



AVICANNA™

AVICANNA INC.

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, OCTOBER 15, 2019
AND
MANAGEMENT INFORMATION CIRCULAR**

September 11, 2019

AVICANNA INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS (the "Notice")

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders (the "**Meeting**") of Avicanna Inc. (the "**Corporation**") will be held at 77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1 on Tuesday, October 15, 2019 at 11:00 a.m. (Toronto time) to:

- (a) receive and consider the financial statements of the Corporation for the financial year ended December 31, 2018 together with the auditors' report thereon;
- (b) elect as directors for the forthcoming year the nominees proposed by management of the Corporation;
- (c) re-appoint MNP LLP, Chartered Professional Accountants, as auditors of the Corporation and to authorize the board of directors of the Corporation (the "**Board**") to fix the auditors' remuneration and terms of engagement; and
- (d) transact such other business as may properly come before the Meeting or any adjournment(s) thereof.

This Notice of Meeting is accompanied by the management information circular and a form of proxy (the "**Proxy Instrument**").

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) thereof is September 10, 2019 (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) thereof.

A shareholder of the Corporation may attend the Meeting in person or may be represented by proxy. Registered shareholders of the Corporation who are unable to attend the Meeting or any adjournment(s) thereof in person are requested to date, sign and return the accompanying Proxy Instrument for use at the Meeting or any adjournment(s) thereof.

To be effective, the enclosed Proxy Instrument must be returned to the Corporation's transfer agent, Odyssey Transfer Inc. ("**Odyssey**") by: (i) mail using the enclosed return envelope; or (ii) hand delivery to Odyssey at Odyssey Transfer Inc., Victoria Tower, Suite 1717 - 25 Adelaide St East, Toronto ON M5C 3A1. Alternatively, you may vote by Internet at <http://odysseytrust.com/Transfer-Agent/Login> and clicking "Vote". All instructions are listed on the enclosed Proxy Instrument. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (Toronto time) on October 11, 2019 or, if the Meeting is adjourned, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before the beginning of any adjournment to 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 shares.

DATED at Toronto, Ontario this 11th day of September, 2019.

BY ORDER OF THE BOARD

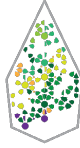
(signed) "Aras Azadian"

Aras Azadian

Chairman

TABLE OF CONTENTS

PARTICULARS OF MATTERS TO BE ACTED UPON	1
1. Election of Directors	1
2. Appointment of Auditors	5
GENERAL STATUTORY INFORMATION	6
Solicitation of Proxies	6
Appointment of Proxy	6
Revocation of Proxy	7
Voting of Proxies and Discretion Thereof	7
Voting Securities and Principal Holders Thereof	7
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	9
SECURITY BASED COMPENSATION ARRANGEMENTS	9
Equity Compensation Plan Information	9
The Option Plans	9
STATEMENT OF EXECUTIVE COMPENSATION	14
Compensation Consultant	16
Hedging	17
Summary Compensation Table	17
Incentive Plan Awards – Outstanding Option-Based and Share-Based Awards	18
Incentive Plan Awards – Value Vested or Earned During the Year	18
Pension Plan Benefits	19
Deferred Compensation Plans	19
Termination and Change of Control Benefits	19
Director Compensation	20
Director Compensation Table	20
Outstanding Option-Based and Share-Based Awards	21
Value of Awards Vested or Earned During the Year	21
AUDIT COMMITTEE	22
STATEMENT OF CORPORATE GOVERNANCE	24
MANAGEMENT CONTRACTS	30
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	30
ADDITIONAL INFORMATION	30
Appendix "A"	A-1
Appendix "B"	B-1



AVICANNA™

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

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Information Circular**") is dated September 11, 2019 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 meeting (the "**Meeting**") of shareholders of the Corporation (the "**Shareholders**") to be held at 77 King Street West, Suite 400, Toronto, Ontario, M5K 0A1 on Tuesday, October 15, 2019 at 11:00 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.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

The articles of the Corporation require a minimum of three directors of the Corporation. There are currently six (6) directors of the Corporation and the board of directors of the Corporation (the "**Board**") has nominated six (6) nominees to be elected at the Meeting. 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 ⁽¹⁾
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).	Chairman & Chief Executive Officer	2,534,107 Common Shares
David Allan White ⁽²⁾⁽³⁾⁽⁴⁾ North Carolina, USA	Director since August 2018	Corporate Director and Business Consultant at First Call Services (2012-Present).	N/A	2,815 Common Shares
Dr. Chandrakant Panchal ⁽²⁾⁽³⁾⁽⁴⁾ Quebec, Canada	Director since November 2016	Chief Executive Officer of Axcelon Biopolymers Corp. (2008-Present).	N/A	151,358 Common Shares
Janet Giesselman ⁽²⁾⁽³⁾⁽⁴⁾ Florida USA	Director since June 2019	Retired business person and corporate director.	N/A	7,100 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	2,570,952 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	1,909,270 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 obtained from the System for Electronic Disclosure by Insiders (SEDI). No director beneficially owns, or controls or directs, directly or indirectly, any of the voting securities of the subsidiaries of the Corporation. These figures do not include Stock Options or RSUs (as each such term is defined herein) which are disclosed elsewhere in this Information Circular. 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**").

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

Aras Azadian, Chairman of the Board, Director & Chief Executive Officer | Mr. Azadian serves as the Chairman of the Board and the Chief Executive Officer of the Corporation. Mr. Azadian previously served as the President 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 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, Lead Director | Dr. Panchal serves as the lead director 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) as well as Pure Global Cannabis Inc. (PURE). 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 Company, 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 Company 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 Company, 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 and a Juris Doctor (JD) degree from the University of Western Ontario.

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.

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

None of the Corporation's directors or executive officers is, as at the date of the Information Circular, or was within ten (10) years prior to the date of this Information Circular, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order

that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

Corporate Bankruptcies

None of the Corporation's directors, executive officers, or shareholders holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, as at the date of this Information Circular, or has been within the ten (10) years prior to the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within one (1) 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.

None of the Corporation's directors, executive officers, or shareholders holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the ten (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 director, executive officer or shareholder.

Penalties or Sanctions

No proposed director or executive officer of the Corporation has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

2. 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.

GENERAL STATUTORY 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 Proxy Instrument (collectively, 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 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. The cost to forward the Documents to Non-registered Shareholders will be borne by the Intermediaries and the Non-registered Shareholders will not receive the Documents unless the Intermediaries assume the associated costs of delivery.

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.

Non-registered Shareholders who have received the Documents from their Intermediary should 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:

- (a) 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 the Corporation's registrar and transfer agent, Odyssey Transfer Inc.; or
- (b) 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.

Receiving Future Meeting Materials by Email

Electronic Delivery ("e-Delivery") ensures that Shareholders receive documents faster, helps reduce printing and postage expenses and creates less paper waste. Non-registered Shareholders who wish to enroll in e-Delivery may sign up through their broker. Registered Shareholders may request e-Delivery by signing up at www.odysseycontact.com.

Appointment of Proxy

The persons named in the enclosed Proxy Instrument are directors and/or officers of the Corporation. **SHAREHOLDERS HAVE THE RIGHT TO APPOINT A PERSON OR COMPANY TO REPRESENT HIM, HER OR IT AT THE MEETING OTHER THAN THE PERSON[S] DESIGNATED IN THE PROXY INSTRUMENT** either by striking out the names of the persons designated in the Proxy Instrument and by

inserting the name of the person or company to be appointed in the space provided in the Proxy Instrument or by completing another proper form of proxy and, in either case, delivering the completed proxy to Odyssey Transfer Inc. by: (i) mail using the enclosed return envelope; or (ii) hand delivery to Odyssey Transfer Inc. at Victoria Tower, Suite 1717 - 25 Adelaide St East, Toronto ON M5C 3A1. Alternatively, you may vote by Internet at <http://odysseytrust.com/Transfer-Agent/Login> and clicking "Vote". All instructions are listed on the enclosed Proxy Instrument. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (Toronto time) on October 11, 2019 or, if the Meeting is adjourned, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before the beginning of any adjournment to the Meeting.

Revocation of Proxy

A 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) 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., Suite 1717 - 25 Adelaide St E, Toronto, ON M5C 3A1;
- (b) by delivering written notice of such revocation to the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) thereof, or
- (c) in any other manner permitted by law.

Voting of Proxies and Discretion Thereof

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed Proxy Instrument **WILL, UNLESS OTHERWISE INDICATED, BE VOTED FOR THE ELECTION OF DIRECTORS, FOR THE RE-APPOINTMENT OF MNP LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS THE AUDITORS OF THE CORPORATION AND FOR THE AUTHORIZATION OF THE BOARD OF DIRECTORS TO FIX AUDITORS' REMUNERATION AND TERMS OF ENGAGEMENT.** The shares represented by the Proxy Instrument 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 shares will be voted accordingly. The enclosed Proxy Instrument 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 Instrument 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 (the "**Common Shares**"). As of the Record Date, the Corporation had issued and outstanding 22,294,723 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 10, 2019 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., Victoria Tower, Suite 1717 - 25 Adelaide St East, Toronto ON M5C 3A1 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.

The following table sets forth, to the best of the Corporation's knowledge, as of the date hereof, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, ten percent (10%) or more of the issued and outstanding Common Shares:

Shareholder	No. of Common Shares Held ⁽¹⁾	Percentage Interest in Issued and Outstanding Common Shares ⁽³⁾⁽⁴⁾
Aras Azadian	2,534,107	11.37%
Kyle Langstaff	2,418,333	10.85%
Setu Purohit	2,570,952	11.53%
Giancarlo Davila Char	1,909,270 ⁽²⁾	8.56%

Notes:

- (1) The information as to shares beneficially owned, directly or indirectly, or over which control is exercised is not within the knowledge of the Corporation and has been furnished by the respective shareholders.
- (2) Mr. Davila Char is a director of the Corporation. Mr. Davila Char beneficially owns, controls, or directs, directly or indirectly, the listed number of Common Shares through the following: (i) Inmobiliaria 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; and (iv) Bodelian Holding Corp. owns 32,346 Common Shares. Mr. Davila Char also indirectly purchased \$406,000 principal amount of debentures and 25,375 debenture warrants under a debenture offering that closed on March 1, 2019.

- (3) Expressed on a non-diluted basis based on 22,294,723 Common Shares issued and outstanding.
- (4) Expressed on a non-diluted basis. On a fully-diluted basis, the number and percentage of Common Shares owned, controlled or directed by Mr. Azadian, Mr. Langstaff, Mr. Purohit and Mr. Davila Char are 2,588,927 and 9.98%, 2,418,333 and 9.32%, 2,607,742 and 10.05%, and 2,222,473 and 8.57% respectively.

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, 2018 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 ⁽¹⁾	1,407,500 ⁽²⁾	\$3.55	151,896
Equity compensation plans not approved by Securityholders	N/A	N/A	N/A
TOTAL	1,407,500	\$3.55	151,896

Notes:

- (1) The maximum number of Common Shares issuable under the Stock Option Plan of the Corporation was 1,559,396, representing 10% of the issued and outstanding Common Shares as at December 31, 2018. No further options will be granted under the Stock Option Plan. All new grants will be issued under the 2019 Incentive Plan as further described below.
- (2) Pursuant to a pre Stock Option Plan incentive options grant, the Corporation issued 1,400,000 incentive stock options, of which 100,000 remain outstanding as of the date hereof in addition to the 1,407,500 Options outstanding pursuant to the Stock Option Plan.

The Option Plans

As at December 31, 2018, Plan Options (as herein defined) to acquire up to 1,407,500 Shares were outstanding under the Corporation's previous stock option plan (the "**Stock Option Plan**"). 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.

The Stock Option Plan

The following is a summary of the material features of the Stock Option Plan.

The Stock Option Plan 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 is administered by the Board. Plan Options that were issued under the Stock Option Plan are non-assignable and non-transferable. Plan Options granted under the Stock Option Plan are exercisable for a period of up to seven (7) years from the date of grant. The exercise price of Plan Options granted under the Stock Option Plan was fixed by the Board and could not be less than the fair market value of the Common Shares on the date of grant as determined in good faith by the Board.

Unless otherwise specified by the Board either before or after granting a Plan Option, Plan Options shall vest such that one-quarter (1/4) of the Plan Options vest at the end of the twelfth (12) month after the date of grant and the remaining Plan Options shall vest in equal installments at the end of each month from such date until the date that is four (4) years from the date of grant.

The maximum number of Common Shares reserved for issuance upon the exercise of Plan Options, pursuant to the Stock Option Plan, could not exceed ten percent (10%) of the issued and outstanding Common Shares at the time of any Option grant. Upon the expiration, or other surrender, cancellation or termination, in whole or in part, of any granted Plan Option, the Plan Option subject to such Stock Option Plan would be available for other Plan Options to be granted from time to time under the Stock Option Plan.

The Stock Option Plan may be amended, altered or discontinued by the Board at any time, provided that no such action shall, materially and adversely affect the rights and privileges pursuant to the terms of the Stock Option Plan of any Plan Option granted or Common Shares issued under the Stock Option Plan without the consent, in writing, of the affected participant.

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**") 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 2,229,472 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 891,788 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:

Event Provisions	Provisions
Termination for cause	Immediate forfeiture of all vested and unvested Awards.
Resignation	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.
Termination other than for cause	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-rata 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.
Retirement	Upon the retirement of a participant's employment with us, 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.
Death	All unvested Awards will vest immediately and may be exercised within 180 days after the death of the Eligible Participant.

Event Provisions

Provisions

Change of Control

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 "**Change of Control**"), any unvested Share Units and/or Options immediately vest and may be exercised prior to the earlier of (i) 30 days of 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

In addition to stock options granted under the Stock Option Plan and the 2019 Incentive Plan, the Corporation issued 1,400,000 incentive stock options, of which 100,000 remain outstanding as of the date hereof (the "**Pre-Plan Options**" and, together with the Plan Options and Options, the "**Stock Options**"). As at the date hereof, Stock Options to acquire an aggregate of 1,736,440 Common Shares (consisting of 100,000 Pre-Plan Options, 1,277,000 Plan Options and 359,440 Options) at exercise prices of between \$0.10 and \$10.00 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 7.79% 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 384,374 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.

RSUs

As of the date hereof, the Corporation has issued an aggregate of 108,658 RSUs to executive officers and non-executive directors.

STATEMENT OF EXECUTIVE COMPENSATION

The following discussion describes the significant elements of the Corporation's executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief

Executive Officer and the Chief Financial Officer and, other than the Chief Executive Officer and the Chief Financial Officer, the most highly compensated executive officer, or the most highly compensated individual acting in a similar capacity (collectively, the "**Named Executive Officers**" or "**NEOs**"). The NEOs are:

- Aras Azadian, Chief Executive Officer and Chairman of the Board;
- Setu Purohit, President, Chief Legal Officer, Secretary, General Counsel and Director; and
- Davender Sohi, Chief Financial Officer.

Overview and Compensation Governance

The Corporation's compensation practices are designed to retain, motivate and reward its executive officers for their performance and contribution to Avicanna's long-term success. The Board makes decisions regarding executive compensation by seeking to compensate the Corporation's executive officers by combining short and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. The Board seeks to tie individual goals to the area of the executive officer's primary responsibility, including the achievement of specific financial or business development goals. The Board also sets performance goals that reach across all business areas and include achievements in finance/business development and corporate development. In assessing the compensation of the Corporation's executive officers, Avicanna does not have in place formal objectives, criteria or analysis; instead, it relies mainly on discussions between members of the Board and the review of appropriate comparison data. The Board considers each executive's performance and other relevant factors, including the scope of each executive's position and responsibilities, the achievement of corporate goals, the current business environment and anticipated changes, and executive retention and recruitment considerations.

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.	BELLUS Health Inc.
Heritage Cannabis Holdings Corp.	InMed Pharmaceuticals Inc.
Liht Cannabis Corp.	Nutritional High International Inc.
Sunniva Inc.	Tetra Bio-Pharma Inc.
Valens Groworks Corp.	VIVO Cannabis Inc.
Wayland Group Corp.	WEEDMD Inc.

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 Avicanna'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. Avicanna 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., a leading independent Canadian-based compensation consultant, to provide advice on the competitiveness and effectiveness of the Corporation's compensation

programs. As of May 31, 2019, Hugessen Consulting Inc. was paid an aggregate of \$13,383 for their services.

Hedging

All of the Corporation's executives, other employees, advisory committee members and directors are also 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.

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 Avicanna to each of its 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 (\$) ⁽²⁾	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Aras Azadian Chief Executive Officer ⁽¹⁾	2016 ⁽⁵⁾	114,300	-	-	-	-	-	-	114,300
	2017	150,000	-	-	30,000	-	-	-	180,000
	2018	150,000	-	-	-	-	-	-	150,000
Setu Purohit President, Chief Legal Officer, General Counsel and Secretary ⁽¹⁾	2016 ⁽⁵⁾	60,000	-	-	-	-	-	-	60,000
	2017	140,000	-	-	20,000	-	-	-	160,000
	2018	140,000	-	-	-	-	-	-	140,000
Davender Sohi Chief Financial Officer	2016 ⁽⁵⁾	-	-	-	-	-	-	-	-
	2017	30,000	-	-	-	-	-	-	30,000
	2018	125,000	-	-	-	-	-	-	125,000

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 nil based on a risk free rate of 1.08%, expected life of five years and a volatility rate of 90%.
- (4) No NEOs received any additional compensation or perquisites.
- (5) Mr. Azadian received a one-time payment of \$9,525 for the month of December 2016, which represents an annualized salary of \$114,300. Mr. Purohit received a one-time payment of \$5,000 for the month of December 2016, which represents an annualized salary of \$60,000. Mr. Sohi was appointed as Chief Financial Officer on November 25, 2016 and did not receive any compensation for his duties during the year ended December 31, 2016.

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, 2018.

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	Number of shares or units of shares that have vested	Market or payout value of vested share-based awards not paid or distributed
Aras Azadian Chief Executive Officer	-	-	-	-	-	-	-	-
Setu Purohit President, Chief Legal Officer, General Counsel and Secretary	-	-	-	-	-	-	-	-
Davender Sohi Chief Financial Officer	100,000	\$0.10	December 10, 2023	\$790,000	-	-	-	-

Notes:

- (1) As of December 31, 2018, the Corporation had not yet approved the 2019 Incentive Plan or issued any share-based awards.

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, 2018.

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year
Aras Azadian Chief Executive Officer	\$2,370,000	-	-
Setu Purohit President, Chief Legal Officer, General Counsel and Secretary	\$1,580,000	-	-
Davender Sohi Chief Financial Officer	\$790,000	-	-

Notes:

- (1) As of December 31, 2018, the Corporation had not yet approved the 2019 Incentive Plan or issued any share-based awards.

Pension Plan Benefits

As of December 31, 2018, 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, 2018, 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 \$240,000. 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 \$210,000. 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 \$210,000. 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.

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.

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, 2018. 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".

Director Compensation Table

Name	Fees earned	Share-based awards	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation	Total compensation
David Allan White ⁽¹⁾	\$16,500	-	\$21,000	-	-	-	\$37,500
Dr. Chandrakant Panchal	\$12,000	-	\$790,000	-	-	-	\$802,000
Giancarlo Davila Char ⁽²⁾	-	-	\$600,000	-	-	-	\$600,000
Dr. Saied Babei ⁽³⁾	\$7,000	-	\$1,185,000	-	-	-	\$1,192,000
Dr. Nimish Purohit ⁽⁴⁾	\$10,000	-	\$790,000	-	-	-	\$800,000

Notes:

- (1) Appointed as a director of the Corporation effective August 9, 2018.
- (2) Appointed as a director of the Corporation effective October 22, 2018
- (3) Resigned as a director of the Corporation effective August 9, 2018.
- (4) Resigned as a director of the Corporation effective October 22, 2018.

During the year ended December 31, 2018, David Allan White was compensated \$2,500 USD per month and Dr. Chandrakant Panchal was compensated \$1,000 CAD per month in cash and \$1,000 CAD per month in Common Shares at the then current share price of the Common Shares. Neither Aras Azadian, Setu Purohit, or Giancarlo Davila Char were compensated for their position on the Board.

For fiscal 2019, the Corporation has elected to institute a new independent director compensation program 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 Toronto Stock Exchange, 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, 2018.

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	Number of shares or units of shares that have vested	Market or payout value of vested share-based awards not paid or distributed ⁽¹⁾
David Allan White ⁽²⁾	30,000	\$7.30	July 17, 2025	\$21,000	-	-	-	-
Dr. Chandrakant Panchal	100,000	\$0.10	December 9, 2023	\$790,000	-	-	-	-
Giancarlo Davila Char ⁽³⁾	100,000	\$2.00	April 29, 2025	\$600,000	-	-	-	-
Dr. Saied Babej ⁽⁴⁾	150,000	\$0.10	December 9, 2023	\$1,185,000	-	-	-	-
Dr. Nimish Purohit ⁽⁵⁾	100,000	\$0.10	December 9, 2023	\$790,000	-	-	-	-

Notes:

- (1) As at December 31, 2018 the Common Shares never been listed on a public market or exchange and, as such, no market price was available. The value shown represents a good-faith estimate of fair market value based on the most recent price paid for the Common Shares in an arm's-length transaction prior to the end of the most recently completed fiscal year, minus the exercise price of the option, multiplied by the number of options.
- (2) Appointed as a director of the Corporation effective August 9, 2018.
- (3) Appointed as a director of the Corporation effective October 22, 2018
- (4) Resigned as a director of the Corporation effective August 9, 2018.
- (5) Resigned as a director of the Corporation effective October 22, 2018.

Value of Awards Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each director (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) for the financial year ended December 31, 2018.

Name	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year
David Allan White ⁽¹⁾	\$9,493	-	-
Dr. Chandrakant Panchal	\$372,274	-	-
Giancarlo Davila Char ⁽²⁾	\$401,096	-	-
Dr. Saied Babej ⁽³⁾	\$558,411	-	-
Dr. Nimish Purohit ⁽⁴⁾	372,274	-	-

Notes:

- (1) Appointed as a director of the Corporation effective August 9, 2018.
- (2) Appointed as a director of the Corporation effective October 22, 2018
- (3) Resigned as a director of the Corporation effective August 9, 2018.
- (4) Resigned as a director of the Corporation effective October 22, 2018.

Directors and Officers Liability Insurance

Directors and officers liability insurance was purchased on June 28, 2018 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.

AUDIT COMMITTEE

Audit Committee Charter

In accordance with applicable Canadian securities legislation and, in particular, National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), information with respect to the Corporation's Audit Committee is contained below. The full draft text of the Audit Committee Charter is attached to this Information Circular as Appendix "B". 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 assists the Board in discharging its oversight of:

- the quality and integrity of the Corporation's financial statements and related information;
- the independence, qualifications and appointment of the Corporation's external auditor;
- the monitoring and periodic review of the Corporation's Corporate Disclosure Policy, its disclosure controls and procedures, internal control over financial reporting and management's responsibility for assessing and reporting on the effectiveness of such controls;
- the Corporation's risk management processes;
- the monitoring and periodic review of the Corporation's Whistle Blowing Policy;

- the monitoring and periodic review of the Corporation's Related Party Transactions Policy and transactions with its related parties; and
- the monitoring and periodic review of the Corporation's Code of Business Conduct and Ethics and its assessment of management's processes to ensure compliance with the Code of Business Conduct and Ethics.

The Audit Committee has access to all of the Corporation's books, records, facilities and personnel and may request any information about the Corporation as it may deem appropriate. It also has the authority, in its sole discretion and at the Corporation's expense, to retain and set the compensation of outside legal, accounting or other advisors as necessary to assist in the performance of its duties and responsibilities. The Audit Committee will also have direct communication channels with the Chief Financial Officer and the Corporation's external auditors to discuss and review such issues as the Audit Committee may deem appropriate.

Audit Fees

For the years ended December 31, 2016, December 31, 2017 and December 31, 2018, the fees billed by the Corporation's external auditor are set out in the table below:

	Audit Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾	Total
Year ended December 31, 2018	\$165,000	Nil	\$25,000	\$190,000
Year ended December 31, 2017	\$30,000	Nil	Nil	\$30,000
Year ended December 31, 2016	\$10,000	Nil	Nil	\$10,000

Notes:

- (1) "Audit Fees" are the fees necessary to perform the audit of the Corporation's financial statements for the period ended December 31, 2016, December 31, 2017 and December 31, 2018, including accounting consultations, a review of matters reflected in the financial statements and audit or other services required by legislation or regulation, such as comfort letters, consents and reviews of securities filings.
- (2) "Tax Fees" are fees other than those included in Audit Fees for tax services, including preparation of the annual tax returns for Canada and Colombia and fees related to advisory services related to the Corporation's structure and related tax issues in new jurisdictions.
- (3) "All Other Fees" include all other non-audit services and non-tax related services.

Composition of the Audit Committee

The Audit Committee currently consists of three directors, namely, Mr. David Allan White, Dr. Chandrakant Panchal, Lead Director, and Ms. Giesselman. Each of Mr. White, Dr. Panchal and Ms. Giesselman 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*".

Audit Committee Member	Relevant Education and Experience
David Allan White	M.B.A. University of Toronto B.A., Economics, University of Western Ontario Director, Ag Growth International Inc.
Dr. Chandrakant Panchal	Ph.D, Biochemical Engineering, University of Western Ontario Director, Pure Global Cannabis Inc. Director, Canadian Oil Recovery & Remediation Enterprises Ltd. Director, Medicenna Therapeutic Corp.
Janet Giesselman	Director, AG Growth International Inc. Director, Omnova Solutions Inc. Director, Twin Disc, Incorporated

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on any exemption provided by Part 3 or Part 8 of NI 52-110.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

The Corporation has not yet adopted any specific policies or procedures for the engagement of non-audit services. Such matters are the subject of review and pre-approval by the Audit Committee.

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 six (6) directors. The Corporation plans to add an additional independent director in the next three (3) months to bring the total size of the Board to an eventual seven (7) directors. The Board is looking to appoint a director with experience in South America.

Under the *Business Corporations Act* (Ontario), 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 National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, a director is considered to be independent if he or she is independent within the meaning of 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 six (6) directors on the Board as at the date hereof, Aras Azadian, Chairman of the Board, 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, Lead Director, David Allan White and Janet Giesselman 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. Although the Corporation plans to add at least one (1) more independent director within the next three (3) months, currently the majority of the Board is not independent and therefore to further enhance independent judgment, 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 lead director.

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:

Director	Board Meetings Attended	Audit Committee Meetings Attended	Compensation Committee Meetings Attended
Aras Azadian	6/6	N/A	N/A
Setu Purohit	6/6	N/A	N/A
Giancarlo Davila Char	3/6	1/2	N/A
Dr. Chandrakant Panchal	6/6	2/2	1/1
David Allan White	3/6	1/2	1/1
Janet Giesselman	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A ⁽¹⁾

Notes:

(1) Ms. Giesselman joined the Board on June 20, 2019.

Reporting Issuer Experience

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

Director	Name of Other Reporting Issuer and Exchange
Dr. Chandrakant Panchal	Pure Global Cannabis Inc. (TSXV) 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)

Director	Name of Other Reporting Issuer and Exchange
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 Avicanna, 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.

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, 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 *Business Corporations Act* (Ontario) 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.

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 Mr. David Allan White, Dr. Chandrakant Panchal, Lead Director and Ms. Giesselman, Chair of the Compensation Committee.

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.

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 Avicanna'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.

All of the Corporation's executives, other employees and directors are also subject to the Insider Trading Policy, which prohibits trading in Avicanna'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 Avicanna's securities, such as short sales, puts and calls. Furthermore, the Corporation permits executives, including the NEOs, to trade in Avicanna'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 16.67%) on the Board and no women (0%) in an executive officer role.

MANAGEMENT CONTRACTS

As of December 31, 2018, 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, 2018 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.

APPENDIX "A"

BOARD MANDATE

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Avicanna Inc. (the "**Company**") is elected by the shareholders of the Company and is responsible for the stewardship of the Company. The purpose of this mandate is to describe the principal duties and responsibilities of the Board as well as some of the policies and procedures 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 Company, enhance and maximize shareholder value and conduct the business and affairs of the Company ethically and in accordance with the highest standards of corporate governance. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of the Company. The responsibilities of the Board include:

- adopting a strategic planning process;
- identifying risks to the business of the Company 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 Company 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 Company, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct the Company's business ethically and with honesty and integrity.

- 2.2 The Board will delegate responsibility for the day-to-day management of the Company's business and affairs to the Company'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 Company'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 Company's business and affairs.
- 3.2 The Board, in conjunction with management, will identify the principal risks of the Company'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 Company in support of its commitment to Corporate Social Responsibility, set the ethical tone for the Company 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 Company 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 Company, including the selection, appointment, supervision and evaluation of the Chief Executive Officer and the other senior officers of the Company and its subsidiaries, and will also approve the compensation of the Chief Executive Officer and the other senior officers of the Company 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 Company. 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 Company 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 Company 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 Company'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.

APPENDIX "B"

Audit Committee Charter

I. GENERAL

1. Mandate and Purpose of the Committee

The purpose of the Audit Committee (the "**Committee**") is to assist the board of directors (the "**Board**") of Avicanna Inc. (the "**Company**") in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the external auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function; and
- (f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Authority of the Committee

- (a) The Committee has the authority to:
 - (i) engage independent counsel and other advisors as it determines necessary to carry out its duties;
 - (ii) set and pay the compensation for any advisors employed by the Committee; and
 - (iii) communicate directly with the internal and external auditors.
- (b) The Committee has the authority to delegate to individual members or subcommittees of the Committee.

II. PROCEDURAL MATTERS

1. Composition

The Committee will be composed of a minimum of three members.

2. Member Qualifications

Members of the Committee must state whether or not they are (i) "**independent**" as defined in National Instrument 52-110 – Audit Committees and (ii) "**financially literate**" as defined in National Instrument 52-110 – Audit Committees.

3. Member Appointment and Removal

Members of the Committee will hold office until the next annual meeting of the shareholders.

4. Committee Structure and Operations

(a) Chair

Each year, the Board will appoint one member of the Committee to act as Chair of the Committee. The Chair of the Committee may be removed at any time at the discretion of the Board. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

If the Chair of the Committee is absent from any meeting, the Committee will select one of the other members of the Committee to preside at that meeting.

(b) Meetings

The Chair of the Committee will be responsible for developing and setting the agenda for Committee meetings. The Chair, in consultation with the Committee members, will determine the schedule and frequency of the Committee meetings. However, the Committee will meet at least four times per year.

(c) Notice

- (i) Notice of the time and place of every meeting will be given by email or by phone to each member of the Committee at least 24 hours before the time fixed for that meeting.
- (ii) The external auditor of the Company will be given notice of every meeting of the Committee and, at the expense of the Company, will be entitled to attend and be heard at that meeting.
- (iii) If requested by a member of the Committee, the external auditor will attend every meeting of the Committee held during the term of office of the external auditor.

(d) Quorum

A majority of the Committee will constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

(e) Attendees

The Committee may invite any of the directors, officers and employees of the Company and any advisors as it sees fit to attend meetings of the Committee.

During each meeting of the Committee, the Committee will meet with only Committee members present in person or by other permitted means.

(f) Secretary

Unless otherwise determined by resolution of the Board, the corporate secretary of the Company, or his or her nominee, will act as the Secretary to the Committee.

(g) **Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

(h) **Liaison**

The Chief Financial Officer will act as management liaison with the Committee.

5. Committee and Charter Review

The Committee will conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter, in accordance with the process developed by the Board. The Committee will conduct that review and assessment in such manner as it deems appropriate and report the results to the Board.

The Committee will also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines recommended by regulators or an applicable stock exchange, and will recommend any required or desirable changes to the Board.

6. Reporting to the Board

The Committee will report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

III. RESPONSIBILITIES

1. Financial Reporting

(a) The Committee is responsible for reviewing and recommending approval to the Board of:

- (i) the Company's financial statements, MD&A and annual and interim profit or loss news releases; and
- (ii) prospectus type documents.

(b) The Committee is also responsible for:

- (i) discussing with management and the external auditor the quality of generally accepted accounting principles ("**GAAP**"), not just the acceptability of GAAP;
- (ii) discussing with management any significant variances between comparative reporting periods and across comparable business units;
- (iii) in the course of discussion with management and the external auditor, identifying problems or areas of concern and ensuring those matters are satisfactorily resolved;
- (iv) engaging the external auditor to perform a review of the interim financial reports and reviewing their findings, however, no formal report from the external auditor will be required;

- (v) reviewing the financial statements of the Company's subsidiaries, as well as the consolidated financial statements and financial statements for the Company pension plans, joint ventures and the like;
- (vi) requiring a representation letter from management similar to that provided by the external auditor; and
- (vii) reviewing all financial information and earnings guidance provided to analysts and rating agencies.

2. External Auditor

- (a) The Company's external auditor is required to report directly to the Committee.
- (b) The Committee is responsible for recommending to the Board:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (ii) the compensation of the external auditor.
- (c) The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

3. Relationship with the External Auditor

- (a) The Committee is responsible for reviewing the proposed audit plan and the proposed audit fees (to ensure fee containment).
- (b) The Committee is also responsible for:
 - (i) establishing effective communication processes with management and the external auditor so that it can objectively monitor the quality and effectiveness of the external auditor's relationship with management and the Committee;
 - (ii) receiving and reviewing regular reports from the external auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditors' final report;
 - (iii) reviewing, at least annually, a report from the external auditor on all relationships and engagements for non-audit services that may reasonably be thought to bear on the independence of the auditor;
 - (iv) meeting regularly in private with the external auditor; and
 - (v) receiving at least annually a report by the external auditor on the audit firm's internal quality control.

4. Accounting Policies

The Committee is responsible for:

- (a) reviewing the Company's accounting policy note to ensure completeness and acceptability with GAAP as part of the approval of the financial statements;
- (b) proactively discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (c) reviewing with management and the external auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (d) ensuring by discussion with management and the external auditor that the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances (within the range of acceptable options and alternatives);
- (e) discussing with management and the external auditor the clarity and completeness of the Company's financial disclosures made under continuous disclosure requirements; and
- (f) reviewing benchmarks of the Company's accounting policies to those followed in its industry.

5. Risk and Uncertainty

- (a) The Committee is responsible for reviewing, as part of its approval of the financial statements, uncertainty notes and disclosures.
- (b) The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending those policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee those policies for implementation and ongoing monitoring.
- (c) The Committee is responsible for requesting the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.

6. Controls and Control Deviations

- (a) The Committee is responsible for reviewing:
 - (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
 - (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.
- (b) The Committee is also responsible for:
 - (i) receiving reports from management when significant control deviations occur;

- (ii) establishing a Company-wide culture that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control;
- (iii) reviewing plans of the internal and external auditors to ensure the combined evaluation and testing of control is comprehensive, well-coordinated, cost effective and appropriate to risks, business activities and changing circumstances;
- (iv) participating in the review and appointment of key people involved in financial reporting (i.e., the Chief Financial Officer, the manager of internal audit, etc.);
- (v) reviewing Chief Executive Officer and Chief Financial Officer certification matters including matters relating to disclosure controls and procedures;
- (vi) reviewing annually a formal report prepared by management on the effectiveness of the Company's control systems;
- (vii) reviewing fraud prevention policies and programs and monitoring their implementation; and
- (viii) examining whether extension of its oversight of control systems into non-financial areas (e.g., operations) is appropriate.

7. Compliance with Laws and Regulations

- (a) The Committee is responsible for discussing the Company's compliance with tax and financial reporting laws and regulations, if and when issues arise.
- (b) The Committee is responsible for reviewing regular reports from management and others (e.g., internal and external auditors) concerning the Company's compliance with financial related laws and regulations, such as:
 - (i) tax and financial reporting laws and regulations;
 - (ii) legal withholdings requirements;
 - (iii) environmental protection laws; and
 - (iv) other matters for which directors face liability exposure.
- (c) The Committee is responsible for providing input to and reviewing the Company's Code of Business Conduct and Ethics.
- (d) The Committee is responsible for expanding its review to include a broader set of laws and regulations that must be complied with (e.g., compliance with privacy laws in electronic commerce systems).
- (e) The Committee with other Board committees is responsible for annually reviewing reports from other Board committees on management's processes to ensure compliance with the Company's Code of Business Conduct and Ethics.

8. Relationship with the Internal Auditor

- (a) The Committee is responsible for reviewing:

- (i) the appointment of the internal auditor;
 - (ii) the internal auditor's terms of reference;
 - (iii) the overall scope of the internal audit;
 - (iv) the majority of reports issued by the internal auditor; and
 - (v) management's response to the internal auditor's reports.
- (b) The Committee is responsible for approving the reporting relationship of the internal auditor to ensure appropriate segregation of duties is maintained and the internal auditor has direct access to the Committee.
- (c) The Committee is responsible for ensuring that the internal auditor's involvement with financial reporting is coordinated with the activities of the external auditor.
- (d) If no internal audit function exists, the Committee is responsible for regularly reviewing the need for such a function.

9. Other Responsibilities and Issues

- (a) The Chair of the Committee is responsible for ensuring the information received by the Committee is responsive to important performance measures and to the key risks the Committee oversees.
- (b) The Committee is responsible for the investigation of any matters that fall within the Committee's responsibilities and has the explicit authority to do so.
- (c) The Committee is responsible for receiving and reviewing reports from the internal and external auditors on their review of the officer and senior executive expense accounts.
- (d) The Committee is responsible for approving policies on political donations and commissions paid to suppliers or customers and for receiving reports from the internal and/or external auditors on their review of those donations and commissions.
- (e) The Committee is responsible for reviewing and providing management with its views on funding matters, financing strategies, capital structure etc., as well as appropriate accounting and presentation issues related thereto.

10. Pre-Approval of Non-Audit Services

The Committee is responsible for pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

11. Review of Public Disclosure

The Committee will review the following disclosures in advance of their public release by the Company:

- (a) the Company's financial statements, MD&A and annual and interim profit or loss news releases;
- (b) earnings guidance; and

- (c) financial outlooks and future-oriented financial information;

The Committee is responsible for being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.

12. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

13. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

