required regulatory and stock exchange approval, provided that such suspension, termination, amendment, or revision will not adversely alter or impair any Award previously granted except as permitted by the terms of the 2019 Incentive Plan or as required by applicable laws.

The Board may amend the 2019 Incentive Plan or any Award at any time without the consent of a participant; provided that such amendment shall: (i) not adversely alter or impair any Award previously granted, except as permitted by the terms of the 2019 Incentive Plan; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the stock exchange; and (iii) be subject to shareholder approval, where required by law, the requirements of the stock exchange or the 2019 Incentive Plan, provided, however, that shareholder approval shall not be required for the following amendments:

- (a) amendments of a general housekeeping or clerical nature that, among others, clarify, correct or rectify any ambiguity, inconsistency, defective provision, error or omission in the 2019 Incentive Plan;
- (b) changes that alter, extend or accelerate the terms of exercise, vesting or settlement applicable to any Award;
- (c) a change to the Eligible Participants or assignability provisions under the 2019 Incentive Plan;
- (d) any amendment regarding the effect of termination of a participant's employment or engagement;
- (e) any amendment regarding the administration of the 2019 Incentive Plan;
- (f) any amendment necessary to comply with applicable law or the requirements of the stock exchange or any other regulatory body having authority over the Corporation; and

- (g) any other amendment that does not require the approval of the shareholders pursuant to the terms of the 2019 Incentive Plan.

Any of the following amendments to the 2019 Incentive Plan require the Board to obtain shareholder approval:

- (a) any change to the maximum number of Common Shares issuable under the 2019 Incentive Plan other than under the terms of the 2019 Incentive Plan;
- (b) any amendment which reduce the exercise price of the Awards, except by operation of the terms of the 2019 Incentive Plan;
- (c) any amendment which would permit the introduction or reintroduction of non-employee directors as Eligible Participants on a discretionary basis or an amendment that increases the limits previously imposed on non-employee director participation;
- (d) any amendment to remove or exceed the Insider Participation Limit;
- (e) any amendment permitting the Awards to be transferable or assignable other than for estate settlement purposes; and
- (f) any amendment to the amendment provisions of the 2019 Incentive Plan.

No such amendment to the 2019 Incentive Plan shall cause the 2019 Incentive Plan in respect of RSUs or PSUs to cease to be a plan described in section 7 of the Tax Act or any successor to such provision.

### ***Outstanding Stock Options***

As at the date hereof, Stock Options to acquire an aggregate of 1,817,001 Common Shares (consisting of 1,108,000 Plan Options and 709,001 Options) at exercise prices of between \$1.00 and \$8.00 per Common Share are outstanding, having been granted by the Corporation to certain directors, officers, employees and consultants of the Corporation. The number of Common Shares underlying the Stock Options represents in the aggregate 6.36% of the issued and outstanding Common Shares as of the date hereof and, given the currently outstanding Stock Options and RSUs, there remains for issuance Options to acquire an aggregate of 294,781 Common Shares. The Corporation will no longer issue any Stock Options under the Stock Option Plan. Any new grants will be made under the terms of the 2019 Incentive Plan.

### ***Restricted Share Units***

As of the date hereof, the Corporation has issued an aggregate of 746,356 restricted share units under the 2019 Incentive Plan to executive officers, employees, consultants and non-executive directors.

## **STATEMENT OF EXECUTIVE COMPENSATION**

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6 – *Statement of Executive Compensation*. The objective of this disclosure is to communicate the compensation the Corporation paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year ended December 31, 2019, and the decision-making process relating to compensation.

Information contained in this form is as of December 31, 2019 unless indicated otherwise.

## **Overview and Compensation Governance**

The Board has not adopted any formal policies or procedures to determine the compensation of the Corporation's directors or executive officers. The compensation of the directors and executive officers is determined by the Board, based on the recommendations of the Compensation Committee. Recommendations of the Compensation Committee are made giving consideration to the objectives discussed below and, if applicable, considering applicable industry data.

### **Compensation Committee**

The Board has appointed the Compensation Committee composed entirely of independent directors which is responsible for, among other things, the following matters:

- reviewing and approving corporate goals and objectives relevant to compensation of the Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the Chief Executive Officer's compensation level based on this evaluation; and
- making recommendations to the Board with respect to officer and director (other than the Chief Executive Officer) compensation, incentive-compensation plans, and equity-based plans.

The Compensation Committee is currently comprised of Ms. Janet Giesselman (Chair), Mr. David Allan White, and Dr. Chandrakant Panchal. For details regarding the experience of the members of the Compensation Committee, see the biographies of each member set out above under "*Particulars of Matters to be Acted Upon – Election of Directors*".

The Board has adopted a written charter (the "**Compensation Committee Charter**") establishing the Compensation Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operation, and the manner of reporting to the Board. The Compensation Committee Charter further provides that the Compensation Committee is authorized to engage and compensate any outside advisor it determines to be necessary to permit it to carry out its duties.

The Compensation Committee endeavors to ensure that the philosophy and operation of the Corporation's compensation program reinforces its culture and values, creates a balance between risk and reward, attracts, motivates, and retains executive officers over the long-term and aligns their interests with those of the shareholders. In addition, the Compensation Committee is to review the Corporation's annual disclosure regarding executive compensation for inclusion where appropriate in the Corporation's disclosure documents.

### **Peer Group(s)**

The Corporation uses a pay peer group in order to provide competitive market data to support compensation decision making. The 2019 pay peer group consists of other medical cannabis companies and bio-pharmaceutical companies in the Canadian market, within a range of approximately 1/3x to 3x the Corporation's total enterprise value at the time of initially developing the group:

Aleafia Health Inc.

Cardiol Therapeutics Inc.

InMed Pharmaceuticals Inc.

Liht Cannabis Corp.

Pharmacielo Ltd.

Tetra Bio-Pharma Inc.

VIVO Cannabis Inc.

WEEDMD Inc.

BELLUS Health Inc.

Heritage Cannabis Holdings Corp.

Khiron Life Sciences Corp.

Nutritional High International Inc.

Sunniva Inc.

Valens Groworks Corp.

Wayland Group Corp.

The Compensation Committee reviews peer group compensation data to provide external context for pay decision making, with particular reference to the peer group median. However, executive and director compensation levels at Avicanna do not directly target a fixed percentile relative to the peer group.

### **Compensation Components**

The Corporation's compensation consists primarily of three (3) elements: (a) base salary; (b) annual bonus; and (c) long term equity incentives. Each element of compensation is described below in more detail.

#### ***Base Salary***

Base salaries for the Corporation's executive officers are to be established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by other companies in the Corporation's industry for similar positions and the overall market demand for such executives at the time of hire. An executive officer's base salary will also be determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is in line with the Corporation's overall compensation philosophy.

Base salaries are to be reviewed annually and increased for merit reasons, based on the executive officers' success in meeting or exceeding individual objectives, and taking into account prevailing market conditions. Additionally, the Corporation will adjust base salaries as warranted throughout the year for promotions or significant changes in the scope or breadth of an executive officer's role or responsibilities.

#### ***Annual Bonus***

The Corporation's compensation program includes eligibility for an annual incentive cash bonus. Annual incentive cash bonuses are discretionary and are not awarded pursuant to a formal plan. The Board will assess the level of the executive officer's achievement of meeting individual goals, as well as that executive officer's contribution towards corporation-wide goals. The amount of the cash bonus is expected to depend on the level of achievement of the individual performance goals, with a target bonus generally to be set as a percentage of base salary and based on profitability measures.

#### ***Long Term Equity Incentives***

The Corporation believes that equity-based awards will allow it to reward its executive officers for their sustained contributions. The Corporation also believes that equity awards reward continued employment by an executive officer, with an associated benefit to the company of employee continuity and retention. The Board believes that incentive stock options provide management with a strong link to long-term

corporate performance and the creation of shareholder value. The 2019 Incentive Plan allows the opportunity to grant stock options to purchase Common Shares and grant share awards.

***Risks Associated with the Compensation Policies and Practices***

Given the Corporation's size and limited elements of executive compensation, the Board does not currently deem it necessary to consider the implications of the risks associated with the Corporation's compensation policies and practices. The Board believes the current structure of the Corporation's executive compensation arrangements is focused on long-term value and is designed to correlate to the long-term performance of the Corporation.

***Compensation Consultant***

Avicanna has retained Hugessen Consulting Inc. (the "**Consultant**"), a leading independent Canadian-based compensation consultant, to provide advice on the competitiveness and effectiveness of the Corporation's compensation programs. The Consultant was originally retained on March 4, 2019. For each of the two most recently completed financial years, the fees paid to the Consultant are as follows:

	<b>Executive Compensation-Related Fees<sup>(1)</sup></b>	<b>All Other Fees<sup>(2)</sup></b>
<b>Year Ended December 31, 2019</b>	\$23,926	Nil
<b>Year Ended December 31, 2018</b>	Nil	Nil

Notes:

- (1) "Executive Compensation-Related Fees" are the aggregate fees billed by each consultant or advisor, or any of its affiliates, for services related to determining compensation for any of the Corporation's directors and executive officers.
- (2) "All Other Fees" include the aggregate fees billed for all other services provided by each consultant or advisor, or any of its affiliates, that are not reported under Executive Compensation-Related Fees.

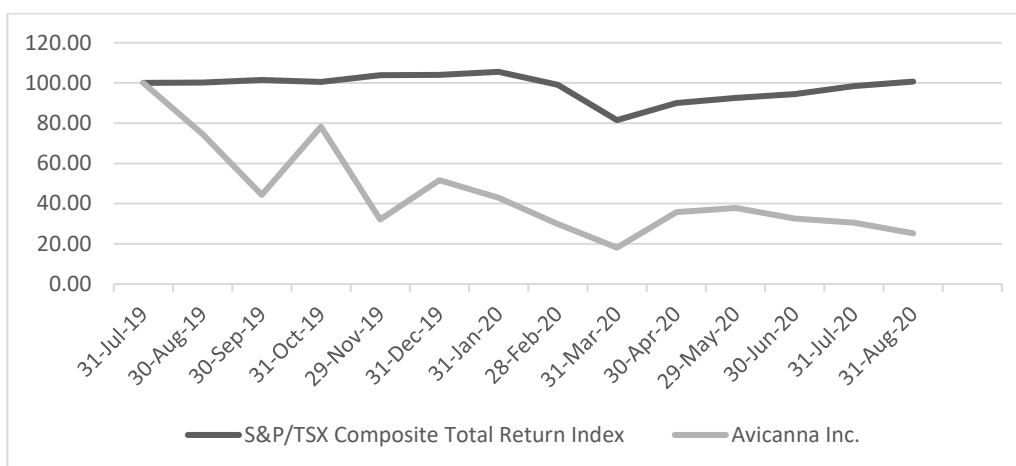
***Hedging***

All of the Corporation's executives, other employees, advisory committee members and directors are subject to Avicanna's insider trading policy (the "**Insider Trading Policy**"), which prohibits trading in Avicanna's securities while in possession of material undisclosed information about the Corporation. Under the Insider Trading Policy, all of the Corporation's executives, other employees, advisory committee members and directors are prohibited from entering into hedging transactions involving Avicanna's securities, such as short sales, puts and calls.

***Performance Graph***

Below is a chart comparing the Corporation's shareholder return to the S&P and TSX composite index over the five most recently completed financial years. Compensation for the Named Executive Officers was not changed or amended from the time the Corporation went public in July 2019 to the date hereof. Early in 2020, management made reductions in compensation as outlined below.





### Summary Compensation Table

The following table summarizes, for the periods indicated, the compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation to each individual who served as the Corporation's Chief Executive Officer, Chief Financial Officer and each other named executive officer, as defined under Form 51-102F6 – *Statement of Executive Compensation*. Such persons are referred to collectively herein as the "Named Executive Officers" or "NEOs". All amounts in the following table and the notes thereto are in Canadian dollars unless otherwise indicated.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) <sup>(4)</sup>	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
<b>Aras Azadian</b> Chief Executive Officer <sup>(1)</sup>	2019	240,000	192,000	192,000	144,000	-	-	-	768,000
	2018	150,000	-	-	--	-	-	-	150,000
	2017	150,000	-	-	30,000	-	-	-	180,000
<b>Setu Purohit</b> President, Chief Legal Officer, General Counsel and Secretary <sup>(1)</sup>	2019	210,000	128,864	128,864	105,000	-	-	-	572,728
	2018	140,000	-	-	-	-	-	-	140,000
	2017	140,000	-	-	20,000	-	-	-	160,000
<b>Davender Sohi</b> Chief Financial Officer	2019	210,000	122,850	122,850	90,300	-	-	-	546,000
	2018	125,000	-	-	-	-	-	-	125,000
	2017	30,000	-	-	-	-	-	-	30,000
<b>Lucas Nosiglia</b> Chief Agricultural Officer	2019	200,000	122,727	122,727	100,000	-	-	18,000	563,455
	2018	125,000	-	-	35,000	-	-	18,000	178,000
	2017	30,000	-	-	-	-	-	-	30,000
<b>Dr. Sheik Muhamad Amza Ali</b> Chief Medical Officer <sup>(5)</sup>	2019	180,000	75,000	110,000	45,000	-	-	-	410,000
	2018	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-

Notes:

- (1) Mr. Azadian and Mr. Purohit are also directors, but are not entitled to any compensation in connection with their service as a director. Mr. Azadian and Mr. Purohit were paid a portion of their salary (\$50,000 and \$40,000 in 2017 and \$4,167 and \$3,333 in 2018, respectively) in Common Shares.
- (2) The 2019 Incentive Plan was approved by the Corporation's shareholders on June 20, 2019. No share-based awards had been granted thereunder as of December 31, 2018.
- (3) Represents the fair value of the stock option on the grant date. The fair value of the options was estimated at the date of grant using the Black Scholes option pricing model. The estimated fair value of the stock options was \$6.23 based on a risk free rate of 2.1%, expected life of seven years and a volatility rate of 90%.
- (4) No NEOs received any additional compensation or perquisites.
- (5) Dr. Ali was appointed as an officer of the Corporation on June 6, 2019.

### ***Incentive Plan Awards – Outstanding Option-Based and Share-Based Awards***

The following table shows all outstanding option-based and share-based awards held by each Named Executive Officer as at December 31, 2019.

Name	Option-based Awards				Share-based Awards			
	Number of securities underlying unexercised options	Option exercise price <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested <sup>(2)</sup>	Number of shares or units of shares that have vested	Market or payout value of vested share-based awards not paid or distributed <sup>(2)</sup>
<b>Aras Azadian</b> Chief Executive Officer	30,820	\$8.00	July 10, 2025	-	24,000	\$60,960.00	-	-
<b>Setu Purohit</b> President, Chief Legal Officer, General Counsel and Secretary	20,680	\$8.00	July 10, 2025	-	16,110	\$40,919.40	-	-
<b>Davender Sohi</b> Chief Financial Officer	100,000	\$0.10	December 10, 2023	\$244,000.00	15,360	\$41,554.40	-	-
	19,720	\$8.00	July 10, 2025	-	-	-	-	-
<b>Lucas Nosiglia</b> Chief Agricultural Officer	19,700	\$8.00	July 10, 2025	-	15,340	\$38,963.60	-	-
<b>Dr. Sheik Muhamad Amza Ali</b> Chief Medical Officer	25,000	\$2.00	January 1, 2025	\$13,500.00	9,380	\$23,825.20	-	-
	20,000	\$8.00	September 1, 2025	-	-	-	-	-
	17,660	\$8.00	July 10, 2025	-	-	-	-	-

Notes:

- (1) Price in CAD.
- (2) Based on the TSX closing price of \$2.54 for the Common Shares on December 31, 2019.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the Named Executive Officers for the financial year ended December 31, 2019.

<b>Name</b>	<b>Option-based awards – Value vested during the year</b>	<b>Share-based awards – Value vested during the year</b>	<b>Non-equity incentive plan compensation – Value earned during the year</b>
<b>Aras Azadian</b> Chief Executive Officer	-	-	\$72,000.00
<b>Setu Purohit</b> President, Chief Legal Officer, General Counsel and Secretary	-	-	\$52,500.00
<b>Davender Sohi</b> Chief Financial Officer	-	-	\$45,150.00
<b>Lucas Nosiglia</b> Chief Agricultural Officer	-	-	\$50,000.00
<b>Dr. Sheik Muhamad Amza Ali</b> Chief Medical Officer	\$7,780.00	-	\$11,250.00

### ***Pension Plan Benefits***

As of December 31, 2019, there did not exist a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

### ***Deferred Compensation Plans***

As of December 31, 2019, there did not exist any deferred compensation plans.

### ***Termination and Change of Control Benefits***

Other than as described herein, the Corporation does not have any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following, or in connection with a termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer's responsibilities.

#### ***Aras Azadian, Chief Executive Officer***

Mr. Azadian's employment agreement provides for an annual salary of \$200,000. Mr. Azadian has agreed to temporarily reduce his salary to an annual salary of \$165,000 for 2020. Mr. Azadian is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Azadian is entitled to participate in the 2019 Incentive Plan, and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. Mr. Azadian is entitled to receive a lump sum payment equal to 18 months of his then existing monthly base salary plus bonus in the event that he is

terminated without cause. Mr. Azadian's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

*Setu Purohit, President, Chief Legal Officer, General Counsel and Secretary*

Mr. Purohit's employment agreement provides for an annual salary of \$190,000. Mr. Purohit has agreed to temporarily reduce his salary to an annual salary of \$123,500 for 2020. Mr. Purohit is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Purohit is entitled to participate in the 2019 Incentive Plan, and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. Mr. Purohit is entitled to receive a lump sum payment equal to 12 months of his then existing monthly base salary plus bonus in the event that he is terminated without cause. Mr. Purohit's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

*Davender Sohi, Chief Financial Officer*

Mr. Sohi's employment agreement provides for an annual salary of \$190,000. Mr. Sohi has agreed to temporarily reduce his salary to an annual salary of \$123,500. Mr. Sohi is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Sohi is entitled to participate in the 2019 Incentive Plan, and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. Mr. Sohi is entitled to receive a lump sum payment equal to 12 months of his then existing monthly base salary plus bonus in the event that he is terminated without cause. Mr. Sohi's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

*Dr. Sheik Muhamad Amza Ali, Chief Medical Officer*

Dr. Ali's employment agreement provides for an annual salary of \$170,000. Dr. Ali has agreed to temporarily reduce his salary to an annual salary of \$89,500 for 2020. Dr. Ali is eligible for a discretionary bonus following the end of each fiscal quarter. Dr. Ali is entitled to participate in the 2019 Incentive Plan, and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. Dr. Ali is entitled to receive a lump sum payment equal to 12 months of his then existing monthly base salary plus bonus in the event that he is terminated without cause. Dr. Ali's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

*Mr. Lucas Nosiglia, Chief Agricultural Officer*

Mr. Nosiglia's employment agreement provides for an annual salary of \$180,000. Mr. Nosiglia has agreed to temporarily reduce his salary to an annual salary of \$135,000 for 2020. Mr. Nosiglia is eligible for a discretionary bonus following the end of each fiscal quarter. Mr. Nosiglia is entitled to participate in the 2019 Incentive Plan, and receive other corporate employee benefits, including director and officer insurance coverage, health benefits and expense reimbursement. Mr. Nosiglia's employment agreement contains non-competition, non-solicitation and non-disparagement restrictions.

## **Director Compensation**

The Board, through the Compensation Committee, is responsible for the development and implementation of a compensation plan for the Corporation's directors who are not officers. Officers who are also directors are not paid any compensation for acting as a director.

The primary objectives of the Corporation's director compensation program are to attract highly qualified individuals and to compensate the directors in a manner that is commensurate with the risks and responsibilities of serving on the Board. The Corporation aims to compensate its directors at a level that is similar to the compensation paid to directors in Avicanna's industry. In addition, the Corporation uses director compensation to foster a culture of ownership among the Board.

### **Director Compensation Table**

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Corporation, other than the directors who were also Named Executive Officers, during the financial year ended December 31, 2019. For details of the compensation for Aras Azadian and Setu Purohit, the Named Executive Officers who are also directors of the Corporation, see disclosure under "Statement of Executive Compensation – Summary Compensation Table".

<b>Name</b>	<b>Fees earned</b>	<b>Share-based awards</b>	<b>Option-based awards</b>	<b>Non-equity incentive plan compensation</b>	<b>Pension value</b>	<b>All other compensation</b>	<b>Total compensation</b>
David Allan White	\$53,636	\$47,496	-	-	-	-	\$101,132
Dr. Chandrakant Panchal	\$31,000	\$50,000	-	-	-	-	\$81,000
Giancarlo Davila Char <sup>(1)</sup>	-	-	-	-	-	\$39,807	\$39,807
Janet Giesselman <sup>(2)</sup>	\$31,096	\$46,428	\$13,020	-	-	-	\$90,544

Notes:

- (1) Mr. Davila Char earned \$2,500 USD per month in the 2019 calendar year in his capacity as an independent contractor of the Corporation.
- (2) Appointed as a director of the Corporation effective June 20, 2019.

The Corporation compensated independent directors as follows: a total compensation envelope value of \$80,000 per year, plus additional fees for the Lead Director (\$20,000), Chair of the Audit Committee (\$15,000), and Chair of the Compensation Committee (\$12,500). The total value of the compensation envelope for each director is paid 50% in cash fees (payable monthly) and 50% in equity-based compensation. In connection with the listing of the Common Shares on the TSX, the Corporation granted independent directors a total of 17,968 RSUs. In addition, Ms. Giesselman was granted 30,000 Options upon her appointment to the Board. Directors are also reimbursed for their out-of-pocket expenses incurred in connection with rendering services to the Corporation.

### **Outstanding Option-Based and Share-Based Awards**

The following table shows all outstanding option-based and share-based awards held by each director (other than the directors who were also Named Executive Officers and for whom the identical information is shown on the comparable table for Named Executive Officers set out above) as at December 31, 2019.

Name	Option-based Awards				Share-based Awards			
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested <sup>(1)</sup>	Number of shares or units of shares that have vested	Market or payout value of vested share-based awards not paid or distributed <sup>(1)</sup>
David Allan White	30,000	\$7.30	August 1, 2025	Nil	5,937	\$15,079.98	-	Nil
Dr. Chandrakant Panchal	-	-	-	-	6,250	\$15,875.00	-	Nil
Giancarlo Davila Char <sup>(3)</sup>	100,000	\$2.00	May 1, 2025	\$54,000.00	-	-	-	-
	10,000	\$8.00	October 1, 2025	Nil	-	-	-	-
Janet Giesselman <sup>(2)</sup>	30,000	\$8.00	July 10, 2026	Nil	5,781	\$14,683.74	-	Nil

Notes:

- (1) Based on the TSX closing price of \$2.54 for the Common Shares on December 31, 2019.
- (2) Appointed as a director of the Corporation effective June 20, 2019.
- (3) Mr. Davila Char beneficially owns, controls, or directs, directly or indirectly, 10,000 Options through Siranom Investments Inc.

### ***Value of Awards Vested or Earned During the Year***

For the financial year ended December 31, 2019, the value on pay-out or vesting of incentive plan awards for each director of the Corporation (other than the directors who are also Named Executive Officers and for whom the identical information appears on the comparable table for Named Executive Officers set out above) was nil.

### ***Directors and Officers Liability Insurance***

Directors and officers liability insurance was purchased on June 28, 2019 at the Corporation's expense for the protection of all the directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation and the Corporation's past and present subsidiaries.

## **STATEMENT OF CORPORATE GOVERNANCE**

Under the Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), the Corporation is required to disclose certain information relating to its corporate governance practices. This information is set forth below.

### ***Board of Directors***

The Board is currently comprised of seven (7) directors.

Under the Act, a director may be removed with or without cause by a resolution passed by an ordinary majority of the votes cast by shareholders present in person or by proxy at a meeting and who are entitled to vote. The directors will be elected by shareholders at each annual meeting of shareholders, and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed.

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that of the seven (7) directors on the Board as at the date hereof, Aras Azadian and Setu Purohit are not considered independent as a result of their positions as executive officers of the Corporation and/or its subsidiaries, and Giancarlo Davila Char is not considered independent as a result of his position as an independent contractor of the Corporation. Dr. Chandrakant Panchal, Chairman, David Allan White, Janet Giesselman and Benjamin Leavenworth are considered independent within the meaning of NI 52-110.

### ***Independent Directors***

The Board believes that, given its size and structure, it is able to facilitate independent judgment in carrying out its responsibilities. Currently the majority of the Board is independent and the independent directors meet in the absence of senior executive officers or any non-independent directors. The independent directors hold such in-camera sessions at each scheduled Board meeting. Additionally, the Corporation's independent directors are required to make annual visits to Avicanna's offices in Colombia and visit the cultivation facilities at Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S. The Corporation has also appointed Dr. Chandrakant Panchal as an independent Chairman of the Board.

### ***Attendance***

The attendance record of each director for all board meetings held since the beginning of the Corporation's most recently completed financial year is set out below:

<b>Director</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Compensation Committee Meetings Attended</b>	<b>Nominating &amp; Corporate Governance Committee Meetings Attended</b>
Aras Azadian	9/9	N/A	N/A	N/A
Setu Purohit	9/9	N/A	N/A	N/A
Giancarlo Davila Char	9/9	1/6 <sup>(1)</sup>	N/A	N/A
Dr. Chandrakant Panchal	9/9	6/6	7/7	2/2
David Allan White	9/9	6/6	7/7	2/2
Janet Giesselman <sup>(2)</sup>	9/9	5/6	7/7	2/2
Benjamin Leavenworth <sup>(3)</sup>	6/9	N/A	N/A	N/A

Notes:

- (1) Mr. Davila Char was a member of the Audit Committee prior to the Corporation's public listing on the TSX and stepped down on September 11, 2019

- (2) Ms. Giesselman joined the Board on June 20, 2019 and was appointed a member of the Audit Committee on September 11, 2019.
- (3) Mr. Leavenworth joined the Board on January 10, 2020.

### **Reporting Issuer Experience**

The following directors of the Corporation are also a director of other reporting issuers:

<b>Director</b>	<b>Name of Other Reporting Issuer and Exchange</b>
Dr. Chandrakant Panchal	Canadian Oil Recovery & Remediation Enterprises Ltd. (TSXV) Medicenna Therapeutics Corp. (TSX)
David Allan White	AG Growth International Inc. (TSX) Art's Way Manufacturing Co, Inc. (NASDAQ)
Janet Giesselman	AG Growth International Inc. (TSX) Omnova Solutions Inc. (NYSE) Twin Disc, Incorporated (NASDAQ)

### **Board Mandate**

The Board is responsible for supervising the management of the business and affairs of the Corporation, including providing guidance and strategic oversight to management. The Board has adopted a formal mandate, the Board Mandate, attached hereto as Appendix "A", in which the Board has acknowledged responsibility for the stewardship of the Corporation, including:

- adopting a strategic planning process;
- identifying risks to the business of the Corporation and ensuring that appropriate procedures are in place for risk management;
- reviewing, approving and monitoring annual operating plans and budgets;
- mandating a culture of corporate social responsibility, ethics and integrity including satisfying itself as to the integrity of the executive officers of the Corporation and that those executive officers create a culture of integrity throughout the organization;
- providing for succession planning, including the appointment, training and supervision of management;
- monitoring financial reporting, including the adequacy of internal controls and management information systems;
- supervising corporate disclosure and communications;
- adopting measures for receiving feedback from stakeholders; and
- adopting key corporate policies designed to ensure that the Corporation, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Corporation's business ethically and with honesty and integrity.



### **Audit Committee**

The Audit Committee is responsible for overseeing the integrity of the Corporation's financial statements, reviewing financial reports and other financial information, recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors, overseeing and monitoring the Corporation's financial reporting processes and internal controls, the Corporation's processes to manage business and financial risk and its compliance with legal, ethical and regulatory requirements and encouraging improvement of, and adherence to, the Corporation's policies, procedures and practices.

The Audit Committee currently consists of three directors, namely, Mr. David Allan White (Chair), Ms. Giesselman and Dr. Chandrakant Panchal. Each of Mr. White, Ms. Giesselman and Dr. Chandrakant Panchal are persons determined by the Board to be independent directors within the meaning of NI 52-110. Each of the Audit Committee members is financially literate in accordance with NI 52-110 and has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of the Audit Committee, see also "*Particulars of Matters to be Acted Upon – Election of Directors*".

The Audit Committee has a published mandate which is disclosed in the Corporation's Annual Information Form (the "**AIF**"), filed with Canadian securities regulators and posted under the Corporation's profile at [www.sedar.com](http://www.sedar.com). For additional information on the Audit Committee, please see the section of the AIF titled "**Audit Committee**".

### **Compensation Committee**

For a description of the composition and function of the Compensation Committee, see "*Statement of Executive Compensation – Compensation Committee*".

### **Nominating & Corporate Governance Committee**

The Board has established the Nominating & Corporate Governance Committee which oversees the nomination of directors. The Nominating & Corporate Governance Committee is comprised of Dr. Chandrakant Panchal (Chair), David Allan White and Janet Giesselman, each of whom is considered to be independent.

The Nominating & Corporate Governance Committee is tasked with the responsibility of assisting the Board in fulfilling its responsibilities relating to matters of director nominations process and procedures and developing and maintaining the Corporation's corporate governance policies, including diversity. In addition, the Nominating & Corporate Governance Committee has the following powers and responsibilities, among others: (i) determine the qualifications, qualities, skills and other expertise required to be a director of the Corporation; (ii) develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director; (iii) identify and screen individuals qualified to become members of the Board and make recommendations to the Board; (iv) consider any director candidates recommended by the Corporation's shareholders under the procedures set forth in the Act and the Corporation's by-laws; (v) oversee the Corporation's corporate governance practices and procedures, including identifying best practices and reviewing and recommending to the Board for approval any changes to the documents, policies and procedures in the Corporation's corporate governance framework and its articles of incorporation and by-laws; (vi) review and discuss with management disclosure of the Corporation's corporate governance practices, including information regarding the operations of the Nominating &

Corporate Governance Committee and other Board committees, director independence and the director nominations process and review and recommend disclosure to be included in the Corporation's management information circular; (vii) develop, subject to approval by the Board, a process for an annual assessment of effectiveness of the Board and its committees and oversee the conduct of this annual assessment; (viii) review the Board's committee structure and composition and make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chair annually; (ix) identify and make recommendations to the Board regarding the selection and approval of candidates to fill vacancies either by election by shareholders or appointment by the Board; (x) develop and oversee a Corporation orientation program for new directors and a continuing education program for current directors and periodically review these programs and update them as necessary; (xi) develop and recommend to the Board for approval director independence standards in addition to those required by applicable securities laws and stock exchange requirements and evaluate the independence of each director at least annually; (xii) monitor compliance with the Corporation's Code of Conduct, investigate any alleged breach or violation of the Code of Conduct, enforce the provisions of the Code of Conduct and review the Code of Conduct periodically and recommend any changes to the Board; (xiii) develop and recommend to the Board for approval a Chief Executive Officer succession plan; (xiv) develop and evaluate potential candidates for executive positions; and recommend to the Board any changes to, and any candidates for succession under, the succession plan; and (xv) review any director resignation letter tendered and evaluate and recommend to the Board whether such resignation should be accepted in accordance with the Corporation's Majority Voting Policy.

### ***Majority Voting Policy***

The Corporation has adopted a Majority Voting Policy for director elections, whereby any nominee for election as a director who receives a greater number of votes "withheld" than votes "for" must tender his or her resignation to the Chairman following the shareholders' meeting to be effective upon acceptance by the Board. Upon such resignation, the Nominating & Corporate Governance Committee will consider the offer of resignation and make a recommendation to the Board on whether or not to accept it. The Board will consider such resignation and will accept the resignation absent exceptional circumstances. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board or the Nominating & Corporate Governance Committee at which the resignation is considered. Once the determination of the Board to accept or reject the director's resignation has been made, the Corporation will promptly announce the Board's decision by press release.

### ***Position Descriptions***

The Board has adopted a written position description for: (i) the Chair which sets out their key responsibilities, including, among others, duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee; (ii) the Lead Director which sets out the key responsibilities of the Lead Director, including, among others, duties relating to assisting the Board in understanding its obligations as a Board and, in particular, the requirement for the Board to operate independent of management; and (iii) the Executive Officers which sets out the key responsibilities of the Executive Officers, including, among other duties in relation to providing overall leadership, ensuring the development of a strategic plan and recommending such plan to the Board for consideration, ensuring the development of an annual corporate plan and budget that supports the strategic plan and recommending such plan to the Board for consideration and supervising day-to-day management and communicating with shareholders and regulators.

### ***Ethical Business Conduct***

The Board has adopted a written code of business conduct and ethics (the "**Code of Conduct**") that applies to all of the Corporation's directors, officers, employees and advisory committee members. The objective of the Code of Conduct is to provide guidelines for maintaining the Corporation's and its subsidiaries' integrity, reputation, honesty, objectivity, and impartiality. The Code of Conduct addresses conflicts of interest, protection of the Corporation's assets, confidentiality, fair dealing with shareholders, competitors and employees, insider trading, compliance with laws, and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Corporation's best interests or that may give rise to real, potential, or the appearance of, conflicts of interest. The Board has ultimate responsibility for the stewardship of the Code of Conduct and it will monitor compliance through the Nominating & Corporate Governance Committee. Directors, officers, employees and advisory committee members, are required to annually certify that they have not violated the Code of Conduct. The Code of Conduct is filed with the Canadian securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com).

All of the Corporation's executives, other employees and directors are also subject to the Insider Trading Policy, which prohibits trading in the Corporation's securities while in possession of material undisclosed information about the Corporation. Under this policy, such individuals are prohibited from entering into hedging transactions involving the Corporation's securities, such as short sales, puts and calls. Furthermore, the Corporation permits executives, including the NEOs, to trade in the Corporation's securities, only during prescribed trading windows.

### ***Orientation and Continuing Education***

The Corporation has implemented an orientation program for new directors under which a new director will meet with the Chairman and members of senior management. New directors will be provided with comprehensive orientation and education as to the nature and operation of the Corporation and its business, the role of the Board and its committees, and the contribution that an individual director is expected to make. The Nominating & Corporate Governance Committee is responsible for overseeing director continuing education designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of the Corporation's business remains current. The chair of each committee is responsible for coordinating orientation and continuing director development programs relating to the committee's mandate.

### ***Assessments***

The Board, in conjunction with the Nominating & Corporate Governance Committee, has put in place measures to assess the effectiveness and contribution of the Board and its committees, as well as individual directors and each of the officers of the Corporation on an annual basis.

### ***Director Term Limits***

The Corporation has not adopted a policy which imposes term limits for directors. The Corporation believes that it is crucial that directors understand its industry and its business and this requires a certain length of tenure on the Board. Long-term directors accumulate extensive company knowledge while new directors bring new experience and perspectives to the Board. It is important to achieve an appropriate balance of both to ensure an effective Board.

***Policies Regarding the Representation of Women on the Board and Executive Management and the Consideration of the Representation of Women in the Director Identification and Selection Process and Executive Officer Appointments***

The Board does not currently have a formal policy with regard to the consideration of diversity in identifying director or executive nominees or a written policy relating to the identification and nomination of women directors or executives. The Corporation has not yet adopted such formal policies on diversity but regularly considers diversity (including the representation of women on the Board) as one of a number of relevant factors when considering potential new nominees. The Corporation recognizes the potential benefit of diversity in leadership positions, including with respect to its Board and executive officer positions, but feels a formal policy is unnecessary for the size of the Corporation.

***Targets Regarding the Representation of Women on the Board and in Executive Officer Positions***

At this time the Corporation has not adopted a target regarding the representation of women on the Board or in executive officer positions. The Corporation does not adopt targets because the Corporation is of the view that its current practice of considering diversity as a factor in selecting candidates as potential directors or executive officers permits the Corporation to balance the benefit of diversity with other relevant considerations.

***Number of Women on the Board and in Executive Positions***

The Corporation currently has one woman (approximately 14.29%) on the Board and no women (0%) in an executive officer role.

**MANAGEMENT CONTRACTS**

As of December 31, 2019, the Corporation was not party to any management contracts.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as described herein, to the knowledge of the Corporation, no "informed person", proposed director, or any associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since January 1, 2019 or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries. An "informed person" means, among others, (i) a director or executive officer of the Corporation or of a subsidiary of the Corporation, (ii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (iii) a reporting issuer that has purchased, redeemed, or otherwise acquired any of its securities, for so long as it holds any of its securities.

**ADDITIONAL INFORMATION**

Financial information is provided in the financial statements and management's discussion and analysis of the results thereon. Shareholders wishing to receive a copy of such materials should mail a request to the Corporation at 480 University Avenue, Suite 1502, Toronto, Ontario, M5G 1V2, Attention: Legal Department. Additional information relating to the Corporation is also available free of charge on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPENDIX "A"

### BOARD MANDATE

#### 1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Avicanna Inc. (the "**Corporation**") is elected by the shareholders of the Corporation and is responsible for the stewardship of the Corporation. The purpose of this mandate is to describe the principal duties and responsibilities of the Board as well as some of the policies and procedures the Board will adopt in discharging its duties and responsibilities.

#### 2. ROLE AND RESPONSIBILITIES OF THE BOARD

- 2.1 The role of the Board is to represent the shareholders of the Corporation, enhance and maximize shareholder value and conduct the business and affairs of the Corporation ethically and in accordance with the highest standards of corporate governance. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of the Corporation. The responsibilities of the Board include:

- adopting a strategic planning process;
- identifying risks to the business of the Corporation and ensuring that appropriate procedures are in place for risk management;
- reviewing, approving and monitoring annual operating plans and budgets;
- mandating a culture of corporate social responsibility, ethics and integrity including satisfying itself as to the integrity of the executive officers of the Corporation and that those executive officers create a culture of integrity throughout the organization;
- providing for succession planning, including the appointment, training and supervision of management;
- monitoring financial reporting, including the adequacy of internal controls and management information systems;
- supervising corporate disclosure and communications;
- adopting measures for receiving feedback from stakeholders; and
- adopting key corporate policies designed to ensure that the Corporation, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Corporation's business ethically and with honesty and integrity.

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

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

### **3. STRATEGIC PLANNING PROCESS AND RISK MANAGEMENT**

3.1 The Board will adopt a strategic planning process to establish objectives and goals for the Corporation's business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation's business and affairs.

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

### **4. CORPORATE SOCIAL RESPONSIBILITY, ETHICS AND INTEGRITY**

4.1 The Board will provide leadership to the Corporation in support of its commitment to Corporate Social Responsibility, set the ethical tone for the Corporation and its management and foster ethical and responsible decision making by management. The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management of the Corporation and all of its subsidiaries and satisfy itself that the Chief Executive Officer and management create a culture of integrity throughout the organization.

### **5. SUCCESSION PLANNING, APPOINTMENT, SUPERVISION AND COMPENSATION**

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

### **6. DELEGATIONS AND APPROVAL AUTHORITIES**

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

### **7. MONITORING OF FINANCIAL REPORTING AND MANAGEMENT**

7.1 The Board will approve all regulatory filings, including the annual audited financial statements, interim financial statements, the notes and management discussion and analysis accompanying such financial statements, quarterly and annual reports, management proxy circulars, annual

information forms, prospectuses, and all capital investments, equity financings, borrowings and all annual operating plans and budgets.

- 7.2 The Board will adopt procedures to ensure the integrity of internal controls and management information systems for the Corporation and all of its subsidiaries to ensure compliance with all applicable laws, rules and regulations, and to prevent violations of applicable laws, rules and regulations relating to financial reporting and disclosure, fraud against the Corporation or any of its subsidiaries and violations of its code of business conduct and ethics.

## **8. CORPORATE DISCLOSURE AND COMMUNICATIONS**

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

## **9. REVIEW OF MANDATE**

- 9.1 The Board will annually review and assess the adequacy of this Mandate.