



NOTICE OF ANNUAL AND SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

OF

PLANET 13 HOLDINGS INC.

to be held at 12:00 p.m. (Toronto time) on Monday, June 24, 2019 at

365 Bay Street, Suite 800, Toronto, Ontario, Canada



PLANET 13 HOLDINGS INC.

4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118

Phone: (702) 206-1313

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Planet 13 Holdings Inc. (the “**Company**”) will be held at **365 Bay Street, Suite 800, Toronto, Ontario** on **Monday, June 24, 2019** at 12:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Company, together with the auditor’s report thereon, for the fiscal year ended December 31, 2018;
2. to elect directors for the ensuing year to hold office until the close of business of the next annual meeting of the Company’s Shareholders;
3. to appoint MNP LLP as the auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors;
4. to consider and, if deemed advisable, to approve a special resolution, with or without variation, authorizing and approving the continuance of the Company out of the federal jurisdiction under the *Canada Business Corporations Act* into the provincial jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia), on the basis set forth in the Management Information Circular which accompanies this Notice; and
5. to transact such further or other business as may properly come before the Meeting and any adjournment or postponement thereof.

A Management Information Circular and Form of Proxy accompany this Notice. The Management Information Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this Notice.

Registered Shareholders as at the close of business on May 17, 2019, the record date, are entitled to notice of and vote at the Meeting in person or by proxy. Registered Shareholders who are unable to attend the Meeting, or any adjournment(s) or postponement(s) thereof, in person, are requested to read, complete, sign and return or follow the instructions to vote over the telephone or on the internet the Form of Proxy accompanying this Notice in accordance with the instructions set out in the form of Proxy and in the Management Information Circular accompanying this Notice. Beneficial Shareholders who received the form of Proxy accompanying this Notice through an intermediary must deliver the Proxy in accordance with the instructions given by such intermediary.

DATED at Las Vegas, Nevada, this 17th day of May, 2019.

BY ORDER OF THE BOARD OF PLANET 13 HOLDINGS INC.

“Larry Scheffler”

Larry Scheffler
Co-Chief Executive Officer

“Robert Groesbeck”

Robert Groesbeck
Co-Chief Executive Officer



PLANET 13 HOLDINGS INC.

*4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118
Phone: (702) 206-1313*

MANAGEMENT INFORMATION CIRCULAR

(As at May 17, 2019, except as indicated)

This management information circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management (“**Management**”) of Planet 13 Holdings Inc. (the “**Company**”) for use at the annual and special meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of the Company to be held at 12:00 p.m. (Toronto time) on Monday, June 24, 2019 at 365 Bay Street, Suite 800, Toronto, Ontario for the purposes set forth in the notice of the Meeting (the “**Notice of Meeting**”).

PROXIES AND VOTING RIGHTS

Management Solicitation

The solicitation of proxies by Management will be conducted by mail and may be supplemented by telephone or other personal contact and such solicitation will be made without special compensation granted to the directors, regular officers and employees of the Company. The Company does not reimburse Shareholders, nominees or agents for costs incurred in obtaining, from the principals of such persons, authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this Circular and related proxy materials to their customers. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Circular. This Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

Registered Shareholders

If you are a registered Shareholder, you may wish to vote by proxy whether or not you attend the Meeting in person. If you submit a proxy, you must complete, date and sign the proxy, and return it to Odyssey Trust Company located at Stock Exchange Tower, Suite 350, 300 5th Avenue SW, Calgary, Alberta, T2P 3C4, Canada, not less than 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of Ontario) prior to the scheduled time of the Meeting, or any adjournment(s) or postponement(s) thereof.

The following voting options are available for registered Shareholders:

By Mail or Hand Delivery	Odyssey Trust Company 350- 300-5 th Avenue SW, Calgary, AB T2P 3C4
By Facsimile	1-800 - 517-4553
By Internet	https://odysseytrust.com/Transfer-Agent/Login Registered Shareholders will need to provide the 12 digit control number located on the form of proxy accompanying this Circular

Non-Registered Shareholders

Only directly registered Shareholders or duly appointed proxyholders are entitled to vote at the Meeting. Most Shareholders are non-registered Shareholders (“**Non-Registered Shareholders**”) because the common shares of the Company (“**Common Shares**”) or the restricted voting shares of the Company (“**Restricted Voting Shares**”) they own are not registered in their names but are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares or the Restricted Voting Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESSPs and similar plans); or (b) in the name of a clearing agency such as The Canadian Depository for Securities Limited in Canada or the Depository Trust Company in the United States, of which the Intermediary is a participant. The Common Shares and Restricted Voting Shares are hereinafter collectively referred to as the “**Shares**”.

Intermediaries are required to forward the Notice of Meeting, this Circular and form of proxy (collectively, the “**Meeting Materials**”) to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- a) Be given a proxy which **has already been signed by an Intermediary** (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares or Restricted Voting Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. This form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **return it in accordance with the instructions provided in the proxy; or**
- b) More typically, be given a voting instruction form which **is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**Voting Instruction Form**” or “**VIF**”), which the Intermediary must follow.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares or the Restricted Voting Shares they beneficially own. However, without specific voting instructions, Intermediaries and their agents and nominees are prohibited from voting shares for their clients. **Accordingly, each Non-Registered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

Should a Non-Registered Shareholder who receives either a proxy or a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Shareholder should strike out the names of the persons named in the Proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided or, in the cases of a VIF, follow the corresponding instructions on the form.

There are two kinds of beneficial owners – those who object to their name being made known to the issuers of securities which they own (called OBOs for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called NOBOs for Non-Objecting Beneficial Owners). Pursuant to NI 54-101, issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs.

These Meeting Materials are being sent to both registered and non-registered owners of the Common Shares and Restricted Voting Shares. If you are a Non-Registered Shareholder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. The Company intends to pay for Intermediaries to forward the Meeting Materials to OBOs.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are directors and/or officers of the Company. A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such Shareholder at the Meeting and any adjournment(s) or postponement(s) thereof. Such right may be exercised either by striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to Odyssey Trust Company located at Stock Exchange Tower, Suite 350, 300 5th Avenue SW, Calgary, Alberta, T2P 3C4, Canada, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting, or any adjournment(s) or postponement(s) thereof.

A registered Shareholder of the Company who has given a proxy may revoke the proxy by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Company at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, (ii) with the said office of Odyssey Trust Company Attn: Proxy Department at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or (iii) with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such Shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy or VIF may revoke a VIF or proxy that has been given to an Intermediary or to the service company that the Intermediary uses by following the instructions of the Intermediary respecting the revocation of proxies, provided that an Intermediary is not required to act on a revocation of a proxy or VIF which is not received by the Intermediary at least seven days prior to the Meeting.

Voting and Discretion of Proxies

The Common Shares and Restricted Voting Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment or postponement thereof, in accordance with the instructions of the Shareholder thereon. **In the absence of instructions, such Common Shares and Restricted Voting Shares, as applicable, will be voted in favour of each of the matters referred to in the Notice of Meeting as specified thereon.**

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the accompanying

Notice of Meeting and on other matters, if any, which may properly come before the Meeting or any adjournment or postponement thereof.

NOTICE AND ACCESS

The Company is not sending the Meeting Materials to registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations* (“NI 51-102”).

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares and Restricted Voting Shares without par value. As of the record date, determined by the Board of Directors of the Company (the “**Board**”) to be the close of business on May 17, 2019 (the “**Record Date**”), a total of 79,086,246 Common Shares and 55,232,940 Restricted Voting Shares were issued and outstanding. Each Common Share entitles the Shareholder of record to one vote at the Meeting. Each Restricted Voting Share entitles the Shareholder of record to one vote at the Meeting, other than with respect to the election or removal of directors of the Company

Only registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

To the knowledge of the Company’s directors and executive officers, as at the Record Date, (i) Robert Groesbeck, holds 12,091,641 Common Shares, representing 15.29% of the issued and outstanding Common Shares of the Company, and 26,125,470 Restricted Voting Shares, representing 47.3% of the issued and outstanding Restricted Voting Shares of the Company; and (ii) Larry Scheffler holds 12,466,392 Common Shares, representing 15.76% of the issued and outstanding Common Shares of the Company, and 26,125,470, Restricted Voting Shares representing 47.30% of the issued and outstanding Restricted Voting Shares of the Company. No other person beneficially owns, directly or indirectly, or controls or directs Common Shares or Restricted Voting Shares carrying 10% or more of the voting rights attached to each class of Shares. The voting rights attached to the 55,232,940 Restricted Voting Shares that are issued and outstanding as at the date hereof represent 41.1% of the aggregate voting rights attached to all Common Shares and Restricted Voting Shares issued and outstanding as at the date hereof.

RECOMMENDATION OF THE BOARD

The Board unanimously recommends that each holder of Common Shares and Restricting Voting Shares, as applicable, vote IN FAVOUR of all resolutions described in this Circular.

PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

TO THE KNOWLEDGE OF THE COMPANY’S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE COMMON SHARES AND RESTRICTED VOTING SHARES, AS APPLICABLE, REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

1. Financial Statements

The Board has approved the audited consolidated financial statements for the fiscal year ended December 31, 2018, together with the auditor's report thereon. Copies of these financial statements have been sent to all Shareholders and are also available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

2. Election of Directors

The term of office of each of the present directors, being Robert Groesbeck, Larry Scheffler, Greg Wilson, Marc Lustig, and Michael Harman, will expire at the Meeting. Greg Wilson has determined not to stand for re-election at the Meeting and will be retiring from the Board. The Board and management of the Company wish to thank Mr. Wilson for his service and contribution to the Company during his tenure as director.

Pursuant to the Company's articles of incorporation and articles of amendment (collectively, the "**Existing Articles**"), the number of directors of the Company shall be a minimum of one (1) and a maximum of ten (10). The Board has fixed the number of directors to be elected at the Meeting at four (4).

At the Meeting, the holders of Common Shares will be asked to vote for election of the four (4) persons named in the table below, presented for election at the Meeting as Management's nominees. Pursuant to the Existing Articles, holders of Restricted Voting Shares will not be permitted to vote on the election of the proposed nominees as directors of the Company.

Management does not contemplate that any of these nominees will be unable to serve as a director, but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion. Each director elected will hold office until the next annual meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Existing Articles and the general by-laws (the "**By-Laws**") of the Company or the provisions of the *Canada Business Corporations Act* ("**CBCA**") or, in the event the Continuance (as defined hereinafter) is approved at the Meeting and subsequently completed, the provisions of the *Business Corporations Act* (British Columbia) ("**BCBCA**").

If the Continuance (as defined hereinafter) is approved at the Meeting and is subsequently completed, the Board intends to increase its size to five (5) directors and appoint Adrienne O'Neal as an additional director of the Company, to hold office until the next annual meeting of the Company or until her successor is elected or appointed, unless her office is earlier vacated in accordance with the New Articles (as defined hereinafter) or the provisions of the BCBCA. It is also anticipated that upon her appointment to the Board, Ms. O'Neal will also be appointed to the Company's Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee.

The following table sets forth information concerning the four Management nominees, as furnished by the individual nominees, as at the Record Date.

The following table sets forth information concerning the four Management nominees, as furnished by the individual nominees, as at the Record Date.

Name, Jurisdiction of Residence and Position with the Company	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years	Served as a Director Continuously Since	Number of Common Shares and/or Restricted Voting Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Discretion is Exercised
Robert Groesbeck <i>Co-Chief Executive Officer and Director</i> Henderson, Nevada	Co-Chief Executive Officer of the Corporation (2018 – Present); Co-President of MMDC (2014 - 2018); and General Counsel, Advisor to C&S Waste Solutions (2013 - Present)	June 2018	12,090,641 Common Shares (15.29%) 26,125,470 Restricted Voting Shares (47.3%)
Larry Scheffler <i>Co-Chief Executive Officer and Director</i> Henderson, Nevada	Co-Chief Executive Officer of the Corporation (2018 – Present); Co-President of MMDC (2014 - 2018); and Chairman and Founder of Las Vegas Color Graphics, Inc. (1978 - Present)	June 2018	12,466,392 Common Shares (15.76%) 26,125,470 Restricted Voting Shares(47.3%)
Marc Lustig ⁽¹⁾⁽²⁾⁽³⁾ <i>Director</i> Vancouver, British Columbia	Chief Executive Officer of CannaRoyalty Corp. (2015 – Present); Principal at KES 7 Capital (2013 – Present)	June 2018	291,346 Common Shares (less than one percent)
Michael Harman ⁽¹⁾⁽²⁾⁽³⁾ <i>Director</i> Las Vegas, Nevada	Managing Partner, HRP CPAs and Consultants (2016 – Present) Partner at LLB CPAs (1998-2016)	June 2018	39,822 Common Shares (less than one percent)

Notes:

- (1) *Member of the Audit Committee. Mr. Harman is the Chairman of the Audit Committee.*
- (2) *Member of the Corporate Governance and Nominating Committee.*
- (3) *Member of the Compensation Committee.*

Ms. O’Neal is a resident of Las Vegas, Nevada and has been the owner of Las Vegas Counselor LLC since 2004, where she provides marriage and family therapy services. Prior to 2004, Ms. O’Neal was an Account Manager at R&R Partners for a total of 13 years. Ms. O’Neal holds nil Shares.

Majority Voting Policy

On June 11, 2018, the Board adopted a majority voting policy pursuant to which, each director should be elected by the vote of a majority of the Common Shares represented in person and by proxy at any meeting of the Shareholders involving the election of directors. In respect to uncontested elections, being an election where the number of nominees for director equals the number of directors to be elected, each nominee who receives a greater number of votes “withheld” from his or her election than votes “for” such election (“**Majority Withheld Vote**”) will promptly tender his or her resignation to the Chair following the applicable Shareholders’ meeting. In such an instance, the Corporate Governance and Nominating Committee will consider the offer of resignation and will make a recommendation to the Board on whether to accept it. In considering whether or not to accept the resignation, the Corporate Governance and Nominating Committee will consider the circumstances of such vote, including, without limitation, the effect such resignation may have on the Company’s ability to comply with any applicable corporate or securities laws, including, but not limited to, the Company’s articles and by-laws or any applicable governance rules and policies; whether such resignation would result in a violation of a contractual provision by the Company; and any other factors that the Corporate Governance and Nominating Committee considers relevant to determine whether there are exceptional circumstances which require the Board to decide to accept the resignation. The Board reviews and makes a final decision based on the Corporate Governance and Nominating Committee's recommendation and announces such decision in a press release within 90 days following the applicable Shareholders’ meeting. The Board will be expected to accept the resignation except in situations where exceptional circumstances would warrant the director to continue to serve on the Board. However, if the Board declines to accept the resignation, it will include in the press release the reasons for its decision. A director who tenders his or her resignation pursuant to this policy will not participate in any

meeting of the Board or any sub-committee of the Board, including any such meetings at which the resignation is considered.

Advance Notice Policy

If the Continuance is approved at the Meeting and subsequently completed, the Company intends to adopt an advance notice policy, pursuant to which, any additional director nomination for an annual meeting of Shareholders must be received by the Secretary of the Company in proper written form at the principal office of the Company, (i) in the case of an annual meeting of Shareholders, not less than thirty (30) days nor more than sixty-five (65) days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than fifty (50) days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the nominating Shareholder may be given not later than the close of business on the tenth (10th) day following the Notice Date; and (ii) in the case of a special meeting of the Shareholders (which is not also an annual meeting), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of Shareholders was made.

Corporate Cease Trade Orders

To the knowledge of the Company, no proposed director of the Company is, as at the date of the Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcy and Insolvency

To the knowledge of the Company, no proposed director of the Company:

- (a) is, as at the date of the information circular, or has been within 10 years before the date of the information circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (b) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director, state the fact.

Penalties and Sanctions

To the knowledge of the Company, no proposed director of the Company has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Holders of Common Shares can vote for all of the proposed nominees for directors of the Company, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees. **Unless a Shareholder directs that his, her or its Common Shares be otherwise voted or withheld from voting in**

connection with the election of directors, the management designees named in the enclosed for of proxy intend to vote such proxies IN FAVOUR of the election of the four nominees whose names are set forth above.

3. Appointment and Remuneration of Auditor

At the Meeting, Shareholders will be asked to appoint MNP LLP as the auditor of the Company until the next annual meeting of Shareholders, based on the recommendation of the Audit Committee and the Board, and to authorize the directors to fix the remuneration of the auditor. MNP LLP has been the auditor of the Company since the completion of the business combination between the Company and MM Development Company, Inc. (“**MMDC**”) on June 11, 2018 (the “**Business Combination**”). Prior to the Business Combination, the auditor of the Company was I&A Professional Corporation (formerly Abraham Chan LLP).

Unless a Shareholder directs that his, her or its Shares be withheld from voting in connection with the appointment of MNP LLP, the management designees named in the enclosed for of proxy intend to vote such proxies IN FAVOUR of the appointment of MNP LLP as the auditor of the Company and to authorize the directors to fix the remuneration of the auditor.

4. Continuation Under *Business Corporations Act* (British Columbia) and Adoption of New Articles

The Company is currently a corporation incorporated under the federal laws of Canada and is subject to the provisions of the CBCA. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, to pass a special resolution (the “**Continuance Resolution**”) authorizing the Board, in its sole discretion, to apply for the discontinuance of the Company from the federal jurisdiction of Canada under the CBCA and to continue the Company into the provincial jurisdiction of British Columbia (the “**Continuance**”) under the BCBCA.

The Continuance will affect certain of the rights of Shareholders as they currently exist under the CBCA. Shareholders should consult their legal advisors regarding implications of the Continuance, which may be of particular importance to them.

The BCBCA permits companies incorporated outside of British Columbia to be continued into British Columbia. On Continuance, the CBCA will cease to apply to the Company and the Company will thereupon become subject to the BCBCA, as if it had been originally incorporated under the BCBCA. The Continuance will not create a new legal entity, affect the continuity of the Company or result in a change to its business or affect the share capital. The persons elected as directors by the Shareholders at the Meeting will continue to constitute the Board upon the Continuance becoming effective.

The BCBCA provides that when a foreign corporation continues under the BCBCA:

- (a) the property, rights and interests of the foreign corporation continue to be the property, rights and interests of the company;
- (b) the company continues to be liable for the obligations of the foreign corporation;
- (c) an existing cause of action, claim or liability to prosecution is unaffected;
- (d) a legal proceeding being prosecuted or pending by or against the foreign corporation may be prosecuted or its prosecution may be continued, as the case may be, by or against the company; and
- (e) a conviction against, or a ruling, order or judgement in favour of or against the foreign corporation may be enforced by or against the company.

Reason for Continuance

Management has determined that the Continuance is in the best interest of the Company because there is greater flexibility in provisions of the BCBCA that they believe would benefit the Company, including in respect of residency requirements for the directors of a company existing under the BCBCA. Management is of the view that the BCBCA is consistent with corporate legislation with other Canadian jurisdictions and will provide Shareholders with substantially the same rights as those that are available to Shareholders under the CBCA.

Continuance Process

In order to effect the Continuance:

1. the Continuance Resolution must be approved by special resolution of at least two-thirds of the votes cast at the Meeting in person or by proxy in favour of the Continuance;
2. the Company must make an application to the Director under the CBCA for consent to continue (the “**Letter of Satisfaction**”) under the BCBCA, such application to establish to the satisfaction of the Director that the proposed Continuance will not adversely affect the Company's creditors or Shareholders;
3. once the Continuance Resolution is passed and the Company has obtained the Letter of Satisfaction, the Company must file a continuation application and the Letter of Satisfaction, along with prescribed documents under the BCBCA, with the British Columbia Registrar of Companies to obtain a Certificate of Continuance;
4. on the date shown on the Certificate of Continuance issued by the British Columbia Registrar of Companies, the Company will become a company registered under the laws of the Province of British Columbia as if it had been incorporated under the laws of the Province of British Columbia; and
5. the Company must then file a copy of the Certificate of Continuance with the Director under the CBCA and receive a Certificate of Discontinuance under the CBCA.

Effect of Continuance

Upon completion of the Continuance, the CBCA will cease to apply to the Company and the Company will thereupon become subject to the BCBCA, as if it had been originally incorporated as a British Columbia company.

The Continuance will not create a new legal entity, affect the continuity of the Company or result in a change in its business. The persons elected as directors by the Shareholders at the Meeting will continue to constitute the Board upon the Continuance becoming effective. Nor will the Continuance affect the Company's status as a listed company on the Canadian Securities Exchange (the “**CSE**”) or as a reporting issuer under applicable securities laws of any jurisdiction in Canada. The Company will remain subject to the requirements of all applicable securities legislation.

As of the effective date of the Continuance, the Company's current constating documents (i.e. its Existing Articles and the By-Laws under the CBCA) will be replaced with a Notice of Articles and articles (the “**New Articles**”) under the BCBCA that are proposed to be adopted in connection with the Continuance in substantially the form attached hereto as Schedule “A”.

The legal domicile of the Company will be the Province of British Columbia and the Company will no longer be subject to the provisions of the CBCA.

Each previously outstanding Common Share and Restricted Voting Share will continue to be a common share and restricted voting share of the Company as a company governed by the BCBCA.

Corporate Governance Differences

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

Charter Documents

Under the BCBCA, the charter documents will consist of a Notice of Articles, which sets forth, among other things, the name of the corporation and the amount and type of authorized capital, and indicates if there are any rights and restrictions attached to the issued shares, and New Articles, which will set the rules for the Company's conduct following the Continuance. The continuation application (with a form of the Notice of Articles) is filed with the British

Columbia Registrar of Companies, and the New Articles will be filed only with the Company's registered and records office.

Similarly, under the CBCA, the Company has Existing Articles, which set forth, among other things, the name of the corporation and the amount and type of authorized capital, and the By-laws, which regulate the business or affairs of the Company. The Existing Articles are filed with Corporations Directorate, Industry Canada, and the By-Laws are filed only with the Company's registered and records office.

In connection with the Continuance, it is necessary that the Company adopt new notice of articles and articles under the BCBCA. Accordingly, as part of the Continuance Resolution, Shareholders will also be asked to approve the adoption by the Company of the Notice of Articles and New Articles, which comply with the requirements of the BCBCA, in substitution for the Existing Articles and the By-Laws of the Company and any amendments thereto to date. The Continuance to British Columbia and the adoption of the Notice of Articles and New Articles will not result in any material changes to the constitution, powers or management of the Company, except as otherwise described herein.

A copy of the New Articles are attached hereto as Schedule "A". The New Articles will also be available for review at the Meeting. If the Continuance is approved at the Meeting and subsequently completed, a copy of the New Articles can be obtained on SEDAR at <http://www.sedar.com/> www.sedar.com and the Notice of Articles will be available from the British Columbia Registrar of Companies.

Requirements for Special Resolutions

The CBCA requires that certain matters be approved by special resolution of the Shareholders. Under the BCBCA, the Company may provide for a different level of approval for some matters. The Company proposes to adopt the more flexible approach under the BCBCA in order to be able to react and adapt to changing business conditions. As a result, subject to the BCBCA, the proposed New Articles will provide that the Company may:

- (1) by directors' resolution or by ordinary resolution of Shareholders, in each case as determined by the directors:
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (d) if the Company is authorized to issue shares of a class of shares with par value:
 - i. decrease the par value of those shares; or
 - ii. if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
 - (f) alter the identifying name of any of its shares;
 - (g) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued;
 - (h) authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution of Shareholders, in each case as determined by the directors, adopt or change any translation of that name; and

- (i) if the BCBCA does not specify the type of resolution and the Company's New Articles do not specify another type of resolution, alter the Company's articles;
 - (2) by ordinary resolution of Shareholders otherwise alter its shares or authorized share structure; and
 - (3) by special resolution of the Shareholders of the class or series affected, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if shares of the class or series of shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if shares of the class or series of shares have been issued;
- and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

Amendments to Charter Documents

Under the BCBCA and the New Articles, other fundamental changes such as a proposed amalgamation or continuation of a company out of the jurisdiction require a special resolution passed by two-thirds of the votes cast on the resolution by holders of shares of each class entitled to vote at a general meeting of the company.

Under the CBCA such changes require a special resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration and, where certain specified rights of the holders of a class or series of shares are affected differently by the alteration than the rights of the holders of other classes of shares, or in the case of holders of a series of shares, in a manner different from other shares of the same class, a special resolution passed by not less than two-thirds of the votes cast by the holders of shares of each class, or series, as the case may be, whether or not they are otherwise entitled to vote.

Sale of Undertaking

Under the BCBCA, a company may sell, lease or otherwise dispose of all or substantially of the undertaking of the corporation if it does so in the ordinary course of its business or if it has been authorized to do so by a special resolution passed by the majority of votes that the articles of the corporation specify is required (being at least two-thirds and not more than three-quarters of the votes cast on the resolution) or, if the articles of the corporation do not contain such a provision, a special resolution passed by at least two-thirds of the votes cast on the resolution. Under the New Articles proposed to be adopted by the Company the special resolution will need to be passed by at least two-thirds of the votes cast on the resolution.

The CBCA requires approval of the holders the shares of a corporation represented at a duly called meeting by not less than two-thirds of the votes cast upon a special resolution for a sale, lease or exchange of all or substantially all of the property (as opposed to the "undertaking") of the corporation, other than in the ordinary course of business of the corporation. Each share of the corporation carries the right to vote in respect of a sale, lease or exchange of all or substantially all of the property of the corporation whether or not it otherwise carries the right to vote. Holders of shares of a class or series can vote separately only if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series. While the shareholder approval thresholds will be the same under the BCBCA and the CBCA, there are differences in the nature of the sale which requires such approval, i.e., a sale of all or substantially all of the "undertaking" under the BCBCA and of all or substantially all of the "property" under the CBCA.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable in respect of:

- (a) a resolution to alter the articles to alter restrictions on the powers of the company or on the business the company is permitted to carry on;
- (b) a resolution to adopt an amalgamation agreement;
- (c) a resolution to approve an amalgamation into a foreign jurisdiction;

- (d) a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) any other resolution, if dissent is authorized by the resolution; or
- (h) any court order that permits dissent.

The CBCA contains a similar dissent remedy, subject to certain qualifications. Regarding (b) and (c) above, under the CBCA, there is no right of dissent in respect of an amalgamation between a corporation and its wholly-owned subsidiary, or between wholly-owned subsidiaries of the same corporation. The CBCA also contains a dissent remedy where a corporation resolves to amend its articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of a class.

Oppression Remedies

Under the BCBCA, a shareholder of a company has the right to apply to the court on the grounds that:

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

On such an application, the court may make any interim or final order it considers appropriate including an order to prohibit any act proposed by the company.

The CBCA contains rights that are substantially broader in that they are available to a larger class of complainants. Under the CBCA a shareholder, former shareholder, director, former director, officer, or former officer of a corporation or any of its affiliates, or any other person who, in the discretion of the court, is a proper person to seek an oppression remedy, may apply to the court for an order to rectify the matters complained of where in respect of a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the corporation or its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director, or officer.

Shareholder Derivative Actions

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

A broader right to bring a derivative action is contained in the CBCA, and this right also extends to officers, former shareholders, former directors and former officers of a corporation or its affiliates, and any person, who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced, with leave of the court, in the name and on behalf of a corporation or any of its subsidiaries.

Requisition of Meetings

The BCBCA provides that shareholders who, at the date on which the requisition is received by the company, hold in the aggregate not less than 5% of the issued shares of the company that carry the right to vote at general meetings may give notice to the directors requiring them to call and hold a general meeting within four months, subject to certain exceptions. The New Articles provide that, subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of Shareholders is one person

present or represented by proxy entitled to vote at such meeting. No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of Shareholders unless a quorum of Shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

The CBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of shareholders of a corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days on receiving the requisition, any shareholder who signed the requisition may call the meeting.

Place of Meetings

Under the BCBCA and the New Articles, meetings of Shareholders may be held in the Province of British Columbia or at a location outside of British Columbia if that location is approved by resolution of the directors or in writing by the British Columbia Registrar of Companies before the meeting is held.

The CBCA provides that meetings of shareholders may be held at the place outside of Canada provided by the articles, or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Directors

Both the BCBCA and CBCA provide that a public corporation must have a minimum of three directors. Under the New Articles, at every annual general meeting and in every unanimous resolution, the Shareholders entitled to vote must elect, or in the unanimous resolution appoint, a board of directors consisting of at least three directors. Each director's term of office expires immediately before the election or appointment of directors at the annual general meeting or when he or she ceases to hold office under the BCBCA. The Company may remove any director before the expiration of his or her term of office by special resolution and may elect by ordinary resolution of Shareholders a director to fill the resulting vacancy. Between annual general meetings or unanimous resolutions, the directors of the Company may appoint one or more additional directors provided that the number of additional directors appointed must not at any time exceed: (i) one-third of the number of directors named in the Notice of Articles (the "**First Directors**"), if at the time of appointments, one or more of the First Directors have not yet completed their first term in office; or (ii) in any other case, one-third of the number of current directors who were elected or appointed as directors other than by the Board. Any director appointed by the Board ceases to hold office immediately before the next election or appointment of directors at an annual general meeting, but is eligible for re-election or re-appointment.

While the BCBCA does not have any Canadian or provincial residency requirements for directors, the CBCA requires that at least 25% of directors of a corporation must be resident Canadians.

Capital Structure

Currently, the Company's authorized capital consists of an unlimited number of Common Shares and an unlimited number of Restricted Voting Shares. If the Company's Shareholders approve the Continuance, the Company will continue to have authorized capital of an unlimited number of Common Shares and an unlimited number of Restricted Voting Shares.

As a CBCA corporation, the Company's charter documents consist of the Existing Articles and the By-Laws and any amendments thereto to date. On completion of the Continuance, the Company will cease to be governed by the CBCA and will thereafter be deemed to have been formed under the BCBCA. There are some differences in shareholder rights under the BCBCA and CBCA and under the charter documents proposed to be adopted by the Company upon the Continuance.

Proposed Continuance Resolution

Management of the Company believes that it would be in the best interest of the Company to continue the Company into the provincial jurisdiction of British Columbia under the BCBCA. The Continuance must be approved by special resolution in order to become effective. To pass, a special resolution requires a majority of not less than two-thirds of the votes cast by the Shareholders present at the Meeting in person or by proxy.

At the Meeting, the holders of Common Shares and Restricted Voting Shares will be asked to consider and, if thought

appropriate, to approve the Continuance and the adoption by the Company of the Notice of Articles and New Articles by passing the Continuance Resolution, such resolution to be substantially in the form set forth below:

BE IT RESOLVED, as a special resolution, that:

- (a) the Company be authorized to undertake and complete the continuance from the federal jurisdiction to the Province of British Columbia, pursuant to Section 188 of the CBCA and Section 302 of the BCBCA;
- (b) the Company be authorized to prepare a Continuation Application, including a form of Notice of Articles, respecting the proposed continuance of the Company to British Columbia and that any one director or officer be authorized to do all that is required to complete the continuance to British Columbia and any one director or officer be authorized to determine the form of such documents required in respect thereof, including any supplements or amendments thereto, including, without limitation, the documents referred to below;
- (c) the Company apply to Industry Canada (the “**Federal Registrar**”) to permit such continuance in form of a Certificate of Discontinuance, in accordance with section 188 of the *Canada Business Corporations Act* (the “**CBCA**”);
- (d) the Company apply to the Registrar of Companies of British Columbia (the “**BC Registrar**”) to permit such continuance in accordance with section 302 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”)
- (e) subject to the issuance by the BC Registrar of a Certificate of Continuation and without affecting the validity of the Company and the existence of the Company by or under its articles and bylaws and any act done thereunder, effective upon issuance of the Certificate of Continuation, the Company adopt the Notice of Articles attached to the Continuation Application and the Articles in the form approved by the directors of the Company pursuant to the BCBCA, in substitution for the articles and by-laws of the Company pursuant to the CBCA, and all amendments reflected therein, are approved and adopted;
- (f) legal counsel licensed to practice in the Province of British Columbia, as selected by any director or officer or the Company, be appointed as the Company’s agent to electronically file the Continuation Application with the BC Registrar and to apply to the Federal Registrar for authorization permitting the continuation and to request a Certificate of Discontinuance under the CBCA;
- (g) effective on the date of the Continuance, the Company adopt the Notice of Articles, authorizing an unlimited number of Common Shares without par value and an unlimited number of Restricted Voting Shares without par value, and New Articles substantially in the form presented at the Meeting in substitution, respectively, for the Existing Articles and By-laws of the Company;
- (h) notwithstanding the passage of this special resolution by the Shareholders, the Board of Directors of the Company, in its sole discretion and without further notice to or approval of the Shareholders, may decide not to proceed with the continuance or otherwise give effect to this special resolution, at any time prior to the continuance becoming effective; and
- (i) any one officer or director of the Company is authorized, for and on behalf of the Company, to execute and deliver such documents and instruments and to take such other actions as such officer or director may determine to be necessary or advisable to implement this resolution and the matters authorized hereby including, without limitation, the execution and filing of the Continuation Application and any forms prescribed by or contemplated under the BCBCA.

The Continuance and the Notice of Articles shall take effect immediately on the date and time the Notice of Continuation Application and Notice of Articles are filed with the British Columbia Registrar of Companies. The Articles shall have effect immediately upon completion of the Continuance.

Notwithstanding the approval of the Continuance by the Shareholders, the directors may abandon the Continuance without further approval from the Shareholders. If the Continuance is abandoned, the Corporation’s jurisdiction of incorporation will remain under the CBCA and the Continuance will not be completed.

For the Continuance to be approved, the Continuance Resolution must be passed by at least a two-thirds majority of the votes cast with respect to the Continuance Resolution by the Shareholders of the Company present in person or by proxy at the Meeting. **Unless a Shareholder directs that his, her or its Shares be voted against the Continuance Resolution, the management designees named in the enclosed for of proxy intend to vote such proxies IN FAVOUR of such special resolution approving the Continuance Resolution.**

Rights of Dissent in Respect of the Continuance

A Shareholder of the Company is entitled to dissent and be paid the fair value such Shareholder's shares of the Company if such Shareholder objects to the Continuance Resolution and the Continuance becomes effective. However, a Shareholder is not entitled to dissent with respect to any of such Shareholder's shares of the Company in the event of the approval of the Continuance Resolution and the subsequent continuance of the Company, if that Shareholder has voted any such shares beneficially owned by such Shareholder in favour of the Continuance Resolution.

To exercise the right of dissent, a Shareholder must provide notice of this dissent to the Company by delivering a written objection to the continuance resolution (i) to the Company's Co-Chief Executive Officers at 4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118 or at the Company's registered office at 82 Richmond Street East, Suite 400, Toronto, Ontario, M5C 1P1 on or before the date of the Meeting; or (ii) at the Meeting, to the chairman of the Meeting.

A Shareholder who complies with the dissenting shareholder provisions of the CBCA is entitled to be paid by the Company the fair value of the shares held by him in respect of which he dissents, determined as of the close of business on the last business day before the day on which the resolution from which he dissents was adopted.

A dissenting Shareholder may only claim with respect to all of the shares of a class held by him or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

If the dissenting Shareholder and the Company are unable to agree on the fair value of the shares, either party may apply to the applicable court to fix the fair value. The complete text of Section 190 of the CBCA is attached to this Circular as Schedule "B".

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

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

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201"), which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. Additionally, the CSA has implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101"), which requires issuers to disclose the corporate governance practices that they have adopted according to the guidelines provided pursuant to NP 58-201, which apply to all public companies.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders and has reviewed the Company's corporate governance practices in light of these guidelines. A description of the Company's corporate governance practices is set out below.

Board of Directors

The Board is currently comprised of five directors and it is proposed that four directors will be nominated at the Meeting. Assuming approval and completion of the Continuance, it is expected that Ms. Adrienne O'Neal will be appointed to the Board.

NI 58-201 recommends that the board of directors of every listed company should consist of a majority of individuals who qualify as "independent" directors under National Instrument 52-110 – *Audit Committees* ("NI 52-110"), which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company.

“Material relationship” is defined as a relationship which could, in the view of the company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Currently, the Board consists of Robert Groesbeck, Larry Scheffler, Greg Wilson, Marc Lustig and Michael Harman, of whom, Robert Groesbeck and Larry Scheffler are considered “not independent”, as they are executive officers of the Company. Each of the remaining three directors and Ms. O’Neal is considered by the Board to be “independent”, within the meaning of NI 52-110. In making the foregoing determinations, the circumstances of each director have been examined by the Board in relation to a number of factors.

The Board facilitates its exercise of independent supervision over management through the independent directors on the Board. The independent directors may hold meetings at which non-independent directors and members of management are not in attendance in conjunction with meetings of the Board.

Directorships

The current directors are directors of other reporting issuers as follows:

Name of Director	Name of Other Reporting Issuer
Robert Groesbeck	N/A
Larry Scheffler	N/A
Greg Wilson	Debut Diamonds Inc. 12 Exploration Inc.
Marc Lustig	CannaRoyalty Corp. dba Origin House 22 Capital Corp.
Michael Harman	N/A

Orientation and Continuing Education

The Board has established the Corporate Governance and Nominating Committee, presently comprised of Michael Harman, Greg Wilson and Marc Lustig. Mr. Harman, Mr. Wilson and Mr. Lustig are independent within the meaning of NI 52-110. The Corporate Governance and Nominating Committee is appointed by and reports to the Board to assist the Company with the recruitment and education of new and current directors. The Board intends to appoint Ms. O’Neal to the Corporate Governance and Nominating Committee in replacement of Mr. Wilson at a Board meeting to be held following the Meeting, provided that the Continuance is approved and implemented.

The Board adopted a charter of the Corporate Governance and Nominating Committee, a copy of which can be requested by contacting the Company: (i) at its head office at 4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118; (ii) by telephone to (702) 206-1313; or (iii) by email at ir@planet13lasvegas.com.

Pursuant to its charter, the Corporate Governance and Nominating Committee develops and annually reviews orientation and education programs for new directors and provides ongoing education for all directors.

Upon joining the Board, each director is provided with an orientation package regarding the role of the Board, its committees and its directors, and the nature and operation of the Company’s current and past business. They are also provided with a copy of the Audit Committee Charter, Corporate Governance and Nominating Committee Charter, Compensation Committee Charter and the Code (as defined hereinafter).

The Board encourages directors to participate in continuing education opportunities in order to ensure that the directors may maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company’s business.

Ethical Business Conduct

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company’s size and business operations. To

facilitate meeting this responsibility, the Board seeks to foster and maintain a culture of ethical business conduct and social responsibility as critically important. The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. Management consistently strives to instill the Company's principles into the practices and actions of Management and the Company's employees.

The Board adopted a written Code of Business Conduct and Ethics (the "**Code**") for its directors, officers, employees and consultants. A copy of the Code can be requested by contacting the Company: (i) at its head office at 4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118; (ii) by telephone to (702) 206-1313; or (iii) by email at ir@planet13lasvegas.com.

Nomination of Directors

In addition to assisting the Company with the recruitment and education of new and current directors, the Corporate Governance and Nominating Committee reports to the Board to assist the Company in identifying and recommending individuals qualified to become members of the Board and evaluating the Board and its directors.

Pursuant to its charter, the Corporate Governance and Nominating Committee is responsible for certain recruitment activities including to:

- develop qualification criteria for Board members and determine Board size (considering goals for Board composition and individual qualifications), and evaluate potential candidates in accordance with established criteria and in consultation with the Chair of the Committee and the Co-Chief Executive Officers ("**co-CEOs**");
- review and respond to director nominations or recommendations submitted in writing by the Company's shareholders;
- annually (and more frequently, if appropriate) recommend to the Board candidates for presentation to the shareholders at each annual meeting of shareholders and one or more nominees for each vacancy on the Board that occurs between annual meetings of shareholders; and
- encourage diversity in the composition of the Board.

Compensation

The Board has established a Compensation Committee, presently comprised of Michael Harman, Greg Wilson and Marc Lustig. Mr. Harman, Mr. Wilson and Mr. Lustig are independent within the meaning of NI 52-110. The Board intends to appoint Ms. O'Neal to the Compensation Committee in replacement of Mr. Wilson at a Board meeting to be held following the Meeting, provided that the Continuance is approved and implemented.

The Compensation Committee is appointed by and reports to the Board to assist the Board in discharging its oversight responsibilities relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the Co-CEOs, with the skills and expertise needed to enable the Company to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives. See "*Statement of Executive Compensation*" for further details.

The Board adopted a charter of the Compensation Committee, a copy of which can be requested by contacting the Company: (i) at its head office at 4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118; (ii) by telephone to (702) 206-1313; or (iii) by email at ir@planet13lasvegas.com.

The Board is of the view that the members of the Compensation Committee collectively have the knowledge, skills, experience and background to make decisions on the suitability of the Company's compensation policies and practices. A description of such skills and experience for Mr. Harmon, Mr. Wilson and Mr. Lustig is set out in this Circular under the heading "*Audit Committee- Relevant Education and Experience*".

Pursuant to its Charter, the Compensation Committee is responsible for certain oversight activities including:

- annually review and approve corporate goals and objectives relevant to the co-CEOs and other senior executive officers' compensation, evaluate the performance of the co-CEOs and each senior executive officer's performance in light of those goals and objectives, and recommend to the Board for approval the compensation level for the co-CEOs and each senior executive officer based on this evaluation. In determining such compensation, the Committee will consider the Company's performance and relative shareholder return and the compensation of co-CEOs and senior executive officers at comparable companies. Additionally, the Committee may consider input from the co-CEOs on senior executive compensation, but the co-CEOs may not provide input with respect to his or her own compensation;
- review and approve the perquisites and supplemental benefits granted to the co-CEOs and senior executive officers;
- annually review the compensation systems that are in place for employees of the Corporation in order to ensure the fairness and appropriateness of the compensation of all employees, including incentive compensation plans and equity-based plans;
- administer and make recommendations to the Board regarding the adoption, amendment or termination of the Company's incentive compensation plans and equity-based plans (including specific provisions) in which the co-CEOs and senior executive officers may participate;
- ensure that all necessary shareholder and regulatory approvals have been obtained for equity-based compensation plans;
- recommend to the Board compensation and expense reimbursement policies for directors;
- review and approve employment agreements, severance arrangements and change in control agreements and other similar arrangements for the co-CEOs and senior executive officers;
- compare on an annual basis the total remuneration (including benefits) and the main components thereof for the senior executive officers with the remuneration practices in the same industry;
- establish levels of director compensation, including retainers, meeting fees, equity-based plans and other similar components of director compensation for Board approval, based on reviews of director compensation of comparable companies;
- review and recommend to the Board for its approval disclosure regarding executive and director compensation in the management proxy circular and in any offering documents prior to their public release; and
- review and make recommendations to the Board on the number and frequency of Stock Option grants to employees.

Other Board Committees

At this time, the Company has no other committees other than the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee.

Assessments

The Corporate Governance and Nominating Committee assists the Company fulfilling its corporate governance responsibilities under applicable law, and is responsible for reviewing and assessing the effectiveness of the Board, evaluating the Board and its directors and making policy recommendations aimed at enhancing Board effectiveness.

Representation of Women on the Board and in Executive Offices

The Company has not adopted a written policy specifically relating to the identification and nomination of women directors nor has the Board set targets regarding women on the Board or in executive officer positions. However, in accordance with the written mandate of the Board and the charter of the Corporate Governance and Nominating Committee, in identifying and selecting director and executive officer nominees, the Company values diversity, and

more specifically individuals from diverse backgrounds who reflect the changing population demographics of the markets in which the Company operates and of each gender; and when considering recommendations for nomination to the Board, the Board is required to consider diversity criteria including gender, age, ethnicity and geographic background among the many factors taken into consideration during the search process. The Company also considers, among other things, the qualifications, personal qualities, business background and relevant experience of individual candidates as well as the overall composition of the Board or executive office with a view to identifying and selecting the best and most complementary candidates. The Corporate Governance and Nominating Committee and the Board intend to consider whether the Company should adopt specific policies and practices regarding the representation of women on the Board and in executive office positions.

Upon her appointment to the Board once the Continuance is complete, Ms. O'Neal will be the one woman on what then will be a five person Board.

AUDIT COMMITTEE

NI 52-110 requires the Company's Audit Committee to meet certain requirements in respect of responsibilities, composition and authority. NI 52-110 also requires the Company to disclose certain information regarding the Audit Committee as described herein.

Overview

The overall purpose of the Audit Committee of the Company is to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Company. The Audit Committee exists to ensure that management has designed and implemented an effective system of internal financial controls, to review and report on integrity of the consolidated financial statements of the Company and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

Audit Committee Charter

The Board has adopted a written charter setting out the mandate and responsibilities of the Audit Committee. The Audit Committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls. The Audit Committee's primary duties and responsibilities are to: (i) conduct reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Audit Committee; (ii) assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures; (iii) ensure appropriate standards of corporate conduct for senior financial personnel and employees and, if necessary, adopt a corporate code of ethics; (iv) review the quarterly and annual financial statements and related management's discussion and analysis ("**MD&A**") of the Company's consolidated financial position and operating results and in the case of the annual Financial Statements & MD&A report thereon to the Board of Directors for approval of same; (v) select and monitor the independence and performance of the Company's external auditors and approve their remuneration; (vi) provide oversight to related party transactions entered into by the Company; and (vii) provide oversight of all disclosure relating to Financial Statements, MD&A and information derived therefrom. The Audit Committee is responsible for inquiring of management and the external auditors about significant risks or exposures, both internal and external to which the Company may be subject and assessing the steps management has taken to minimize such risks. The Audit Committee is also responsible for establishing and implementing procedures in respect of complaints and submissions relating to accounting matters and the approval of non-audit services by the external auditors.

The charter of the Company's Audit Committee is set forth in Schedule "C" attached hereto.

Composition of the Audit Committee

The Audit Committee has been constituted to oversee the financial reporting processes of the Company and is presently comprised of three independent directors; namely Messrs. Harman (Chairman of the Audit Committee), Wilson and Lustig. Each member of the Audit Committee is financially literate and possesses extensive financial knowledge, experience and comprehension of financial statements. The Board intends to appoint Ms. O'Neal to the Audit Committee in replacement of Mr. Wilson at a Board meeting to be held following the Meeting, provided that the Continuance is approved and implemented.

Relevant Education and Experience

Each member of the Audit Committee, current and proposed, has experience relevant to his or her responsibilities as an Audit Committee member and is financially literate.

Michael Harman. Mr. Harman, CPA has been in the accounting field for over 20 years and is the Managing Partner and senior audit partner with HRP CPAs, a Certified Public Accounting and Consulting firm based in Las Vegas. His primary focus is business consulting including performing outsourced CFO services and various other engagements such as consulting on M&A, systems implementation and conversions and business turnarounds. In his consulting role, he holds the title of CFO with various companies primarily in Las Vegas. He holds FINRA series 27 and 63 licenses, serves as Financial Operations Principal for a Broker Dealer in Las Vegas, is a member of the American Institute of Certified Public Accountants, the Turnaround Management Association and the Nevada Society of Certified Public Accountants and is a Certified Public Accountant licensed in the State of Nevada.

Greg Wilson. Mr. Wilson is an entrepreneur and corporate finance strategist with more than 20 years of experience advising and structuring capital market financings for start-up and emerging growth enterprises. In 2005, Mr. Wilson co-founded Paramount Gold & Silver Corp., a precious metals exploration company that was sold to Coeur Mining for over \$200 million in late 2014. Mr. Wilson also sits on the board of directors of Debut Diamonds Inc. and 12 Exploration Inc. and was also a founding Director of CannaRoyalty Corp.

Marc Lustig. Mr. Lustig holds MSc and MBA degrees from McGill University. He began his professional career in the pharmaceutical industry. For the next 15 years Mr. Lustig worked in senior roles at GMP Securities L.P. and as Head of Capital Markets at Dundee Capital Markets before becoming a Principal at KES 7 Capital. In early 2015, Mr. Lustig founded Cannabis Royalties & Holdings Corp., which is now CannaRoyalty Corp. where he is currently CEO and Director. Mr. Lustig also sits on the board of directors of 22 Capital Corp.

Adrienne O'Neal. Ms. O'Neal holds a B.S. Marketing and a M.S. Marriage and Family Therapy degree from the University of Nevada. She has been the owner of Las Vegas Counselor LLC since 2004, where she provides marriage and family therapy services. Prior to 2004, Ms. O'Neal was an Account Manager at R&R Partners for a total of 13 years. In addition, Ms. O'Neal has created and managed marketing budgets for companies and agencies including Del Webb, the Southern Nevada Water Authority and the Clark County School District. Ms. O'Neal has successfully passed the Series 7 exam, an exam which measures the degree to which a candidate possesses the knowledge needed to perform the critical functions of a general securities representative, including sales of corporate securities, municipal securities, investment company securities, variable annuities, direct participation programs, options and government securities, administered by the Financial Industry Regulatory Authority. In 2016, Ms. O'Neal was appointed by former State of Nevada Governor Brian Sandoval to the Nevada State Board of Marriage & Family Therapy and Clinical Professional Counselors. Ms. O'Neal is also a part-time instructor at the UNLV School of Medicine's Marriage and Family Therapy Graduate Program.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year did the Board decline to adopt a recommendation of the Audit Committee, or to nominate /compensate an external auditor.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) (Events Outside Control of Member), Subsection 6.1.1(6) (Death, Incapacity or Resignation) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee charter sets out procedures regarding the provision of non-audit services by the Company's independent chartered professional accountants. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted non-audit and non-audit related services.

External Auditor Service Fees (by category)

MNP LLP was appointed as the Company's external auditors on June 11, 2018. Prior to such date, the external auditors for the Company were I&A Professional Corporation (formerly Abraham Chan LLP). The aggregate fees billed and estimated to be billed by the external auditors for the last two fiscal years in US Dollars is set out in the table below.

Financial Year Ending	Audit Fees⁽¹⁾	Audit Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
December 31, 2018	\$393,386	\$106,357	Nil	Nil
December 31, 2017	\$2,546	Nil	Nil	Nil

Notes:

- (1) "Audit Fees" refers to the aggregate fees billed by the external auditor for audit services.
- (2) "Audit Related Fees" refers to aggregate fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and not reported under Audit Fees.
- (3) "Tax Fees" includes fees for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning.
- (4) "All Other Fees" includes all fees billed by the external auditors for services not covered in the other three categories.

Exemption for Venture Issuers

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Company from the requirements of Part 5 (Reporting Obligations) of NI 52-110.

STATEMENT OF EXECUTIVE COMPENSATION

The following Statement of Executive Compensation is prepared in accordance with National Instrument Form 51-102F6. The purpose of this Statement of Executive Compensation is to provide disclosure of all compensation earned by directors and certain executive officers in connection with their position as a director or officer of the Company.

Named Executive Officers

For the purpose of this Circular, a Named Executive Officer ("NEO") of the Company means each of the following individuals:

- a) the CEO of the Company;
- b) the CFO of the Company;
- c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CAD \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

For the financial year ended December 31, 2018, the Company had seven NEOs being Robert Groesbeck, Co-Chief Executive Officer, Larry Scheffler, Co-Chief Executive Officer, Dennis Logan, Chief Financial Officer, Chris Wren, Vice-President, Operations, William Vargas, VP Finance, Tanya Lupien, former VP Sales and Marketing, and Lonnie Kirsh, former President and Chief Executive Officer.

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation objectives and processes and to discuss compensations decisions relating to its NEOs listed in the Summary Compensation table below.

The Board as a whole determines the level of compensation in respect of the Company's senior executives. The Compensation Committee is appointed by and reports to the Board. The Compensation Committee, on behalf of the

Board, establishes policies with respect to the compensation of the Company's co-CEOs, CFO and other senior executive officers. The Compensation Committee assists the Board in discharging the Board's oversight responsibilities relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the Co-CEOs, with the skills and expertise needed to enable the Company to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives.

The Compensation Committee is responsible to review and approve corporate goals and objectives relevant to the Co-CEOs and other senior executive officers' compensation, evaluate the performance of the Co-CEOs and each senior executive officer's performance in light of those goals and objectives, and recommend to the Board for approval the compensation level each senior executive officer based on this evaluation. The Compensation Committee is also responsible for the review of the Company's compensation systems in order to ensure the fairness and appropriateness of the compensation of senior executive officers that may participate, including incentive compensation plans and equity-based plans.

See "*Statement of Corporate Governance Practices*" for further details with respect the composition, policy and practices of the Compensation Committee.

Objectives of the Compensation Program

The primary objective of the Company's executive compensation program is to attract, motivate and retain top quality individuals at the executive level who possess the experience and skills needed to improve the overall performance of the organization, by providing a reasonable and competitive compensation package that is consistent with market-based practices. The program is designed to ensure that the compensation provided to the Company's senior executive officers is determined with regard to the Company's corporate goals and objectives, such that the financial interests of the senior executive officers are consistent with the financial interests of the Shareholders.

The following principles guide the Company's executive compensation program:

- compensation levels and opportunities must be market-competitive to attract and retain qualified and experienced executives, while being fair and reasonable to Shareholders;
- compensation must incorporate an appropriate balance of short- and long-term rewards; and
- compensation programs must align executives' long-term financial interests with those of Shareholders by providing equity-based incentives.

The ability to attract, hire, and retain effective, experienced leadership in a highly-competitive growth industry ensures the foundational stability of the Company while driving business expansion toward new opportunities. This supports long-term interests of the Company and drives value for Shareholders.

Design of the Compensation Program

The Company's executive compensation program is based on a pay-for-performance philosophy to achieve the following overall goals:

- encourage the attraction, motivation, and retention of key employees needed to drive the business strategy; and
- reward these key employees for financial and operating performance, and leadership excellence.

The total executive compensation package includes elements designed to compensate executives fairly for their employment while encouraging personal initiative and targeting corporate-wide performance levels to achieve the Company's strategic and business objectives over the short and long term.

Industry-Competitive Compensation Model

Each year, the Compensation Committee evaluates the competitiveness of the Company's compensation program. The Compensation Committee reviews the executive compensation levels of the Company's peers to assess the competitive levels for each of the elements of NEO compensation (base salary, annual incentive and long-term incentives). This assessment ensures the NEOs of the Company are fairly paid a commensurate or industry-

competitive salary that aligns with earnings of other executive officers holding comparable positions with similar publicly traded entities.

In setting salaries within competitive ranges, the Compensation Committee considers performance related factors including the Company's overall results during the past year and its performance relative to a budgeted plan or stated objectives. Consideration also is given to an individual's contribution to the Company and the accomplishments of departments for which that individual has management responsibility, and the potential for future contributions by such individual to the Company.

In consideration of the Company's executive compensation program in fiscal 2018, the peer group assessment included the following publicly traded Canadian companies of similar size (market capitalization, enterprise value and assets and revenue), complexity and/or that operate within the same, or similar, industry with a primary focus on the US market.

- Origin House
- Cresco Labs
- Cannabis Strategies Acquisition Corp.
- Dixie Brands Inc.
- 1933 Industries Inc.
- Liberty Health Sciences
- Flower One Holdings Inc.
- Green Growth Brands Inc.
- Ianthus Capital Holdings Inc.
- CLS Holdings USA
- Curaleaf Holdings Inc.
- KushCo Holdings Inc.
- Mjardin Group, Inc.
- TILT Holdings Inc.
- MedMen Enterprises Inc.

The peer group outlined above was used by the Compensation Committee in setting executive and director compensation levels for fiscal 2018 and in shaping the Company's future compensation strategy. Given the rapid changes in the Company's growth trajectory, the peer group is in part based on future growth expectations of the Company.

The Compensation Committee will continue to assess the appropriateness of the Company's compensation peers as the Company and sector continue to grow, evolve and mature.

Elements of Compensation

In determining such compensation, the Committee will consider the Company's performance and relative Shareholder return and the compensation of Co-CEOs and other senior executive officers at comparable companies. Additionally, the Committee may consider input from the Co-CEOs on senior executive compensation, but the Co-CEOs may not provide input with respect to his or her own compensation;

A combination of fixed and variable compensation is used to motivate executives to achieve overall company goals. The basic components of the executive compensation program are:

- Base salary: designed to provide income certainty and to attract and retain executives – to set base compensation levels, the Compensation Committee will give consideration to objective factors such as level of responsibility, experience and expertise and subjective factors such as leadership, commitment and attitude;

- Annual bonus: intended to reward each executive for his or her yearly individual contribution and performance of personal objectives in the context of the overall annual performance of the Company. The bonus is designed to motivate executives annually to achieve their predetermined objectives;
- Stock Options (as defined hereinafter): Granted from time to time as a form of long-term incentive compensation, to align executives' interests with those of the Company and its Shareholders and to attract and retain executives. Participants benefit only if the market value of the Company's Common Shares at the time of the Stock Option exercise is greater than the exercise price of the Stock Options at the time of grant;
- Share Units (as defined hereinafter): Granted from time to time at the discretion of the Board as a bonus to executives to align executives' interests with those of the Company and its Shareholders and to attract and retain executives. Share Units are notional shares that have the same value as Common Shares and earn dividend equivalents as additional units, at the same rate as dividends paid on Common Shares. No dividend equivalents will vest unless the associated Share Units also vest.

It is expected that Stock Options and Share Units held by management will be taken into consideration by the Compensation Committee at the time of any subsequent grants under the compensation plan in determining the quantum or terms of any such subsequent award grants. The Compensation Committee will further consider the base salary, bonuses and competitive market factors. The size of a grant of an award is anticipated to be proportionate to the deemed ability of the individual to make an impact on the Company's success, as determined by the Board.

The Company does not have a defined benefits plan, defined contribution plan, deferred compensation or pension or retirement plan applicable to its NEOs and no plans are currently in place in respect of change of control or termination.

The Company has implemented a health benefits plan for its employees.

Company and CEO Objectives

The Company's corporate objectives and CEO objectives for fiscal 2018 consisted of: (i) completing the Business Combination and raising sufficient equity capital needed to fund the Company's business objectives; and (ii) opening the Planet 13 Superstore and Cannabis Entertainment Complex on November 1, 2018, within the estimated timeline and budget.

Risk of Compensation Practices and Disclosure

There were no identified risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company. Although the Company does not have formal policies specifically targeting risk-taking in a compensation context, the practice of Compensation Committee and the Board is to consider all factors relating to an executive officer's performance, including any risk mitigation efforts or excessive risk-taking, in determining compensation.

The Company also maintains an insurance policy for its directors and officers against liability incurred by them while performing their duties, subject to certain limitations.

Financial Instruments and Hedging

As of the date hereof, the Company does not have a formal policy that restricts the purchase by its NEOs, directors or other employees of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO, director or employee. To the knowledge of the Company, none of the NEOs or directors have purchased any such financial instruments. The Company will continue to review whether a formal policy in this regard is necessary or advisable as the Company continues to execute its business plan and gain further market visibility.

Summary Compensation Table

The following table is a summary of annual compensation paid to the NEOs for the Company's three most recently completed financial years. All amounts are expressed in US Dollars:

Name and Principal Position	Year	Salary (\$)	Share-base awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Larry Scheffler <i>Co-Chief Executive Officer</i> ⁽¹⁾	2018	452,632	448,960	Nil	18,000	N/A	N/A	Nil	919,592
	2017	138,542	Nil	Nil	N/A	N/A	N/A	Nil	138,542
	2016	50,000	Nil	Nil	N/A	N/A	N/A	Nil	50,000
Robert Groesbeck <i>Co-Chief Executive Officer</i> ⁽¹⁾	2018	311,255	448,960	Nil	18,000	N/A	N/A	Nil	778,185
	2017	206,517	Nil	Nil	N/A	N/A	N/A	Nil	206,517
	2016	148,750	Nil	Nil	N/A	N/A	N/A	Nil	148,750
Dennis Logan ⁽²⁾ <i>Chief Financial Officer</i>	2018	60,709	166,564	Nil	10,125	N/A	N/A	Nil	237,398
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Chris Wren ⁽³⁾ <i>Vice-President, Operations</i>	2018	226,731	249,846	Nil	15,000	N/A	N/A	Nil	491,577
	2017	211,054	Nil	Nil	N/A	N/A	N/A	Nil	211,054
	2016	197,083	Nil	Nil	N/A	N/A	N/A	Nil	197,083
Tanya Lupien ⁽⁴⁾ <i>Former VP Sales and Marketing</i>	2018	138,930	154,186	Nil	N/A	N/A	N/A	Nil	293,116
	2017	270,256	Nil	Nil	N/A	N/A	N/A	Nil	270,256
	2016	18,750	Nil	Nil	N/A	N/A	N/A	Nil	18,750
William Vargas ⁽⁵⁾ <i>VP Finance</i>	2018	74,849	166,564	Nil	10,125	N/A	N/A	Nil	251,538
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Lonnie Kirsh ⁽⁶⁾ <i>Former President, Chief Executive Officer and Chief Financial Officer</i>	2018	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2017	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2016	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil

Notes:

- (1) Appointed Co-Chief Executive Officer effective June 11, 2018, concurrent with the Business Combination. Prior to such date, this individual held the equivalent position with MMDC.
- (2) Appointed Chief Financial Officer effective June 11, 2018, concurrent with the Business Combination.
- (3) Appointed Vice-President, Operations effective June 11, 2018, concurrent with the Business Combination. Prior to such date, this individual held the equivalent position with MMDC.
- (4) Ms. Lupien resigned from her position as VP Sales and Marketing on November 9, 2018.
- (5) Appointed VP Finance effective June 11, 2018, concurrent with the Business Combination.
- (6) Resigned as President, Chief Executive Officer and Chief Financial Officer effective June 11, 2018,

Narrative Discussion

For a summary of the significant terms of each NEO's employment agreement or arrangement, please see below under the heading "Employment Agreements and Termination and Change of Control Benefits".

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table discloses the particulars of all awards for each NEO outstanding at the financial year ended December 31, 2018, including awards granted to the NEOs in prior years. All amounts are expressed in US Dollars:

Name	Option-Based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽¹⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Robert Groesbeck	Nil	N/A	N/A	N/A	666,667	759,371	379,685
Larry Scheffler	Nil	N/A	N/A	N/A	666,667	759,371	379,685
Dennis Logan	Nil	N/A	N/A	N/A	247,333	281,726	140,864
Chris Wren	Nil	N/A	N/A	N/A	371,000	422,590	210,725
Tanya Lupien	Nil	N/A	N/A	N/A	Nil	Nil	228,191
William Vargas	Nil	N/A	N/A	N/A	247,333	281,726	140,864
Lonnie Kirsh	Nil	N/A	N/A	N/A	Nil	Nil	Nil

Notes:

- (1) Based on the closing share price of the Company's shares as traded on the CSE on December 31, 2018 of CAD\$1.49 at an exchange rate of USD\$1.00 = CAD\$1.3081

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by each NEO outstanding at the financial year ended December 31, 2018. All amounts are expressed in US Dollars:

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Groesbeck	Nil	379,685	18,000
Larry Scheffler	Nil	379,685	18,000
Dennis Logan	Nil	140,864	10,125
Chris Wren	Nil	210,725	15,000
Tanya Lupien	Nil	228,191	Nil
William Vargas	Nil	140,864	\$10,125
Lonnie Kirsh	Nil	Nil	Nil

Notes:

- (1) Based on the closing share price of the Company's shares as traded on the CSE on December 31, 2018 of CAD\$1.49 at an exchange rate of USD\$1.00= CAD\$1.3081

Summary of the Stock Option Plan

On May 22, 2018, the Company adopted and received shareholder approval of an incentive stock option plan (the “**Stock Option Plan**”), pursuant to which the Board may from time to time, in its discretion, grant to directors, officers, employees and or eligible contractors of the Company (collectively, the “**Eligible Persons**”), options to purchase Common Shares (“**Stock Options**”). The purpose of the Stock Option Plan is to advance the interests of the Company by granting Stock Options to Eligible Persons as an incentive to: (i) dedicate their efforts to advance the success of the Company; (ii) encourage them to remain with Company or its affiliates; and (iii) attract new directors, employees, officers and service providers.

The Stock Option Plan provides for a floating maximum limit of Stock Options to purchase ten percent (10%) of the outstanding Common Shares, as permitted by the policies of the CSE in combination with National Instrument 45-106 *Prospectus Exemptions*, provided that the number of Common Shares reserved for issuance under the Stock Option Plan, in combination with the aggregate number of Common Shares issuable under all of the Company’s other equity incentive plans (including the Amended and Restated Share Unit Plan (as defined hereinafter)), shall not exceed ten percent (10%) of the issued and outstanding Common Shares from time to time, calculated on a non-diluted basis. The maximum number of Common Shares which may be reserved for issuance pursuant to Stock Options to any one person under the Stock Option Plan is five percent (5%) of the Common Shares issued and outstanding at the time of the grant, calculated on a non-diluted basis, less the aggregate number of Common Shares reserved for issuance to such person under any other security-based compensation arrangement of the Company (including the Amended and Restated Share Unit Plan). The Stock Option Plan complies with Section 2.25 of National Instrument 45-106 - *Prospectus Exemptions*. As at the date hereof, 3,588,719 Stock Options and Share Units, in the aggregate, remain issuable under the Stock Option Plan and the Amended and Restated Share Unit Plan, as applicable. To date, Stock Options to purchase a total of 890,002 Common Shares have been issued to directors, officers, employees and eligible contractors of the Company and 875,000 Stock Options remain issued and outstanding.

The maximum number of Common Shares issuable pursuant to the Stock Option Plan and any other security-based compensation arrangements of the Company (including the Amended and Restated Share Unit Plan) to insiders (as a group) shall not exceed ten percent (10%) of the outstanding Common Shares (on a non-diluted basis) at the time of the grant. The maximum number of Common Shares which may be issued pursuant to the Stock Option Plan and any other security-based compensation arrangements of the Company (including the Amended and Restated Share Unit Plan) to insiders (as a group) within a 12 month period shall not exceed ten percent (10%) of the outstanding Common Shares (on a non-diluted basis) at the time of issuance.

The Board determines the exercise price of a Stock Option at the time the Stock Option is granted. Subject to a certain specific exception, the exercise price of Stock Options may not be less than the Market Price (as defined in the Stock Option Plan) on the date of grant, being the greater of the closing Market Price of the Common Shares on the CSE on: (a) the trading day prior to the date of grant of the Stock Options; and (b) the date of grant of the Stock Options. In the event that the Common Shares are not then listed and posted for trading on the CSE or such other stock exchange or quotation system on which the Common Shares are listed or quoted from time to time, the Market Price shall be the fair market value of such Common Shares as determined by the Board in its sole discretion.

The Board establishes vesting and other terms and conditions for a Stock Option at the time each Stock Option is granted. Subject to specific exceptions and restrictions outlined in the Stock Option Plan, Stock Options are not assignable and will terminate as follows:

- (1) if a participant ceases to be an Eligible Person for any reason other than death or termination for cause, their Stock Options will be cancelled:
 - (a) 90 days after the participant ceases to be an Eligible Person or otherwise in accordance with the terms of the participant’s employment agreement;
 - (b) such longer period as may be determined by the Board, but not exceeding the original expiry date of the Stock Option; or
 - (c) immediately if the Stock Options are unvested at the date the participant ceases to be an Eligible Person unless the Board determines otherwise;

- (2) if a participant ceases to be an Eligible Person because their relationship with the Company or an affiliate is terminated for cause by the Company or an affiliate, their Stock Options will be cancelled immediately after the participant ceases to be an Eligible Person; or
- (3) if a participant ceases to be an Eligible Person as a result of their death, all Stock Options unvested at the date of the participant's death will vest immediately and their Stock Options will be cancelled:
 - (a) 180 days after their death; or
 - (b) such longer period as may be determined by the Board, but not exceeding the original expiry date of the Stock Option to a maximum of 12 months.

Stock Options are non-assignable and non-transferable by a participant otherwise than by will or the laws of descent and distribution and are exercisable only by the participant during the lifetime of the participant and only by the participant's legal representative after death of the participant (in accordance with the Stock Option Plan). However, Stock Options granted to a participant may be assigned to a Permitted Assign (as such term is defined in the Stock Option Plan) of such participant, following which such Stock Options will be non-assignable and non-transferable by such permitted assign, except to another Permitted Assign, otherwise than by will or the laws of descent and distribution, and will be exercisable only by such permitted assign during the lifetime of such permitted assign and only by such permitted assign's legal representative after death of such permitted assign.

Subject to any applicable regulatory or stock exchange requirements or restrictions in the Stock Option Plan, the Board may at any time and without Shareholder approval, terminate the Stock Option Plan or amend the provisions of the Stock Option Plan or any Stock Options granted under it, including without limitation amendments:

- (1) related to the exercise of Stock Options, including the inclusion of a cashless exercise feature where payment is in cash or Common Shares or otherwise;
- (2) deemed by the Board to be necessary or advisable because of any change in applicable securities laws or other laws;
- (3) to the definitions of terms in the Stock Option Plan;
- (4) to the change of control provisions;
- (5) relating to the administration of the Stock Option Plan;
- (6) to the vesting provisions of any outstanding Stock Option;
- (7) to postpone or adjust any exercise of a Stock Option or the issuance of any Common Shares pursuant to the Stock Option Plan in order to permit the Company to effect or maintain registration of the Stock Option Plan or the common shares issuable pursuant to the Stock Option Plan under the securities laws of any applicable jurisdiction, or to determine that the Common Shares and the Stock Option Plan are exempt from such registration; or
- (8) fundamental or otherwise, not requiring Shareholder approval under applicable law or the rules of an exchange on which the Common Shares are listed, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Stock Options granted under the Stock Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.

The Board may not make any of the following amendments to the Stock Option Plan without first having obtained the approval of a majority of Shareholders voting at a Shareholders meeting:

- (1) an increase in the maximum number of Common Shares which may be issued under the Stock Option Plan;
- (2) an increase in the ability of the Board to amend the Stock Option Plan without Shareholder approval;
- (3) amendments to the definitions of "Eligible Person" and "Permitted Assigns";

- (4) amendments to the exercise price of any Stock Option issued under the Stock Option Plan where such amendment reduces the exercise price of such Stock Option;
- (5) amendments to the term of any Stock Option issued under the Stock Option Plan; or
- (6) amendments to the transfer provisions of the Stock Option Plan.

In addition, the Board may not amend the Stock Option Plan to increase insider participation limits without first having obtained the approval of a majority of Shareholders excluding shares voted by insiders who are Eligible Persons.

There was no re-pricing of Stock Options under the Stock Option Plan during the Company's most recently completed financial year ended December 31, 2018.

Summary of the Amended and Restated Share Unit Plan

On May 22, 2018, the Company adopted and received shareholder approval of a share unit plan, which was subsequently amended on July 11, 2018 (the "**Amended and Restated Share Unit Plan**") by an ordinary majority shareholder resolution, such amendment permitting all directors of the Company to be eligible to participate in and receive share unit awards under the Amended and Restated Share Unit Plan.

The Amended and Restated Share Unit Plan provides that the Board may from time to time, in its discretion, grant share units ("**Share Units**") to directors, employees, officers or eligible contractors of the Company or its affiliates. The purpose of the Amended and Restated Share Unit Plan is to provide for the award of Share Units and the settlement of such Share Units through the issuance of Common Shares from treasury in order to advance the interests of the Company, its affiliates and the Shareholders through the motivation, attraction and retention of employees, officers and eligible contractors and the alignment of their interests with the interests of the Shareholders.

The maximum number of Common Shares made available for issuance under the Amended and Restated Share Unit Plan is determined by the Board, however in combination with the aggregate number of Common Shares issuable under the Company's other share compensation arrangements (including the Stock Option Plan) shall not exceed ten percent (10%) of the Common Shares issued and outstanding from time to time. The maximum number of Common Shares which may be reserved for issuance pursuant to Share Units to any one person under the Amended and Restated Share Unit Plan is five percent (5%) of the Common Shares issued and outstanding (on a non-diluted basis) at the time of the grant less the aggregate number of Common Shares reserved for issuance to such person under any other security-based compensation arrangement of the Company (including the Stock Option Plan). As at the date hereof, 3,588,719 Share Units and Stock Options, in the aggregate, remain issuable under the Amended and Restated Share Unit Plan and the Stock Option Plan, as applicable To date, 5,638,358 Share Units have been issued to directors, officers, employees and eligible contractors of the Company and 3,444,905 Share Units remain issued and outstanding.

The Amended and Restated Share Unit Plan is a "rolling plan" and therefore when Share Units are settled, cancelled or terminated, Common Shares are automatically available for the award of new Share Units under the Amended and Restated Share Unit Plan. Pursuant to the terms of the Amended and Restated Share Unit Plan, the Board has the authority to determine the terms, limitations, restrictions and conditions applicable to the grant or vesting of a Share Unit. Furthermore, the Amended and Restated Share Unit Plan provides that the Board determines when any Share Unit will vest pursuant to the provisions of the Amended and Restated Share Unit Plan and rules of the CSE. Each participant has the right to redeem a vested Share Unit at any time prior to the settlement date of such Share Unit, by providing a notice of redemption to the Company. A vested Share Unit will entitle a participant, subject to the satisfaction of any conditions, to receive one Common Share.

The Board may, in its sole discretion, elect to credit each participant with additional Share Units as a bonus in the event any dividend (other than a stock dividend) is paid on the Common Shares (the "**Bonus Units**"). In such cases, the number of Bonus Units to be issued to each participant will be equal to the aggregate amount of dividends that would have been paid to the participant if the Share Units (vested and unvested) held by the participant had been Common Shares divided by the Market Price (as defined in the Amended and Restated Share Unit Plan) of a Common Share on the date on which dividends were paid by the Company. Any Bonus Units so granted would vest and be subject to the same terms in proportion to the initial Share Units.

There was no re-pricing of Share Units under the Amended and Restated Share Unit Plan during the Company's most recently completed financial year ended December 31, 2018.

Pension Plan Benefits

The Company has no pension plans that provide for payments or benefits to any NEO at, following or in connection with retirement. Additionally, the Company does not have any deferred compensation plans or contribution plans relating to any NEO.

Employment Agreements and Termination and Change of Control Benefits

Summary of Employment Agreements

Larry Scheffler

In June 2018, the Company entered into an employment agreement with Larry Scheffler, the co-Chief Executive Officer of the Company, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Scheffler, which for the current fiscal year ending December 31, 2019 is USD\$240,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Scheffler is also entitled to receive other benefits and perquisites, including participation in the Company's benefit plans, an annual bonus, performance bonuses and participation in the Option Plan and other equity plans in effect from time to time. If the agreement is terminated by the Company with "cause" or by Mr. Scheffler without "good reason" (as such terms are defined in the agreement), the Company will pay Mr. Scheffler any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated, except in the event Mr. Scheffler's employment is terminated by the Company for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If the agreement is terminated by the Company without cause or by Mr. Scheffler for good reason, including upon the change of control of the Company, the Company will, for the duration of the remaining term of the agreement, continue to pay Mr. Scheffler his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by the Company. In addition, Mr. Scheffler shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Scheffler's employment.

Robert Groesbeck

In June 2018, the Company entered into an employment agreement with Robert Groesbeck, the co-Chief Executive Officer of the Company, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Groesbeck, which for the current fiscal year ending December 31, 2019 is USD\$240,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Groesbeck is also entitled to receive other benefits and perquisites, including participation in the Company's benefit plans, an annual bonus, performance bonuses and participation in the Option Plan and other equity plans in effect from time to time. If the agreement is terminated by the Company with "cause" or by Mr. Groesbeck without "good reason" (as such terms are defined in the agreement), the Company will pay Mr. Groesbeck any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated, except in the event Mr. Groesbeck's employment is terminated by the Company for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If the agreement is terminated by the Company without cause or by Mr. Groesbeck for good reason, including upon the change of control of the Company, the Company will, for the duration of the remaining term of the agreement, continue to pay Mr. Groesbeck his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by the Company. In addition, Mr. Groesbeck shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Groesbeck's employment.

Dennis Logan

In June 2018, the Company entered into an employment agreement with Dennis Logan, the Chief Financial Officer of the Company, which agreement was amended in January 2019, for an initial term of five years. The amended agreement provides

for payment of an annual base salary to Mr. Logan, which for the current fiscal year ending December 31, 2019 is USD\$200,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Logan is also entitled to receive other benefits and perquisites, including participation in the Company's benefit plans, an annual bonus, performance bonuses and participation in the Option Plan and other equity plans in effect from time to time. If the agreement is terminated by the Company with "cause" or by Mr. Logan without "good reason" (as such terms are defined in the agreement), the Company will pay Mr. Logan any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated, except in the event Mr. Logan's employment is terminated by the Company for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If the agreement is terminated by the Company without cause or by Mr. Logan for good reason, including upon the change of control of the Company, the Company will, for a period of 18 months from the date of termination, continue to pay Mr. Logan his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by the Company. In addition, Mr. Logan shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Logan's employment.

Christian Brian Wren

In June 2018, the Company entered into an employment agreement with Christian Brian Wren, the Vice President of Operations of the Company, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Wren, which for the current fiscal year ending December 31, 2019 is USD\$200,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Wren is also entitled to receive other benefits and perquisites, including participation in the Company's benefit plans, an annual bonus, performance bonuses and participation in the Option Plan and other equity plans in effect from time to time. If the agreement is terminated by the Company with "cause" or by Mr. Wren without "good reason" (as such terms are defined in the agreement), the Company will pay Mr. Wren any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated, except in the event Mr. Wren's employment is terminated by the Company for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If the agreement is terminated by the Company without cause or by Mr. Wren for good reason, including upon the change of control of the Company, the Company will, for the duration of the remaining term of the agreement, continue to pay Mr. Wren his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by the Company. In addition, Mr. Wren shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Wren's employment.

William Vargas

In June 2018, the Company entered into an employment agreement with William Vargas, the Vice President of Finance of the Company, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Vargas, which for the current fiscal year ending December 31, 2019 is USD\$135,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Vargas is also entitled to receive other benefits and perquisites, including participation in the Company's benefit plans, an annual bonus, performance bonuses and participation in the Option Plan and other equity plans in effect from time to time. If the agreement is terminated by the Company with "cause" or by Mr. Vargas without "good reason" (as such terms are defined in the agreement), the Company will pay Mr. Vargas any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated, except in the event Mr. Vargas' employment is terminated by the Company for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If the agreement is terminated by the Company without cause or by Mr. Vargas for good reason, including upon the change of control of the Company, the Company will, for the duration of the remaining term of the agreement, continue to pay Mr. Vargas his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by the Company. In addition, Mr. Vargas shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date the agreement is terminated. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favour of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Vargas' employment.

If the Company's NEOs were terminated without cause or resigned for good reason, including on a change of control of the Company, on December 31, 2018, the total cost to the Company of related payments to the NEOs who were employed by the Company at such time is estimated at USD\$3,779,583. Estimated payments to individual NEOs are as described below assuming the aforementioned events had occurred on December 31, 2018:

Name	Salary continuance (\$)	Share-based awards – Value vested as at December 31, 2018 (\$) ⁽¹⁾	Total (\$)
Robert Groesbeck	1,060,000	759,371	1,819,371
Larry Scheffler	1,060,000	759,371	1,819,371
Dennis Logan	180,000	281,726	461,726
Chris Wren	883,333	422,590	1,305,923
William Vargas	596,250	281,726	876,976

(1) Based on the closing share price of the Company's shares as traded on the CSE on December 31, 2018 of CAD\$1.49 at an exchange rate of USD\$1.00 = CAD\$1.3081.

Director Compensation

Directors of the Company have not received any compensation, except for Stock Options under the Stock Option Plan or Share Units under the Amended and Restated Share Unit Plan. The Company does not intend to implement any pension plan or other arrangement for non-cash compensation for its directors who are not NEOs. Other than as set out in the table below, no director of the Issuer who is not an NEO has received compensation pursuant to:

- any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- any arrangement for the compensation of directors for services as consultants or experts.

Directors Compensation Table

The following table sets forth the details of compensation provided to the directors, other than the NEOs, during the Company's fiscal year ended December 31, 2018. All amounts are expressed in US Dollars:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Greg Wilson ⁽¹⁾	Nil	110,932	Nil	Nil	Nil	Nil	110,932
Marc Lustig ⁽¹⁾	Nil	110,932	Nil	Nil	Nil	Nil	110,932
Michael Harman ⁽¹⁾	Nil	110,932	Nil	Nil	Nil	Nil	110,932
Robyn Levine ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Darryl Kirsh ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- Elected effective June 11, 2018, concurrent with the Business Combination.
- Resigned effective June 11, 2018, concurrent with the Business Combination.

Other than the director fees, incentive Stock Options, Share Units, and reimbursement for reasonable expenditures incurred in performing their duties as directors, the Company has no other arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year.

Outstanding Share-Based and Option-Based Awards

The following table sets for the outstanding share-based awards and option-based awards held by the directors, other than the NEOs, for the financial year ended December 31, 2018. All amounts are expressed in US Dollars:

Name	Option-Based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) ⁽¹⁾	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽¹⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽¹⁾
Greg Wilson	Nil	Nil	Nil	Nil	164,724	187,630	93,815
Marc Lustig	Nil	Nil	Nil	Nil	164,724	187,630	93,815
Michael Harman	Nil	Nil	Nil	Nil	164,724	187,630	93,815
Robyn Levine	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Darryl Kirsh	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Based on the closing share price of the Company's shares as traded on the CSE on December 31, 2018 of CAD\$1.49 at an exchange rate of USD\$1.00= CAD\$1.3081

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by the directors, other than the NEOs, outstanding at the financial year ended December 31, 2018. All amounts are expressed in US Dollars:

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 (\$)
Greg Wilson	Nil	93,815	Nil
Marc Lustig	Nil	93,815	Nil
Michael Harman	Nil	93,815	Nil
Robyn Levine	Nil	Nil	Nil
Darryl Kirsh	Nil	Nil	Nil

Notes:

- (1) Based on the closing share price of the Company's shares as traded on the CSE on December 31, 2018 of CAD\$1.49 at an exchange rate of USD\$1.00= CAD\$1.3081

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding compensation plans, previously approved by Shareholders, under which securities of the Company are authorized for issuance in effect as of the end of the Company's most recently completed financial year ended December 31, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Stock Option Plan	790,002	CAD\$0.80	1,174,753
Amended and Restated Share Unit Plan	5,367,691	N/A	1,174,753
Total	6,157,693	N/A	1,174,753

As of December 31, 2018: (i) options to purchase an aggregate of 790,002 Common Shares were outstanding, representing approximately 1.1% of the issued and outstanding Common Shares on such date; (ii) Share Units to acquire an aggregate of 5,367,691 Common Shares were outstanding, representing approximately 7.3% of the issued and outstanding Common Shares on such date, for a total of 6,157,693 Common Shares issuable pursuant to outstanding awards. As a result, grants under the Company's equity compensation plans to purchase/receive a total of 1,174,753 Common Shares, representing approximately 1.6% of the total issued and outstanding Common Shares, were available for grant as of December 31, 2018.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, and employees, proposed nominees for election as directors or their associates has been or is indebted to the Company or to any of its subsidiaries except as set out below.

On or around June 28, 2018, Fargo District Holdings, the landlord for the Company's Clark County cultivation facility, being a company owned by Larry Scheffler, a Co-CEO of Planet 13, notified that the Company that the mortgage holder of the loan secured by such location was considering foreclosure action against the facility due to the Company's business conducted therein. The landlord further indicated that the building was listed for sale and that it was anticipated that a sale would be completed before December 31, 2018. In connection therewith, and in order to ensure the Company's ability to continue to use the leased premises, the Company made a strategic disbursement of USD\$1,254,862 to the holder of the note secured by the facility resulting in a debt owed by the landlord to Planet 13. This disbursement was secured by a promissory note bearing interest at 3.95% from July 18, 2018 to July 17, 2019 and then 8% annually thereafter, a deed of trust and a personal guarantee. The note and accrued interest thereon was repaid on September 28, 2018. See related party disclosure in Note 17(d) of the Company's consolidated financial statements for the years ended December 31, 2018 and 2017.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its Shares.

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended December 31, 2018, or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or subsidiaries, except as disclosed herein.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Shareholders may also contact the Company at 4850 West Sunset Road, Unit 130, Las Vegas, Nevada 89118.

Financial information is provided in the Company's comparative financial statements and Management's Discussion & Analysis for its most recently completed financial year ended December 31, 2018, which are filed on SEDAR at www.sedar.com.

BOARD APPROVAL

The Board has approved the content and distribution of this Circular.

DATED at Las Vegas, Nevada, this 17th day of May, 2019.

BY ORDER OF THE BOARD OF PLANET 13 HOLDINGS INC.

"Larry Scheffler"

Larry Scheffler
Co-Chief Executive Officer

"Robert Groesbeck"

Robert Groesbeck
Co-Chief Executive Officer

SCHEDULE "A"

**PLANET 13
HOLDINGS INC.**

NEW ARTICLES

**Planet 13 Holdings Inc.
(the "Company")**

The Company has as its articles the following articles.

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1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;
- (2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

- (3) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) "legal personal representative" means the personal or other legal representative of a shareholder;
- (5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;
- (6) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were set out herein. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment or Written Notice

Unless the shares of which a shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request and at the shareholder's option, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all. Within a reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required by the *Business Corporations Act*.

2.4 Delivery by Mail

Any share certificate, non-transferable written acknowledgment of a shareholder's right to obtain a share certificate or written notice of the issue or transfer of an uncertificated share may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate, acknowledgment or written notice is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, provided such person has complied with the requirements of the *Business Corporations Act*.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid as a fee to the Company for the issuance of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;

- (c) money; and
- (2) the directors in their discretion have determined that the value of the consideration received by the Company is equal to or greater than the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options, convertible debentures and rights upon such terms and conditions as the directors determine, which share purchase warrants, options, convertible debentures and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register and Any Branch Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register and may maintain a branch securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (1) a duly signed instrument of transfer in respect of the share;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

For the purpose of this Article, delivery or surrender to the transfer agent or registrar which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved from time to time by the directors or the transfer agent or registrar for the class or series of share to be transferred.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificate(s) or set out in the written acknowledgments deposited with the instrument of transfer or, if the shares are uncertificated shares, then all of the uncertificated shares registered in the name of the shareholder:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid as a fee to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, or, in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of the shareholder, the directors may require a declaration of transmission made by the legal personal representative stating the particulars of the transmission, proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations with respect to the shares as were held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by resolution of the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.3 Redemption of Shares

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected.

7.4 Sale and Voting of Purchased Shares

If the Company retains a share which it has redeemed, purchased or otherwise acquired, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

8. BORROWING POWERS

8.1 Powers of the Company

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8.2 Bonds, Debentures, Debt

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise

and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
 - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
 - (f) alter the identifying name of any of its shares; and
- (2) by ordinary resolution otherwise alter its shares or authorized share structure;

and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and
- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares have been issued,

and alter its Notice of Articles and Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution, in each case as determined by the directors, adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by a resolution of the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders.

10.4 Location of Meetings of Shareholders

A meeting of the Company may be held:

- (1) in the Province of British Columbia;
- (2) at another location outside British Columbia if that location is:
 - (a) approved by resolution of the directors before the meeting is held; or
 - (b) approved in writing by the Registrar of Companies before the meeting is held.

10.5 Notice for Meetings of Shareholders

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.6 Notice of Resolution to which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

10.7 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days; or
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.9 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.10 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting or a circular prepared in connection with the meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
 - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person present or represented by proxy.

11.4 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxyholder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the meeting shall be terminated.

11.8 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president willing to act as chair of the meeting or present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose a director, officer or corporate counsel to be chair of the meeting or if none of the above persons are present or if they decline to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders, either on a show of hands or on a poll, does not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:
 - (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (b) by the chair of the meeting at the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

- (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or any adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given or has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

- (1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) those directors whose term of office expires at the annual general meeting cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) when his or her successor is elected or appointed; and
- (4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring

directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that

vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such

resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board or if designated by the chair, the president, a director or other officer; or
- (3) any other director or officer chosen by the directors if:
 - (a) neither the chair of the board nor the president is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president is willing to chair the meeting; or
 - (c) the chair of the board and the president have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times and in such manner and form as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the

expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification

Subject to any restrictions in the *Business Corporations Act* and these Articles, the Company may indemnify any person.

21.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former *Companies Act* or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained

earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS AND AUDITORS

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23.3 Remuneration of Auditors

The directors may set the remuneration of the auditors. If the directors so decide, the remuneration of the auditors will be determined by the shareholders.

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record (for the purposes of this Article 24, a "record") required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or
 - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

- (5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or
- (6) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the date it was e-mailed; and
- (4) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 24.1(5) is deemed to be received by a person on the date it was made available for public electronic access.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

- (1) "designated security" means:
 - (a) a voting security of the Company;
 - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets;
or

- (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (3) "voting security" means a security of the Company that:
 - (a) is not a debt security, and
 - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

27. SPECIAL RIGHTS AND RESTRICTIONS

27.1 General Definitions

In this Article, the following terms shall have the following meanings unless the context otherwise requires:

- (1) "1933 Act" means the United States Securities Act of 1933, as amended from time to time.
- (2) "Common Shares" means the common shares in the capital of the Company.
- (3) "Conversion Notice" means a written notice to the transfer agent of the Restricted Voting Shares, in form and substance satisfactory to the Company and the transfer agent, executed by a person registered in the records of the Company or the transfer agent, as the case may be, as a holder of the Restricted Voting Shares, or by his or her attorney duly authorized in writing and specifying the number of Restricted Voting Shares which the holder thereof desires to have converted into Common Shares, and accompanied by:
 - (a) if share certificates were issued to such holder, the share certificate or certificates representing the Restricted Voting Shares which such holder desires to convert;
 - (b) a letter of transmittal, direction, transfer, power or attorney and/or such other documentation as is specified by the Company or the transfer agent for the Restricted Voting Shares, acting reasonably, as being required to give full effect to the conversion duly completed and executed by the person registered in the records of the Company or the transfer agent, as the case may be, as the holder of the Restricted Voting Shares to be converted or by his or her attorney duly authorized in writing; and
 - (c) a duly completed and executed Residency Declaration or an opinion or memorandum of counsel (which may be the Company's counsel), in form and substance satisfactory to the Company and the transfer agent, to the effect that the conversion of such Restricted Voting Shares into Common Shares would not cause the Company to become a Domestic Issuer.
- (4) "Domestic Issuer" has the meaning ascribed thereto in Rule 902(c) of Regulation S under the 1933 Act.

- (5) “Exclusionary Offer” means an offer to purchase Restricted Voting Shares which must be made, by reason of applicable securities legislation or by the rules or policies of a stock exchange on which any shares or the Company are listed, to all or substantially all of the holders or Restricted Voting Shares.
- (6) “Fundamental Transaction” means a reorganization, recapitalization, reclassification, merger or amalgamation or any similar transaction involving the Company.
- (7) “Liquidation Event” means a distribution of assets of the Company to its shareholders arising on the winding-up, liquidation or dissolution of the Company, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs or otherwise.
- (8) “Residency Declaration” means (i) a declaration by a person attesting that such person is not a resident of the United States and (ii) any indemnity required by the Company or the transfer agent in respect of such declaration in favour of the Company from the person providing the declaration, in each case in form approved by the Company from time to time.
- (9) “Restricted Voting Shares” means the Class A Restricted Voting Shares in the capital of the Company.
- (10) “United States” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

27.2 Common Shares

(1) Voting

Each Common Share entitles the holder to receive notice of and to attend any meeting of shareholders and to exercise one vote for each Common Share held at all meetings of shareholders of the Company, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders of Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of the Company.

(2) Dividends

Subject to the *Business Corporations Act*, and subject to the rights of the shares or any other class ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of Common Shares shall be entitled to receive dividends, and the Company shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, *pari passu* with the holders of the Restricted Voting Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Common Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Common Shares, on each Restricted Voting Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record data for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a *pari passu* payment of dividends.

(3) Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Common Shares and the holders of Restricted Voting Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

(4) Changes to Common Shares

The Common Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Restricted Voting Shares are subdivided, consolidated, reclassified or otherwise

changed in the same proportion and in the same manner as the Common Shares.

27.3 Restricted Voting Shares

(1) Voting

Subject to Article 27.3(2), each Restricted Voting Share entitles the holder to receive notice of and to attend any meeting of shareholders of the Company and to exercise one vote for each Restricted Voting Share held at all meetings of shareholders of the Company, other than meetings at which only the holders or another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders of Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of the Company.

(2) Limitation on Voting Rights

The Restricted Voting Shares carry no entitlement for the holder thereof to vote for the election or removal of directors of the Company.

(3) Dividends

Subject to the *Business Corporations Act*, and subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority in the payment of dividends, the holders of Restricted Voting Shares shall be entitled to receive dividends, and the Company shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, *pari passu* with the holders of the Common Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Restricted Voting Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Restricted Voting Shares, on each Common Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record date for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a *pari passu* payment of dividends.

(4) Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Restricted Voting Shares and the holders of Common Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

(5) Restrictions on Transfer

No Restricted Voting Share shall be transferred by any holder thereof pursuant to an Exclusionary Offer unless, concurrently with the Exclusionary Offer, an offer to acquire Common Shares is made that is identical to the Exclusionary Offer in terms of price per share, percentage of outstanding shares to be taken up (exclusive of shares owned immediately before the Exclusionary Offer by the offeror) and in all other material respects (except with respect to any additional conditions that may be attached to the Exclusionary Offer).

(6) Conversion at the Option of the Holder

Each Restricted Voting Share may be converted into one Common Share, without payment of additional consideration, at any time and from time to time, at the option of the holder thereof, in accordance with the procedures set forth in Article 27.3(7) hereof.

(7) Conversion Procedure

A holder of Restricted Voting Shares may convert all or any number of Restricted Voting Shares held by such holder

into Common Shares in accordance with Article 27.3(6) upon delivery by the holder of such Restricted Voting Shares of a duly completed and executed Conversion Notice and upon receipt by the transfer agent of the Company of such notice and upon compliance with any requirements the transfer agent or the Company may reasonably request, the Company shall issue or cause to be issued the relevant number of fully paid Common Shares. The effective time of conversion shall be the close of business on the date of receipt of a valid Conversion Notice by the transfer agent of the Company and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Restricted Voting Shares shall be cancelled at that time.

(8) Conversion at the Option of the Company

Each Restricted Voting Share may be converted into one Common Share, at any time and from time to time, at the option of the Company by delivery to a holder of the Restricted Voting Share of a notice indicating same and the holder of Restricted Voting Shares shall only have the right to receive the relevant number of Common Shares resulting from such conversion and any accrued and unpaid dividends on the Restricted Voting Shares so converted upon compliance with the terms of the notice. The effective time of conversion shall be the close of business on the date specified in the notice of the Company and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Restricted Voting Shares shall be cancelled at that time.

(9) Withdrawal of Conversion Notice

Despite any other provision hereof, a holder of a Restricted Voting Share that has duly presented a Conversion Notice may, at any time before such Restricted Voting Shares are converted and Common Shares are issued, by irrevocable written notice to the Company, advise the Company that the holder no longer desires that such Restricted Voting Shares be converted into Common Shares and, upon receipt of such written notice, the Company shall return to the holder the certificates(s) representing such Restricted Voting Shares, if any, and thereupon the Company shall cease to have any obligation to convert such Restricted Voting Shares hereunder unless such Restricted Voting Shares are again tendered for conversion by the holder in accordance with the provisions hereof.

(10) Fractional Common Shares

The Company shall not issue fractional Common Shares in satisfaction of the conversion rights herein provided for. Where the exercise of conversion rights pursuant to this Article would otherwise result in fractional Common Shares being issued, the number of Common Shares to be issued by the Company shall be rounded down to the nearest whole number of Common Shares. A determination of whether or not any fractional share would be issuable upon a conversion of Restricted Voting Shares shall be made on the basis of the total number of Restricted Voting Shares the holder has at the time converting into Common Shares and the appropriate number of Common Shares issuable upon conversion.

(11) Dividend Entitlement

A holder of Restricted Voting Shares on the record date for the determination of holders of Restricted Voting Shares entitled to receive a dividend declared payable on the Restricted Voting Shares will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the holders of any Common Shares resulting from any conversion shall be entitled to rank equally with the holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date on or after the date of conversion.

(12) Adjustments

- (a) If there shall occur any Fundamental Transaction involving the Company in which the Common Shares (but not the Restricted Voting Shares) are converted into or exchanged for securities, cash or other property (other than a transaction otherwise covered by this Article 27.3(12)) then, following such Fundamental Transaction each Restricted Voting Share shall thereafter be convertible, in lieu of the Common Share into which it was convertible before such event, into the

kind and amount or securities, cash or other property which a holder of the number of Common Shares issuable upon conversion of one Restricted Voting Share immediately before such Fundamental Transaction would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions of this Article 27.3(12)(a) with respect to the rights and interests thereafter of the holders of the Restricted Voting Shares, to the end that the provisions set forth in this Article 27.3(12)(a) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Restricted Voting Shares.

- (b) The Restricted Voting Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Common Shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner as the Restricted Voting Shares.

(13) Public Distribution Requirements

Conversion of Restricted Voting Shares into Common Shares permitted under this Article shall be subject to the Company meeting applicable distribution requirements for public shareholders of the exchange on which the Common Shares are then listed and posted for trading.

SCHEDULE “B”

DISSENT RIGHTS

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT 190.

- (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to
 - (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
 - (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
 - (c) amalgamate otherwise than under section 184;
 - (d) be continued under section 188;
 - (e) sell, lease or exchange all or substantially all its property under subsection 189(3); or
 - (f) carry out a going-private transaction or a squeeze-out transaction
- (2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.
 - (2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.
- (3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.
- (6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.
- (7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder dissents; and
 - (c) a demand for payment of the fair value of such shares.

- (8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.
- (9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.
- (10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.
- (11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where
 - (a) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
 - (b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
 - (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

- (12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice
 - (a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
 - (b) (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.
- (13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.
- (14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.
- (15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.
- (16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.
- (17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.
- (18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).
- (19) On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
 - (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.
- (20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.
- (21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.
- (22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.
- (23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.
- (24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may
- (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
 - (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
- (26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
 - (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

PLANET 13 HOLDINGS INC.

AUDIT COMMITTEE CHARTER

1. ROLE AND OBJECTIVE

The Audit Committee (the "**Committee**") is appointed by and reports to the board of directors (the "**Board**") of Planet 13 Holdings Inc. (the "**Corporation**"). The Committee assists the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation.

The Committee and its membership shall to the best of its ability, knowledge and acting reasonably, meet all applicable legal, regulatory and listing requirements, including, without limitation, those of any stock exchange on which the Corporation's shares are listed, the *Canada Business Corporations Act* (the "**CBCA**"), and all applicable securities regulatory authorities.

2. COMPOSITION

- The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- A majority of members of the Committee shall be "independent"; and all shall be financially literate (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes).
- Each member of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.
- At least one member of the Committee shall have sufficient experience to be considered a Financial Expert, where such is determined by having been a chief financial officer, chartered or certified public accountant, certified management accountant, or partner of an accounting firm.
- Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- A Chair of the Committee shall be designated by the Board or, if it does not do so, the members of the Committee shall elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above), and as detailed herein is charged with the responsibility of oversight over matters detailed in this Charter.
- If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.
- The Chair of the Committee presiding at any meeting shall not have a casting vote.
- The Committee shall appoint a secretary (the "**Secretary**") who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

3. MEETINGS

- The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the external auditors (the “**Independent Auditors**”) or any member of the Committee in accordance with the CBCA.
- The Chair of the Committee, or his or her designee, shall prepare and/or approve an agenda in advance of each meeting.
- Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by e-mail to each member of the Committee at least 48 hours prior to the time fixed for such meeting.
- A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
- If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office for no more than six months, at which time the vacancy will be filled by a vote of a majority of the Board.
- At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
- The co-Chief Executive Officers (the “**co-CEOs**”) and the Chief Financial Officer (the “**CFO**”) of the Corporation are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the co-CEOs or CFO, or any other member of management, being present.
- The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditors, as it may see fit, from time to time, to attend at meetings of the Committee.
- The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
- Minutes of Committee meetings shall be sent to all Committee members.

- The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

4. RESOURCES AND AUTHORITY

- The Committee shall have access to such officers and employees of the Corporation and its subsidiaries and to such information with respect to the Corporation and its subsidiaries as it considers being necessary or advisable in order to perform its duties and responsibilities.
- The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors and resources, as it deems advisable, at the expense of the Corporation.
- The Committee shall have the authority to communicate directly with the internal and external auditors.

5. RESPONSIBILITIES

A. Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

- provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- chair meetings of the Committee, unless not present (including in camera sessions), and reports to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- ensures that the Committee meets on a regular basis and at least four times per year;
- in consultation with the Committee members, establishes a calendar for holding meetings of the Committee;
- establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
- ensures that Committee materials are available to any director on request;
- acts as liaison and maintains communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes, at least annually and at such other times and in such manner as the Committee considers advisable, reporting to the full Board on:
 - all proceedings and deliberations of the Committee;
 - the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole;
 - principal operating and business risks identified by management and how each are either mitigated or managed;
 - ensure that the members of the Committee understand and discharge their duties and obligations;
 - foster ethical and responsible decision making by the Committee and its individual members;
 - encourage Committee members to ask questions and express viewpoints during meetings;
- together with the Corporate Governance and Nominating Committee (the “**CG&N Committee**”), oversee the structure, composition, membership and activities delegated to the Committee from time to time;

- ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- facilitate effective communication between members of the Committee and management;
- encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

B. The Committee

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or legal counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee is hereby delegated the duties and powers specified in the CBCA and, without limiting these duties and powers, the Committee will carry out the following responsibilities:

Financial Accounting and Reporting Process and Internal Controls

- review the annual audited financial statements and annual management's discussion and analysis relating to the annual audited financial statements to satisfy itself that they are presented in accordance with either International Financial Reporting Standards ("IFRS") or Canadian Generally Accepted Accounting Principles (collectively, "applicable Accounting Principles"), and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information and/or prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding applicable Accounting Principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements, the interim financial statements and management's discussion and analysis relating to such annual and interim financial statements is not significantly erroneous, misleading or incomplete and that the audit and review functions have been effectively carried out.
- review management's internal control report. In consultation with the Independent Auditors the Committee shall assess the integrity of management's risk assessments and internal controls over financial reporting and disclosure controls and procedures and ensure implementation of such controls and procedures.
- be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of these procedures.
- meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

- inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
- oversee the Corporation's plans to adopt changes to policy choices under applicable Accounting Principles, and related disclosure obligations.
- in consultation with the CG&N Committee, ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and overseeing a corporate code of ethics for senior financial personnel.
- establish procedures for the receipt, retention and treatment of:
 - complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting, internal accounting controls or auditing matters.
- provide oversight to related party transactions entered into by the Corporation.

Independent Auditors

- recommend to the Board for approval by shareholders, the selection, appointment and compensation of the Independent Auditors;
- be directly responsible for oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
- ensure the lead audit partner and the other audit partners (if any) at the Independent Auditor is replaced in compliance with applicable laws.
- be directly responsible for overseeing the work of the Independent Auditors, including the resolution of disagreements between management and the Independent Auditors regarding financial reporting.
- with reference to the procedures outlined separately in "Procedures for Approval of Non-Audit Services" (attached hereto as Schedule I), pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors
- monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors.
- review the Independent Auditors' audit plan, including scope, procedures, timing and staffing of the audit.
- review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
- obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Accounting Principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.

- review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
- review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.

Other Responsibilities

- perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate;
- institute and oversee special investigations, as needed; and
- review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

Schedule I
Procedures for Approval of Non-Audit Services

1. The external auditors to Planet 13 Holdings Inc. (the “**Corporation**”) shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation’s accounting records or financial statements;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions;
 - (g) human resources;
 - (h) broker or dealer, investment adviser or investment banking services;
 - (i) legal services;
 - (j) expert services unrelated to the audit; and
 - (k) any other service that the Canadian Public Accountability Board or any other applicable regulatory authority determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation’s external auditors for minimal non-audit services (e.g. tax compliance, tax advice or tax planning), the Chief Financial Officer of the Corporation shall consult with the Chair of the Audit Committee of the Board of Directors (the “**Committee**”), who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services in accordance with the requirements set forth under the “Exemption for minimal non-audit services” provided by Section 2.3 (4) of National Instrument 52-110 - *Audit Committees*, whereby:
 - (a) the aggregate fees paid for all the non-audit services that are not approved by the Committee is reasonably expected to constitute no more than five per cent of the aggregate fees paid by the Corporation and its subsidiary entities to the Corporation’s external auditor during the financial year in which the services are provided;
 - (b) the Corporation or the subsidiary entity of the issuer, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
 - (c) once recognized as non-audit services, the services are promptly brought to the attention of the Committee of the issuer and approved, prior to the completion of the audit, by the Committee.
3. All other non-audit services shall be approved or disapproved by the Committee as a whole as set forth herein.
4. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.