

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM S-8**  
REGISTRATION STATEMENT  
*Under*  
**THE SECURITIES ACT OF 1933**

**Tilray Brands, Inc.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

82-4310622  
(I.R.S. Employer  
Identification No.)

265 Talbot Street West, Leamington, ON  
(Address of principal executive offices)

HEXO Omnibus Long-Term Incentive Plan  
Hydrothecary Corporation Stock Option Plan  
Zenabis Omnibus Incentive Plan  
(Full title of the plan)

Irwin D. Simon  
Chief Executive Officer  
745 Fifth Avenue, Suite 1602  
New York, New York 10151  
(844) 845-7291

(Name and address of agent for service) (Telephone number, including area code, of agent for service)

Copies to:  
Christopher P. Giordano  
Stephen P. Alicanti  
DLA Piper LLP (US)  
1251 Avenue of the Americas  
New York, NY 10020  
(212) 335-4500

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

## EXPLANATORY NOTE

Pursuant to an arrangement agreement (the “Arrangement Agreement”), dated as of April 10, 2023, between Tilray Brands, Inc. (the “Registrant”) and HEXO Corp. (“HEXO”), the Registrant acquired all of the issued and outstanding common shares of HEXO pursuant to a plan of arrangement (the “Plan of Arrangement”) under the Business Corporations Act (Ontario) (the “Arrangement”). The Arrangement closed on June 22, 2023 (the “Effective Time”).

Pursuant to the Plan of Arrangement, outstanding stock option awards, whether vested or unvested, granted under the HEXO Omnibus Long-Term Incentive Plan approved by shareholders of HEXO on August 28, 2018, as further amended and restated on March 12, 2021 and then approved and ratified by the shareholders of HEXO on March 8, 2022 (the “HEXO Plan”), the Hydrothecary Corporation Stock Option Plan approved by the shareholders of Hydrothecary Corporation (as HEXO was then known) on January 17, 2018 (the “Hydrothecary Plan”), and the Zenabis Omnibus Incentive Plan approved by the shareholders of Zenabis Ltd. (formerly Zenabis Global Inc.) on June 25, 2019 (the “Zenabis Plan” and, together with the HEXO Plan and the Hydrothecary Plan, the “Assumed Plans”) as of immediately prior to the Effective Time were assumed and exchanged into an option (“Exchanged Option”) to acquire a number of shares of Common Stock, equal to the product of (x) the number of HEXO shares subject to such Exchanged Option immediately prior to the Effective Time multiplied by (y) 0.4352 (the “Exchange Ratio”), for a total of 1,283,985 shares of Common Stock. The Exchanged Options will have a per share exercise price equal to (A) the per share exercise price applicable to such option prior to the Effective Time divided by (B) the Exchange Ratio. The Exchanged Options shall continue to be governed by the applicable Assumed Plan on the same terms and conditions as were applicable to such Exchanged Options immediately prior to the Effective Time. Certain equity-based awards under the Assumed Plans were settled solely in cash.

These additional shares of Common Stock are securities of the same class as other securities for which registration statements on Form S-8 (File Nos. 333-226267, 333-231539, 333-238179, 333-256023, and 333-266695) were filed with the Securities and Exchange Commission (the “Commission”) on July 20, 2018, May 16, 2019, May 11, 2020, May 12, 2021, and August 9, 2022, respectively.

This Form S-8 is being filed to register the issuance of such shares, which shares may be used for awards under the Assumed Plans, as applicable.

### **PART I INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS**

The Registrant will provide, free of charge, all participants in the Assumed Plans with the document(s) containing the information required by Part I of Form S-8, as specified in Rule 428(b)(1) promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Act. In accordance with the rules and regulations of the Commission, the Registrant has not filed such document(s) with the Commission, but such documents (along with the documents incorporated by reference into this Registration Statement pursuant to Item 3 of Part II hereof), taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

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**PART II**  
**INFORMATION REQUIRED IN THE REGISTRATION STATEMENT**

**Item 3. Incorporation of Documents by Reference.**

The SEC allows us to “incorporate by reference” into this Registration Statement certain information. This means that we can disclose important information to you by referring you to those documents that contain the information. The information we incorporate by reference is considered a part of this Registration Statement. We incorporate by reference into this Registration Statement the documents listed below that we have filed with the SEC. Any report or information within any of the documents referenced below that is furnished, but not filed, shall not be incorporated by reference into this Registration Statement.

- our Annual Report on Form 10-K for the fiscal year ended May 31, 2022, filed with the SEC on [July 28, 2022](#), as amended by Form 10-K/A filed with the SEC on [October 7, 2022](#) (together, the “2022 Form 10-K”);
- the information specifically incorporated by reference into the 2022 Form 10-K from our definitive proxy statement on Schedule 14A, filed on [October 3, 2022](#), as amended;
- our Quarterly Reports on Form 10-Q for the quarter ended August 31, 2022, filed with the SEC on [October 7, 2022](#), for the quarter ended November 30, 2022, filed with the SEC on [January 9, 2023](#), and for the quarter ended February 28, 2023, filed with the SEC on [April 10, 2023](#);
- our Current Reports on Form 8-K, filed on [June 14, 2022](#), [June 16, 2022](#), [June 30, 2022](#), [July 12, 2022](#), [August 3, 2022](#), [September 1, 2022](#), [November 7, 2022](#), [November 23, 2022](#), [November 29, 2022](#), [December 6, 2022](#), [December 20, 2022](#), [January 18, 2023](#), [February 15, 2023](#), [February 21, 2023](#), [March 7, 2023](#), [March 16, 2023](#), [April 10, 2023](#), as amended on [April 11, 2023](#), [May 31, 2023](#), as amended on [June 13, 2023](#) and [June 2, 2023](#); and
- the description of our securities as set forth in our registration statement on [Form 8-A](#) (File No. 001-38594), filed with the SEC on October 1, 2020 pursuant to Section 12(b) of the Exchange Act, including any subsequent amendments or reports filed for the purpose of updating such description; and

We will furnish without charge to you, on written or oral request, a copy of any or all of the documents incorporated by reference. You should direct any requests for documents to Tilray, Inc., 265 Talbot Street West, Leamington, Ontario, Canada. Copies of the above reports may also be accessed from our web site at [www.tilray.com](#). Information contained on, or that can be accessed through, our website is not a part of this Registration Statement and the inclusion of our website address in this Registration Statement is an inactive textual reference only.

We also incorporate by reference in this Registration Statement any future filings that we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until we sell all the securities to which this Registration Statement relates; provided, however, that we are not incorporating any information furnished under either Item 2.02 or Item 7.01 or any related exhibit furnished under Item 9.01(d) of any Current Report on Form 8-K unless, and except to the extent, specified in any such Current Report on Form 8-K. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Registration Statement will be deemed modified, superseded or replaced for purposes of this Registration Statement to the extent that a statement contained in this Registration Statement modifies, supersedes or replaces such statement.

**Item 4. Description of Securities.**

Not applicable.

**Item 5. Interests of Named Experts and Counsel.**

Not applicable.

**Item 6. Indemnification of Directors and Officers.**

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation’s board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act.

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The Registrant's amended and restated certificate of incorporation and amended and restated bylaws provide that the Registrant will indemnify its directors and officers, and may indemnify its employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law. However, Delaware law prohibits the Registrant's certificate of incorporation from limiting the liability of the Registrant's directors for the following:

- any transaction from which the director derived an improper personal benefit;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any breach of the director's duty of loyalty to the corporation or to its stockholders.

The Registrant has entered into indemnification agreements with each of its directors and officers. These agreements provide for the indemnification of such persons for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were serving in such capacity.

The Registrant may maintain insurance policies that indemnify its directors and officers against various liabilities arising under the Securities Act and the Exchange Act that might be incurred by any director or officer in his capacity as such. The Registrant has obtained director and officer liability insurance to cover liabilities directors and officers may incur in connection with their services to the Registrant.

**Item 7. Exemption from Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

Exhibit No.	Description of Document	Incorporated by Reference				
		Schedule Form	File Number	Exhibit	Filing Date	Filed Herewith
<a href="#">4.1</a>	Third Amended and Restated Certificate of Incorporation	10-Q	001-38594	3.1	4/10/2023	
<a href="#">4.2</a>	Certificate of Designation of Series A Preferred Stock, dated February 21, 2023	8-K	001-38594	3.1	2/21/2023	
<a href="#">4.4</a>	Amended and Restated Bylaws, as of January 10, 2022.	8-K	001-38594	3.2	1/10/2022	
<a href="#">4.5</a>	Indenture dated April 23, 2019, between Aphria Inc. and GLAS Trust Company LLC.	8-K	001-38594	4.1	5/4/2021	
<a href="#">4.6</a>	Indenture, dated October 10, 2018, between Tilray, Inc. and GLAS Trust Company LLC	8-K	001-38594	4.1	10/10/2018	
<a href="#">4.7</a>	Form of 5.25% Convertible Senior Note due 2024 (included in Exhibit 4.5).	8-K	001-38594	4.1	5/4/2021	
<a href="#">4.8</a>	Form of 5.00% Convertible Senior Note due 2023 (included in Exhibit 4.6)	8-K	001-38594	4.2	10/10/2018	
<a href="#">4.7</a>	First Indenture Supplement dated April 30, 2021, between Aphria Inc., Tilray, Inc. and GLAS Trust Company LLC).	8-K	001-38594	4.2	5/4/2021	
<a href="#">4.8</a>	Agreement of Resignation, Appointment and Acceptance, dated as of January 27, 2022, by and among Tilray Brands, Inc., GLAS Trust Company LLC and Computershare Trust Company, N.A.	8-K	001-38594	4.1	1/28/2022	

<a href="#">4.9</a>	Agreement of Resignation, Appointment and Acceptance, dated as of January 27, 2022, by and among Tilray Brands, Inc., GLAS Trust Company LLC and Computershare Trust Company, N.A.	8-K	001-38594	4.2	1/28/2022	
<a href="#">4.10</a>	Agreement of Resignation, Appointment and Acceptance, dated as of January 27, 2022, by and among Tilray Brands, Inc., GLAS Trust Company LLC and Computershare Trust Company, N.A.	8-K	001-38594	4.3	1/28/2022	
<a href="#">5.1</a>	<a href="#">Opinion of DLA Piper LLP (US).</a>					X
<a href="#">23.1</a>	<a href="#">Consent of Deloitte LLP, Independent Registered Public Accounting Firm of Tilray, Inc.</a>					X
<a href="#">23.2</a>	<a href="#">Consent of DLA Piper LLP (US) (included in Exhibit 5.1).</a>					X
<a href="#">24.1</a>	<a href="#">Power of Attorney (contained on signature page hereto).</a>					X
<a href="#">99.1</a>	<a href="#">HEXO Omnibus Long-Term Incentive Plan</a>					X
<a href="#">99.2</a>	<a href="#">Hydrothecary Corporation Stock Option Plan</a>					X
<a href="#">99.3</a>	<a href="#">Zenabis Omnibus Incentive Plan</a>					X
<a href="#">107</a>	<a href="#">Filing Fee Table</a>					X

**Item 9. Undertakings.**

1. The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

- (i) To include any prospectus required by Section 10(a)(3) of the Securities Act;
- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*Provided, however,* that paragraphs (a)(i) and (a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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- (c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
2. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on June 22, 2023.

Tilray, Inc.

By:

/s/ Irwin D. Simon

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**Irwin D. Simon**  
**Chief Executive Officer**

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## POWER OF ATTORNEY

**KNOW ALL PERSONS BY THESE PRESENTS**, that each person whose signature appears below constitute and appoint Irwin D. Simon and Carl A. Merton, and each one of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in their name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ Irwin D. Simon</u> Irwin D. Simon	President, Chief Executive Officer and Director ( <i>Principal Executive Officer</i> )	June 22, 2023
<u>/s/ Carl A. Merton</u> Carl A. Merton	Chief Financial Officer ( <i>Principal Financial and Accounting Officer</i> )	June 22, 2023
<u>/s/ Jodi Butts</u> Jodi Butts	Director	June 22, 2023
<u>/s/ David F. Clanachan</u> David F. Clanachan	Director	June 22, 2023
<u>/s/ John M. Herhalt</u> John M. Herhalt	Director	June 22, 2023
<u>/s/ David Hopkinson</u> David Hopkinson	Director	June 22, 2023
<u>/s/ Thomas Looney</u> Thomas Looney	Director	June 22, 2023
<u>/s/ Renah Persofsky</u> Renah Persofsky	Director	June 22, 2023

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**DLA Piper LLP (US)**  
1251 Avenue of the Americas  
27th Floor  
New York, New York 10020-1104  
www.dlapiper.com

June 22, 2023

Tilray Brands, Inc.  
265 Talbot Street West  
Leamington, Ontario, Canada N8H 4H3

**Re: Securities Being Registered under Registration Statement on Form S-8**

Dear Ladies and Gentlemen:

We have acted as counsel for Tilray Brands, Inc., a Delaware corporation (the “Company”), in connection with the Registration Statement on Form S-8 (the “Registration Statement”) filed by the Company under the Securities Act of 1933, as amended (the “Securities Act”), and which registers, in the aggregate, up to an additional 1,283,985 shares of common stock, par value \$0.0001 per share (the “Shares”), issuable under (a) the HEXO Omnibus Long-Term Incentive Plan (the “HEXO Plan”) (b) the Hydrothecary Corporation Stock Option Plan (the “Hydrothecary Plan”) and (c) the Zenabis Omnibus Incentive Plan (the “Zenabis Plan” and, together with the HEXO Plan and the Hydrothecary Plan, the “Plans”, which Plans were assumed by the Company pursuant to an arrangement agreement by and between the Company and HEXO Corp., a corporation existing under the laws of the Province of Ontario).

In connection with this opinion letter, we have examined the Registration Statement and originals, or copies certified or otherwise identified to our satisfaction, of the amended and restated certificate of incorporation and the amended and restated bylaws of the Company, and such other documents, records and other instruments as we have deemed appropriate for purposes of the opinion set forth herein.

We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of the documents submitted to us as originals, the conformity with the originals of all documents submitted to us as certified, facsimile or photostatic copies and the authenticity of the originals of all documents submitted to us as copies.

Based upon the foregoing, we are of the opinion that the Shares have been duly authorized and, when and to the extent issued in accordance with the terms of the applicable Plan and any award agreement entered into under the applicable Plan, and assuming the Company completes all actions and proceedings required on its part to be taken prior to the issuance and delivery of the Shares pursuant to the terms of the applicable Plan, including, without limitation, collection of any required payment for the Shares, the Shares will be validly issued, fully paid and nonassessable.

The opinion expressed herein is limited to the Delaware General Corporation Law.

In addition to the qualifications set forth above, the foregoing opinion is further qualified as follows:

- (1) The foregoing opinion is rendered as of the date hereof. We assume no obligation to revise, update or supplement this opinion (a) should the present aforementioned laws of the State of Delaware be changed by legislative action, judicial decision or otherwise after the date hereof or (b) to reflect any facts or circumstances that may hereafter come to our attention.
  - (2) We express no opinion as to compliance with the securities or “blue sky” laws or principles of conflicts of laws of the State of Delaware or any other jurisdiction.
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- (3) We assume that the issuance of the Shares, together with any other outstanding shares of common stock, will not cause the Company to issue shares of common stock in excess of the number of such shares authorized by the Company's amended and restated certificate of incorporation.
- (4) This opinion is limited to the matters set forth herein, and no other opinion should be inferred beyond the matters expressly stated.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the reference to our firm and to our opinion in the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act, the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder.

Very truly yours,

/s/ DLA Piper LLP (US)

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**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of Tilray Brands, Inc. of our report dated July 28, 2022 relating to the consolidated financial statements and effectiveness of internal control over financial reporting, which appears in Tilray Brands, Inc.'s Annual Report on Form 10-K/A for the year ended May 31, 2022.

/s/ PricewaterhouseCoopers LLP

**Chartered Professional Accountants, Licensed Public Accountants**

Oakville, Canada

June 22, 2023

*PricewaterhouseCoopers LLP*

*PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5*

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**HEXO CORP.**  
**OMNIBUS LONG-TERM INCENTIVE PLAN**  
**Amended and Restated on March 12, 2021**

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OMNIBUS LONG-TERM INCENTIVE PLAN

HEXO Corp. (the "**Corporation**") hereby amends and restates this Omnibus Long-Term Incentive Plan for Eligible Participants and for the purposes set out herein, originally established as of June 27, 2018 (the "**Effective Date**").

ARTICLE 1 — DEFINITIONS

**Section 1.1 Definitions.**

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

"**Account**" means an account maintained for each Participant on the books of the Corporation which will be credited with Awards, including any Dividend Equivalents, in accordance with the terms of this Plan;

"**Affiliate**" has the meaning given to this term in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time;

"**Associate**", where used to indicate a relationship with a Participant, means (i) any partner of that Participant and (ii) the spouse of that Participant and that Participant's children, as well as that Participant's relatives and that Participant's spouse's relatives, if they share that Participant's residence;

"**Award**" means an Option, a SAR, a Restricted Share, a RSU, a DSU or a Retention Award granted to a Participant pursuant to the terms of the Plan;

"**Award Agreement**" means an agreement evidencing the grant to a Participant of an Award, including a Restricted Share Agreement, an Option Agreement, a SAR Agreement, a DSU Agreement, a RSU Agreement, a Retention Award Agreement or an Employment Agreement;

"**Black-Out Period**" means a period of time when pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons designated by the Corporation;

"**Board**" has the meaning ascribed thereto in Section 2.2(1) hereof;

"**Broker**" means a broker independent from the Corporation or any of its Subsidiaries who has been designated by the Corporation as the broker that will purchase Shares pursuant to the Plan and who is a member of the TSX or other stock exchange on which the Shares are listed, or, if the Shares are not then listed, as selected by the Board acting in good faith;

"**Business Day**" means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Ottawa, Ontario, Canada, for the transaction of banking business;

"**Cash Equivalent**" means the amount of money equal to the Market Value multiplied by the number of vested RSUs in the Participant's Account, net of any applicable taxes in accordance with Section 11.2, on the RSU Settlement Date;

"**Cause**" means:

- (i) with respect to any Participant, unless the applicable Award Agreement states otherwise: (a) if the Participant is a party to an Employment Agreement or service agreement with the Corporation or a Subsidiary and such agreement provides for a definition of "cause", the definition contained therein; or (b) if no such agreement exists, or if such agreement does not define "cause", any act or omission that would entitle the Corporation to terminate the Participant's employment without notice or compensation under the common law for just cause, including, without in any way limiting its meaning under the common law: (A) the indictment for or conviction of an indictable offence or any summary offence involving material dishonesty or moral turpitude, (B) material fiduciary breach with respect to the Corporation or an Affiliate, (C) fraud, theft, embezzlement or similar conduct that results in or is reasonably likely to result in harm to the reputation or business of the Corporation or any of its Affiliates, (D) gross negligence, gross misconduct or willful misconduct with respect to the Corporation or an Affiliate or breach of the Corporation's Code of Conduct, (E) material violation of Applicable Laws, or (F) the willful failure of the Participant to properly carry out their duties on behalf of the Corporation or to act in accordance with the reasonable direction of the Corporation including breach of confidentiality; and
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- (ii) with respect to any director, unless the applicable Award Agreement states otherwise, a determination by a majority of the disinterested Board members that the director has engaged in any of the following: (a) gross misconduct or neglect, (b) willful conversion of corporate funds, (c) false or fraudulent misrepresentation inducing the director's appointment, and (d) repeated failure to participate in Board meetings on a regular basis despite having received proper notice of the meetings in advance.

**"Change in Control"** means an event whereby (i) any Person becomes the beneficial owner, directly or indirectly, of 50% or more of either the issued and outstanding Shares or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally; (ii) any Person acquires, directly or indirectly, securities of the Corporation to which is attached the right to elect the majority of the directors of the Corporation; or (iii) the Corporation undergoes a liquidation or dissolution or sells all or substantially all of its assets;

**"Code of Conduct"** means any code of conduct adopted by the Corporation, as modified from time to time;

**"Committee"** has the meaning ascribed thereto in Section 2.2(1) hereof;

**"Corporation"** means HEXO Corp. (formerly known as The Hydrothecary Corporation), a corporation existing under the *Business Corporations Act* (Ontario), and its successors from time to time;

**"Disability"** means, unless an Employment Agreement or the applicable Award Agreement says otherwise, that the Participant: (i) is to a substantial degree unable, due to illness, disease, affliction, mental or physical disability or similar cause, to fulfill their obligations as an officer or employee of the Employer either for any consecutive 12-month period or for any period of 18 months (whether or not consecutive) in any consecutive 24-month period; or (ii) is declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing their affairs.

**"Dividend Equivalent"** means a bookkeeping entry equivalent in value to a dividend paid on a Share credited to a Participant's Account in accordance with Section 5.5 hereof;

**"DSU"** means a deferred share unit, which is a bookkeeping entry equivalent in value to a Share credited by the Corporation to a Participant's Account in accordance with Article 5 hereof, subject to the provisions of this Plan;

**"DSU Agreement"** means a written letter agreement between the Corporation and a Participant evidencing the grant of DSUs and the terms and conditions thereof;

**"Eligibility Date"** has the meaning ascribed thereto in Section 9.2(3) hereof;

**"Eligible Participants"** has the meaning ascribed thereto in Section 2.3(1) hereof;

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**“Employment Agreement”** means, with respect to any Participant, any written employment agreement between the Corporation or a Subsidiary and such Participant;

**“Exercise Notice”** means a notice in writing signed by a Participant and stating the Participant’s intention to exercise a particular Award, if applicable;

**“Insider”** has the meaning given to the term in Part I of the TSX Company Manual, as same may be amended, supplemented or replaced from time to time;

**“Market Value”** means at any date when the Market Value of Shares of the Corporation is to be determined, the volume weighted average trading price of the Shares during the five Trading Days prior to such date, calculated by dividing the total value by the total volume of Shares traded for the five Trading Days prior to such date on the TSX, or if the Shares are not listed on TSX, on the principal stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith;

**“Notice of Redemption”** means the written notice by a Participant, or the administrator or liquidator of the estate of the Participant, to the Corporation of the Participant’s wish to redeem his or her DSUs for cash or Shares;

**“Option”** means an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, subject to the provisions of this Plan;

**“Option Agreement”** means a written letter agreement between the Corporation and a Participant evidencing the grant of Options and the terms and conditions thereof;

**“Option Price”** has the meaning ascribed thereto in Section 4.2 hereof;

**“Option Term”** has the meaning ascribed thereto in Section 4.4(1) hereof;

**“Participants”** means Eligible Participants that are granted Awards under the Plan;

**“Participant’s Account”** means an account maintained for each Participant’s participation in DSUs and/or RSUs under the Plan;

**“Performance Criteria”** means criteria established by the Board which, without limitation, may include criteria based on the Participant’s personal performance and/or the financial performance of the Corporation and/or of its Affiliates, and that may be used to determine the vesting of the Awards, when applicable;

**“Performance Period”** means the period determined by the Board pursuant to Section 6.3 hereof;

**“Person”** means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

**“Plan”** means this Omnibus Long-Term Incentive Plan, as amended and restated from time to time;

**“Restricted Share”** means a Share granted to a Participant with such restrictions and conditions upon the Participant’s disposition of such Shares as may be determined by the Board at the time of the grant and granted in accordance with Article 3 hereof, subject to the provisions of this Plan;

**“Restricted Share Agreement”** means a written letter agreement between the Corporation and a Participant evidencing the grant of Restricted Shares and the terms and conditions thereof;

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**"Restriction Period"** means the period determined by the Board pursuant to Section 6.4(1) hereof;

**"Retention Award"** means any payment to a Participant that is not payable periodically for services provided by the Participant, as determined by the Board from time to time, as provided in Article 8 hereof.

**"Retention Award Agreement"** means a written letter agreement between the Corporation and a Participant evidencing the grant of Retention Awards and the terms and conditions thereof;

**"Retention Payment"** means the retention payment specified in the Retention Award Agreement or Employment Agreement;

**"RSU"** means a right awarded by the Corporation to a Participant to receive a payment in the form of Shares as provided in Article 3 hereof, subject to the provisions of this Plan;

**"RSU Agreement"** means a written letter agreement between the Corporation and a Participant evidencing the grant of RSUs and the terms and conditions thereof;

**"RSU Settlement Date"** has the meaning determined in Section 6.6(1)(a);

**"RSU Settlement Notice"** means a notice by a Participant to the Corporation electing the desired form of settlement of vested RSUs.

**"RSU Vesting Determination Date"** has the meaning described thereto in Section 6.5 hereof;

**"SAR"** means a right granted to a Participant as provided in Article 7 hereof to receive, upon exercise by the Participant, the excess of (i) the Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Board in its sole discretion, which shall not be less than the Market Value of one Share on such date of grant of the right or the related Option, as the case may be, subject to the provisions of this Plan;

**"SAR Agreement"** means a written letter agreement between the Corporation and a Participant evidencing the grant of SARs and the terms and conditions thereof;

**"SAR Price"** has the meaning ascribed thereto in Section 7.2 hereof;

**"SAR Term"** has the meaning ascribed thereto in Section 7.4(1) hereof;

**"Share Compensation Arrangement"** means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, directors, officers, insiders, service providers or consultants of the Corporation or a Subsidiary including a share purchase from treasury by a full-time employee, director, officer, insider, service provider or consultant which is financially assisted by the Corporation or a Subsidiary by way of a loan, guarantee or otherwise;

**"Shares"** means the common shares in the share capital of the Corporation;

**"Subsidiary"** means a corporation, company or partnership that is controlled, directly or indirectly, by the Corporation;

**"Successor Corporation"** has the meaning ascribed thereto in Section 10.1(3) hereof;

**"Tax Act"** means the *Income Tax Act* (Canada) and its regulations thereunder, as amended from time to time.

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**“Termination Date”** means the date on which a Participant ceases to be an Eligible Person as a result of a termination of employment or retention with the Corporation or an Affiliate for any reason, including death, retirement, resignation or termination of service with or without Cause. For the purposes of the Plan, a Participant’s employment or retention with the Corporation or an Affiliate shall be considered to have terminated effective on the last day of the Participant’s actual and active employment or retention with the Corporation or Affiliate, whether such day is selected by agreement with the Participant, or unilaterally by the Participant or the Corporation or Affiliate, and whether with or without advance notice to the Participant. For the avoidance of doubt, and except as required by applicable employment standards legislation, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of a termination of employment that follows or is in respect of a period after the Participant’s last day of actual and active employment shall be considered as extending the Participant’s period of employment for the purposes of determining their entitlement under the Plan.

**“Trading Day”** means any day on which the TSX is opened for trading;

**“TSX”** means the Toronto Stock Exchange; and

**“Vested Awards”** has the meaning described thereto in Section 9.2(2) hereof.

## **ARTICLE 2 — PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS**

### **Section 2.1 Purpose of the Plan.**

- (1) The purpose of the Plan is to permit the Corporation to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:
- (a) to increase the interest in the Corporation’s welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Corporation or a Subsidiary;
  - (b) to provide an incentive to such Eligible Participants to continue their services for the Corporation or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Corporation or a Subsidiary are necessary or essential to its success, image, reputation or activities;
  - (c) to reward the Participants for their performance of services while working for the Corporation or a Subsidiary; and
  - (d) to provide a means through which the Corporation or a Subsidiary may attract and retain able Persons to enter its employment.
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**Section 2.2 Implementation and Administration of the Plan.**

- (1) The Plan shall be administered and interpreted by the Board of Directors of the Corporation (the "Board") or, if the Board by resolution so decides, by a committee appointed by the Board (the "Committee") and consisting of not less than three (3) members of the Board. If a Committee is appointed for this purpose, all references to the term "Board" will be deemed to be references to the Committee.
- (2) The Board or, for greater certainty, the Committee, may, from time to time, as it may deem expedient, adopt, amend and rescind rules, regulations and policies for carrying out the provisions and purposes of the Plan, subject to any applicable rules of the TSX. Subject to the provisions of the Plan, the Board or, for greater certainty, the Committee, is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration of the Plan as it may deem necessary or advisable. The interpretation, construction and application of the Plan and any provisions hereof made by the Board or, for greater certainty, the Committee, shall be final and binding on all Eligible Participants.
- (3) No member of the Board or, for greater certainty, the Committee, shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder.
- (4) Any determination approved by a majority of the Board or, for greater certainty, the Committee, shall be deemed to be a determination of that matter by the Board or, for greater certainty, the Committee.
- (5) Subject to the terms of this Plan and applicable law, the Board or, for greater certainty, the Committee, may delegate to one or more officers of the Corporation, or to a committee of such officers, the authority, subject to such terms and limitations as the Board or the Committee may determine, to grant, cancel, modify, waive rights with respect to, alter, discontinue, suspend or terminate Awards.

**Section 2.3 Eligible Participants.**

- (1) The Persons who shall be eligible to receive Awards ("**Eligible Participants**") shall be the directors, officers, senior executives and other employees of the Corporation or a Subsidiary, and consultants and service providers providing ongoing services to the Corporation and its Affiliates. In determining Awards to be granted under the Plan, the Board shall give due consideration to the value of each Eligible Participant's present and potential future contribution to the Corporation's success. For greater certainty, a Person whose employment with the Corporation or a Subsidiary has ceased for any reason, or who has given notice or been given notice of such cessation, whether such cessation was initiated by such employee, the Corporation or such Subsidiary, as the case may be, shall cease to be eligible to receive Awards hereunder as of the date on which such Person provides notice to the Corporation or the Subsidiary, as the case may be, in writing or verbally, of such cessation, or on the Termination Date for any cessation of a Participant's employment initiated by the Corporation.
  - (2) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Corporation.
  - (3) Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee of employment by the Corporation to the Participant.
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**Section 2.4 Shares Subject to the Plan.**

- (1) Subject to adjustment pursuant to provisions of Article 10 hereof, the total number of shares reserved and available for grant and issuance pursuant to Awards shall not exceed a number of Shares equal to ten percent (10%) of the total issued and outstanding Shares of the Corporation at the time of granting of Awards (on a non-diluted basis) or such other number as may be approved by the shareholders of the Corporation from time to time. Any increase in the issued and outstanding Shares (whether as a result of exercise of Awards or otherwise) will result in an increase in the number of Shares that may be issued on Awards outstanding at any time and any increase in the number of Awards granted will, upon exercise, make new grants available under the Plan.
- (2) Shares in respect of which an Award is granted under the Plan, but not exercised prior to the termination of such Award or not vested or delivered prior to the termination of such Award due to the expiration, termination or lapse of such Award, shall be available for Awards to be granted thereafter pursuant to the provisions of the Plan. All Shares issued pursuant to the exercise or the vesting of the Awards granted under the Plan shall be so issued as fully paid and non-assessable Shares.
- (3) The aggregate number of Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed ten percent (10%) of the issued and outstanding Shares (on a non-diluted basis).

**Section 2.5 Granting of Awards.**

- (1) Any Award granted under the Plan shall be subject to the requirement that if at any time counsel to the Corporation shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.
  - (2) Any Award granted under the Plan shall be subject to the requirement that the Corporation has the right to place any restriction or legend on any securities issued pursuant to this Plan including, but in no way limited to placing a legend to the effect that the securities have not been registered under the *United States Securities Act of 1933* and may not be offered or sold in the United States of America unless registration or an exemption from registration is available.
  - (3) Notwithstanding any provision of the Plan to the contrary, all Awards granted and Shares issued to Eligible Participants who are residents of the United States of America or otherwise subject to income taxation by the United States of America shall comply with and be subject to the terms and conditions of Addendum A (*Terms and Conditions Applicable to United States Persons*) attached to and incorporated in this Plan.
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## ARTICLE 3 — RESTRICTED SHARES

### Section 3.1 Nature of Restricted Shares.

A Restricted Share is a Share with such restrictions and conditions placed upon the Share's disposition by the Participant as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

### Section 3.2 Restricted Share Awards.

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Restricted Shares under the Plan, (ii) fix the number of Restricted Shares, if any, to be granted to each Eligible Participant and the date or dates on which such Restricted Shares shall be granted, and (iii) determine the restrictions and conditions applicable to such Restricted Shares, the whole subject to the terms and conditions prescribed in this Plan.

### Section 3.3 Payment to Participant.

- (1) The Corporation shall, as soon as possible after the grant of Restricted Shares, cause the transfer agent and registrar of the Shares to either:
    - (a) deliver to the Participant a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant shall then be entitled to receive; or
    - (b) in the case of Restricted Shares issued in uncertificated form, cause the issuance of the aggregate number of Restricted Shares as the Participant shall then be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation maintained by the transfer agent and registrar of the Shares.
  - (2) Each certificate representing Restricted Shares shall bear the following legend, as amended to reflect the restrictions and/or conditions placed upon the Shares' disposition as the Board may determine at the time of grant:

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO RESTRICTIONS IN ACCORDANCE WITH THE CORPORATION'S OMNIBUS LONG-TERM INCENTIVE PLAN DATED ', AND A RESTRICTED SHARE AGREEMENT DATED '. THE SECURITIES REPRESENTED HEREBY MAY NOT BE TRANSFERRED UNTIL '."
  - (3) Unless the Board shall otherwise determine,
    - (a) uncertificated Restricted Shares shall be accompanied by a notation on the records of the Corporation or the transfer agent and registrar to the effect that they are subject to forfeiture until such Restricted Shares are vested as provided in Section 3.3(4) below; and
    - (b) certificated Restricted Shares shall remain in the possession of the Corporation until such Restricted Shares have vested as provided in Section 3.3(4) below,and the Participant shall be required, as a condition of the grant of such Restricted Shares, to deliver to the Corporation such instruments of transfer as the Board may prescribe.
  - (4) The Board at the time of grant shall specify the date or dates and/or the restrictions and conditions on which the non-transferability of the Restricted Shares and the Corporation's right of repurchase or forfeiture shall lapse. Subsequent to such date, or dates and/or the attainment of the restrictions and conditions, the Restricted Shares for which all restrictions have lapsed shall no longer be Restricted Shares and shall be deemed "vested".
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### **Section 3.4 Restricted Share Agreements.**

The terms of the Restricted Shares shall be evidenced by a Restricted Share Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 3 and Article 9 hereof be included therein. The Restricted Share Agreement shall contain such terms that may be considered necessary in order that the Restricted Shares will comply with any provisions respecting restricted securities in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

## **ARTICLE 4 — OPTIONS**

### **Section 4.1 Nature of Options.**

An Option is an option granted by the Corporation to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, subject to the provisions of this Plan.

### **Section 4.2 Option Awards.**

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including Performance Criteria, if applicable) and Option Term, the whole subject to the terms and conditions prescribed in this Plan, in any Option Agreement and any applicable rules of the TSX.

### **Section 4.3 Option Price.**

The Option Price for Shares that are the subject of any Option shall be fixed by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

### **Section 4.4 Option Term.**

- (1) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, commencing on the date such Option is granted to the Participant and ending as specified in this Plan, or in the Option Agreement, but in no event shall an Option expire on a date which is later than ten (10) years from the date the Option is granted ("**Option Term**"). Unless otherwise determined by the Board, all unexercised Options shall be cancelled at the expiry of such Options.
  - (2) Should the expiration date for an Option fall within a Black-Out Period or within ten (10) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth Business Day after the end of the Black-Out Period, such tenth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Section 10.2 hereof, the ten (10) Business Day-period referred to in this Section 4.4 may not be extended by the Board.
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**Section 4.5 Exercise of Options.**

- (1) Subject to the provisions of this Plan, a Participant shall be entitled to exercise an Option granted to such Participant at any time prior to the expiry of the Option Term, subject to vesting limitations which may be imposed by the Board at the time such Option is granted.
- (2) Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable as to all or such part or parts of the optioned Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period.

**Section 4.6 Method of Exercise and Payment of Purchase Price.**

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 4.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Corporation at its registered office to the attention of the Corporate Secretary of the Corporation (or the individual that the Corporate Secretary of the Corporation may from time to time designate) or give notice in such other manner as the Corporation may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, cheque or bank draft of the purchase price for the number of Shares specified therein. Unless otherwise determined by the Board the Corporation shall not offer financial assistance in regards to the exercise of an Option.
  - (2) Upon the exercise of an Option, the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
    - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
    - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.
  - (3) With the consent of the Board, a Participant may, rather than exercise the Option which the Participant is entitled to exercise under this Plan as provided above, elect to surrender such Option, in whole or in part and, in lieu of receiving the Shares to which the exercised Option relates, receive, as consideration for the surrender of such Option, the number of Shares, disregarding fractions, which, when multiplied by the Market Value of the Shares to which the exercised Option relates, have a value equal to the product of the number of Shares to which the exercised Option relates multiplied by the difference between the Market Value of such Shares and the Option Price of such Option, less any amount withheld on account of taxes in accordance with Section 11.2. The Corporation makes no representation to any Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) that it will waive or renounce its right to claim a deduction in respect of such payment.
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#### **Section 4.7 Option Agreements.**

Options shall be evidenced by an Option Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 4 and Article 9 hereof be included therein. The Option Agreement shall contain such terms that may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

### **ARTICLE 5 — DEFERRED SHARE UNITS**

#### **Section 5.1 Nature of DSUs.**

A DSU is an Award of phantom share units to an Eligible Participant, subject to restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

#### **Section 5.2 Election to Participate.**

Each Eligible Participant may elect, once each calendar year, to be paid a percentage of his or her annual retainer in the form of DSUs, with the balance being paid in cash. In the case of an existing Eligible Participant, the election must be completed, signed and delivered to the Corporation by the end of the fiscal year preceding the fiscal year to which such election is to apply. In the case of a new Eligible Participant, the election must be completed, signed and delivered to the Corporation as soon as possible, and, in any event, no later than thirty (30) days, after the Eligible Participant's appointment, with such election to be effective on the first day of the fiscal quarter of the Corporation next following the date of the Corporation's receipt of the election until the final day of the fiscal year of appointment. For the first year of the Plan, Eligible Participants must make such election as soon as possible, and, in any event, no later than thirty (30) days, after adoption of the Plan and the election shall be effective on the first day of the fiscal quarter of the Corporation next following the date of the Corporation's receipt of the election until the final day of such fiscal year. If no election is made in respect of a particular fiscal year, the new or existing Eligible Participant will receive the annual retainer in cash.

#### **Section 5.3 DSU Awards.**

The number of DSUs that an Eligible Participant is entitled to receive in a fiscal year is based upon the percentage that the Eligible Participant has elected to receive in DSUs multiplied by the Participant's annual retainer divided by the Market Value. At the discretion of the Board, fractional DSUs will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

#### **Section 5.4 Redemption of DSUs.**

- (1) Each Participant shall be entitled to redeem his or her DSUs during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Corporation. In the event of death of a Participant, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Participant. The Notice of Redemption must specify an election to receive:
    - (a) a cash payment equal to the number of DSUs credited to the Participant's Account as of the Termination Date multiplied by the Market Value on the Termination Date, net of any applicable withholding taxes; or
    - (b) Shares purchased on the Participant's behalf on the open market by a Broker; or
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- (c) a percentage of the DSUs paid out in cash and the remaining percentage of the DSUs paid out as Shares on the Participant's behalf on the open market by a Broker.

In the event a Notice of Redemption is not provided by a Participant, such Participant will be deemed to have elected to receive a cash payment as provided for in Section 5.4(1)(a).

- (2) Where Shares are purchased on the open market on the Participant's behalf, the Corporation will remit all or a portion of the final payment to the Broker, and the Broker will be required to (within ten (10) business days) use the amount to purchase Shares in the open market on the TSX or any other stock exchange on which the Shares are traded. The number of Shares will be computed by taking the number of DSUs that the Participant elected to receive in Shares, net of the number of DSUs that would equal to any applicable withholding taxes. Any Shares acquired by the Broker from all or a portion of the final payment and any cash remaining therefrom shall be delivered directly to the Participant forthwith as soon as practicable upon completion of such purchases. The Corporation will pay all brokerage fees arising in connection with the purchase of Shares by the Broker in accordance with the Plan.
- (3) The Corporation will make all of the payments described in this Article 5 (referred to hereinafter as the "**Final Payment**") to the Participant or the Broker, within 120 days of the Termination Date. Upon making such payment to the Participant or the Broker, the DSUs upon which such payment was based shall be cancelled and no further payments shall be made from the Plan in relation to such DSUs.

#### **Section 5.5 Award of Dividend Equivalents.**

Dividend Equivalents will be awarded in respect of DSUs in a Participant's Account on the same basis as dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. These Dividend Equivalents will be credited to the Participant's Account as additional DSUs (or fractions thereof), with the number of additional DSUs based on (a) the actual amount of dividends that would have been paid if the Participant had held Shares under the Plan on the applicable record date divided by (b) the Market Value per Share on the date on which the dividends on Shares are payable. For greater certainty, no DSUs representing Dividend Equivalents will be credited to a Participant's Account in relation to DSUs that have been previously cancelled or paid out of the Plan and all additional DSUs credited as a result of a Dividend Equivalent will be credited at the same time as any applicable Final Payment.

#### **Section 5.6 Unfunded Plan.**

Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of DSUs under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Corporation. Notwithstanding the foregoing, any determinations made shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Income Tax Regulations, adopted under the Tax Act or any successor provision thereto.

#### **Section 5.7 DSU Agreements.**

DSUs shall be evidenced by a DSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 5 and Article 9 hereof be included therein. The DSU Agreement shall contain such terms that may be considered necessary in order that the DSU will comply with any provisions respecting deferred share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

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## ARTICLE 6 — RESTRICTED SHARE UNITS

### Section 6.1 Nature of RSUs.

A RSU is an Award entitling the recipient to acquire Shares, at such purchase price (which may be zero) as determined by the Board, subject to such restrictions and conditions as the Board may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives.

### Section 6.2 RSU Awards.

- (1) Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and Restriction Period of such RSUs, the whole subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.
- (2) The RSUs are structured so as to be considered to be a plan described in section 7 of the Tax Act or any successor provision thereto.
- (3) Subject to the vesting and other conditions and provisions herein set forth and in the RSU Agreement, each RSU awarded to a Participant shall entitle the Participant, at his or her election, to receive one Share issued from treasury or the Cash Equivalent at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the RSU Settlement Date.

### Section 6.3 Restriction Period.

The applicable restriction period in respect of a particular RSU award shall be determined by the Board but in all cases shall end no later than December 31 of the calendar year which is three (3) years after the calendar year in which the Award is granted ("**Restriction Period**"). For example, the Restriction Period for a grant made in June 2018 shall end no later than December 31, 2021. Subject to the Board's determination, any vested RSUs with respect to a Restriction Period will be paid to Participants in accordance with Article 5, no later than the end of the Restriction Period. Unless otherwise determined by the Board, all unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 6.5) and, in any event, no later than the last day of the Restriction Period.

### Section 6.4 Performance Criteria and Performance Period.

- (1) For each award of RSUs, the Board shall establish the period in which any Performance Criteria and other vesting conditions must be met in order for a Participant to be entitled to receive Shares in exchange for all or a portion of the RSUs held by such Participant (the "**Performance Period**"), provided that such Performance Period may not expire after the end of the Restriction Period, being no longer than three (3) years after the financial year in which the Award was granted. For example, a Performance Period determined by the Board to be for a period of three (3) financial years will start on the first day of the financial year in which the award is granted and will end on the last day of the second financial year after the year in which the grant was made. In such a case, for a grant made on August 5, 2018, the Performance Period will start on August 1, 2018 and will end on July 31, 2020.
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- (2) For each award of RSUs, the Board shall establish any Performance Criteria and other vesting conditions which must be met during the Performance Period in order for a Participant to be entitled to receive Shares in exchange for his or her RSUs.

**Section 6.5 RSU Vesting Determination Date.**

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to a RSU have been met (the "**RSU Vesting Determination Date**"), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than the last day of the Restriction Period.

**Section 6.6 Settlement of RSUs.**

- (1) Except as otherwise provided in the RSU Agreement, in the event that the vesting conditions, the Performance Criteria and Performance Period, if applicable, of an RSU are satisfied:
- (a) all of the vested RSUs covered by a particular grant may, subject to Section 6.6(4), be settled at any time beginning on the first Business Day following their RSU Vesting Determination Date but no later than the date that is ten (10) years from their RSU Vesting Determination Date (the "**RSU Settlement Date**");
  - (b) a Participant is entitled to deliver to the Corporation, on or before the RSU Settlement Date, an RSU Settlement Notice in respect of any or all vested RSUs held by such Participant; and
  - (c) in the RSU Settlement Notice, the Participant will elect, in such Participant's sole discretion, including with respect to any fractional RSUs, to settle vested RSUs for their Cash Equivalent, Shares issued from treasury, or a combination thereof.
- (2) Subject to Section 6.6(4), settlement of RSUs shall take place promptly following the RSU Settlement Date and take the form set out in the RSU Settlement Notice through:
- (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
  - (b) in the case of settlement of RSUs for Shares, delivery of a share certificate to the Participant or the entry of the Participant's name on the share register for the Shares (or in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant shall then be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation maintained by the transfer agent and registrar of the Shares); or
  - (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
- (3) If an RSU Settlement Notice is not received by the Corporation on or before the RSU Settlement Date, settlement shall take the form of Shares issued from treasury as set out in Section 6.7(2).
- (4) Notwithstanding any other provision of this Plan, in the event that an RSU Settlement Date falls during a Black-Out Period or other trading restriction imposed by the Corporation and the Participant has not delivered an RSU Settlement Notice, then such RSU Settlement Date shall be automatically extended to the tenth (10th) Business Day following the date that such Black-Out Period or other trading restriction is lifted, terminated or removed.
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**Section 6.7 Determination of Amounts.**

- (1) **Cash Equivalent of RSUs.** For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 6.6, such calculation will be made on the RSU Settlement Date and shall equal the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account which the Participant desires to settle in cash pursuant to the RSU Settlement Notice.
- (2) **Payment in Shares; Issuance of Shares from Treasury.** For the purposes of determining the number of Shares from treasury to be issued and delivered to a Participant upon settlement of RSUs pursuant to Section 6.6, such calculation will be made on the RSU Settlement Date and be the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account which the Participant desires to settle pursuant to the RSU Settlement Notice. Shares issued from treasury will be issued in consideration for the past services of the Participant to the Corporation and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance of Shares.

**Section 6.8 RSU Agreements.**

RSUs shall be evidenced by a RSU Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 6 and Article 9 hereof be included therein. The RSU Agreement shall contain such terms that may be considered necessary in order that the RSU will comply with any provisions respecting restricted share units in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

**ARTICLE 7 — SHARE APPRECIATION RIGHTS**

**Section 7.1 Nature of SARs.**

A SAR is an Award entitling the recipient to receive Shares having a value equal to the excess of (i) the Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Board in its sole discretion, which shall not be less than the Market Value of one Share on such date of grant of the right or the related Option, as the case may be, multiplied by the number of Shares with respect to which the SAR shall have been exercised.

**Section 7.2 SAR Awards.**

Subject to the provisions herein set forth and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive SAR Awards under the Plan, (ii) fix the number of SAR Awards to be granted to each Eligible Participant and the date or dates on which such SAR Awards shall be granted, and (iii) determine the price per Share to be payable upon the vesting of each such SAR (the "**SAR Price**") and the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the SAR Term, the whole subject to the terms and conditions prescribed in this Plan and in any SAR Agreement.

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**Section 7.3 SAR Price.**

The SAR Price for the Shares that are the subject of any SAR shall be fixed by the Board when such SAR is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

**Section 7.4 SAR Term.**

- (1) The Board shall determine, at the time of granting the particular SAR, the period during which the SAR is exercisable, which shall not be more than ten (10) years from the date the SAR is granted ("**SAR Term**") and the vesting schedule of such SAR, which will be detailed in the respective SAR Agreement. Unless otherwise determined by the Board, all unexercised SARs shall be cancelled at the expiry of such SAR.
- (2) Should the expiration date for a SAR fall within a Black-Out Period or within ten (10) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth (10th) Business Day after the end of the Black-Out Period, such tenth (10th) Business Day to be considered the expiration date for such SAR for all purposes under the Plan. Notwithstanding Section 10.2 hereof, the ten (10) Business Day-period referred to in this Section 7.4 may not be extended by the Board.

**Section 7.5 Exercise of SARs.**

Prior to its expiration or earlier termination in accordance with the Plan, each SAR shall be exercisable as to all or such part or parts of the granted Shares and at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular SAR, may determine in its sole discretion. For greater certainty, no SAR shall be exercised by a Participant during a Black-Out Period.

**Section 7.6 Method of Exercise and Payment of Purchase Price.**

- (1) Subject to the provisions of the Plan, a SAR granted under the Plan shall be exercisable (from time to time as provided in Section 7.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Corporation at its registered office to the attention of the Corporate Secretary of the Corporation (or to the individual that the Corporate Secretary of the Corporation may from time to time designate) or give notice in such other manner as the Corporation may from time to time designate, no less than three (3) business days in advance of the effective date of the proposed exercise, which notice shall specify the number of Shares with respect to which the SAR is being exercised and the effective date of the proposed exercise.
  - (2) The exercise of a SAR with respect to any number of Shares shall entitle the Participant to Shares equal to the excess of the Market Value of a Share on the effective date of such exercise over the per share SAR Price.
  - (3) Upon the exercise, the Corporation shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares to either:
    - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
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- (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.

**Section 7.7 SAR Agreements.**

SARs shall be evidenced by a SAR Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Article 7 and Article 9 hereof be included therein. The SAR Agreement shall contain such terms that may be considered necessary in order that the SAR will comply with any provisions respecting stock appreciation rights in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the corporation.

**ARTICLE 8 — RETENTION AWARDS**

**Section 8.1 Nature of Retention Awards.**

Retention Awards are any payment to an Eligible Participant that is not payable periodically for services provided by the Eligible Participant, as determined by the Board from time to time.

**Section 8.2 Retention Awards.**

- (1) Subject to the provisions herein set forth, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Retention Awards under the Plan, (ii) fix the number of Retention Awards, if any, to be granted to each Eligible Participant and the date or dates on which such Retention Awards shall be granted, and (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) of such Retention Awards, the whole subject to the terms and conditions prescribed in this Plan and in any Retention Award Agreement or Employment Agreement.
- (2) Subject to the vesting and other conditions and provisions herein set forth and in the Retention Award Agreement or Employment Agreement, each Retention Award awarded to a Participant shall entitle the Participant to receive, on the vesting date of the Retention Award, such number of Shares, disregarding fractions, which, when multiplied by the Market Value of the Shares on the vesting date of the Retention Award, to which the Retention Awards relate, have a value equal to the Retention Payment, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation.

**Section 8.3 Payment to Participant.**

In the event that the vesting conditions of a Retention Award are satisfied, the Corporation shall, as soon as possible after the date of vesting of the Retention Awards cause the transfer agent and registrar of the Shares to either:

- (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
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- (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Corporation to be maintained by the transfer agent and registrar of the Shares.

#### **Section 8.4 Retention Award Agreements.**

Retention Awards shall be evidenced by a Retention Award Agreement or included in an Employment Agreement, in such form not inconsistent with the Plan, as the Board may from time to time determine, provided that the substance of Article 8 and Article 9 hereof be included therein. The Retention Award Agreement shall contain such terms that may be considered necessary in order that the Retention Award will comply with any provisions respecting such awards in the income tax or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

### **ARTICLE 9 — GENERAL CONDITIONS**

#### **Section 9.1 General Conditions applicable to Awards.**

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Employment** - The granting of an Award to a Participant shall not impose upon the Corporation or a Subsidiary any obligation to retain the Participant in its employ in any capacity. For greater certainty, the granting of Awards to a Participant shall not impose any obligation on the Corporation to grant any awards in the future nor shall it entitle the Participant to receive future grants.
  - (2) **Rights as a Shareholder** - Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards until the date of issuance of a share certificate to such Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant). Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued.
  - (3) **Conformity to Plan** – In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
  - (4) **Transferrable Awards** – Awards granted under this Plan shall be transferrable or assignable only to a “permitted assign” and shall be exercisable only by the Participant or his or her permitted assign. For the purposes hereof, “permitted assign” means for such Participant:
    - (a) a trustee, custodian or administrator acting on behalf, or for the benefit, of the Participant;
    - (b) a holding entity of the Participant;
    - (c) a registered retirement savings plan (“RRSP”) or registered retirement income fund (“RRIF”) of the Participant, as such terms are defined in the Tax Act;
    - (d) a spouse of the Participant (the “Spouse”);
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- (e) a trustee, custodian or administrator acting on behalf, or for the benefit, of the Spouse;
- (f) a holding entity of the Spouse; or
- (g) an RRSP or RRIF of the Spouse.

**Section 9.2 General Conditions applicable to Options, SARs and Retention Awards.**

Each Option, SAR or Retention Award, as applicable, shall be subject to the following conditions:

- (1) Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for Cause, any Option, SAR or Retention Award or the unexercised or unvested portion thereof, as applicable, when granted to such Participant shall terminate on the effective date of the termination as specified in the notice of termination. For the purposes of the Plan, the Corporation and the Board, in their absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause, and the determination by the Corporation or the Board that a Participant has been discharged for Cause shall be binding on the Participant.
  - (2) Death.** If a Participant dies while in his or her capacity as an Eligible Participant, any vested Option, SAR or Retention Award or the unexercised portion thereof, granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective Options, SARs or Retention Awards (the "**Vested Awards**") on the date of such Participant's death. Such Vested Award shall only be exercisable within one (1) year after the Participant's death or prior to the expiration of the original term of the Options, SARs or Retention Awards, as applicable, whichever occurs earlier. All Options, SARs or Retention Awards or the unexercised or unvested portion thereof, as applicable, other than such Vested Awards on the date of such Participant's death, will be cancelled on the date of such Participant's death.
  - (3) Disability.** Upon a Participant ceasing to be an Eligible Participant by reason of Disability or upon a Participant becoming eligible to receive long-term disability benefits, any Option, SAR or Retention Award or the unexercised portion thereof, granted to such Participant may be exercised by such Participant or his/her representative as the rights to exercise accrue. Such Option, SAR or Retention Award shall only be exercisable (i) within three (3) years after such cessation or (ii) the effective date on which the Participant becomes eligible to receive long-term disability benefits (provided that, for greater certainty, such effective date shall be confirmed in writing to the Corporation by the insurance company providing such long-term disability benefits) (the "**Eligibility Date**") or (iii) prior to the expiration of the original term of the Option, SAR or Retention Award, whichever occurs earlier. All Options, SARs or Retention Awards or the unexercised or unvested portion thereof, as applicable, on the date that is three (3) years after such cessation, will be cancelled on such date. For the purposes of the Plan, the Corporation and the Board, in their absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has a Disability, and the determination by the Corporation or the Board that a Participant has a Disability shall be binding on the Participant. The Corporation and the Board may rely on any determination that a Participant is disabled for purposes of benefits under any long-term disability plan maintained by the Company or any Affiliate in which a Participant participates.
  - (4) Termination or Cessation.** In the case of a Participant ceasing to be an Eligible Participant for any reason (other than for Cause, death or Disability) the right to exercise an Option, SAR or Retention Award shall be limited to and shall expire on the earlier of one year after the Termination Date, or the expiry date of the Award set forth in the Award Agreement, to the extent such Award was exercisable by the Participant on the Termination Date. For purposes of the Plan, no termination of employment by a Participant who is an employee of the Corporation or a Subsidiary shall be deemed to result from, and a Participant shall not cease to be an Eligible Participant as a result of, either (a) a transfer of employment from the Corporation or a Subsidiary to an Affiliate or from one Affiliate to another Affiliate as employer of the Participant, or (b) a leave of absence, if the Employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Board otherwise so provides in writing.
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### Section 9.3 General Conditions applicable to RSUs.

Each RSU shall be subject to the following conditions:

- (1) **Termination for Cause; Resignation.** Upon a Participant ceasing to be an Eligible Participant for Cause or the Participant's resignation from employment with the Corporation or a Subsidiary, the Participant's participation in the Plan shall be terminated immediately, all RSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights to Shares that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date. For the purposes of the Plan, the Corporation and the Board, in their absolute discretion, shall determine the effect of all matters and questions relating to whether a Participant has been discharged for Cause, and the determination by the Corporation or the Board that a Participant has been discharged for Cause shall be binding on the Participant.
  - (2) **Cessation of Employment.** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Participant's (i) retirement, (ii) employment with the Corporation or a Subsidiary being terminated by the Corporation or a Subsidiary for reasons other than for Cause,
    - (iii) employment with the Corporation or a Subsidiary being terminated by reason of Disability or
    - (iv) becoming eligible to receive long-term disability benefits, the Participant's participation in the Plan shall be terminated immediately (provided that, for the Participant becoming eligible to receive long-term disability benefits, such termination shall occur on the Eligibility Date), provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
  - (3) **Retirement.** In the case of a Participant's retirement, this Section (3) shall not apply to a Participant in the event such Participant, directly or indirectly, in any capacity whatsoever, alone, through or in connection with any person, carries on or becomes employed by, engaged in or otherwise commercially involved in, any activity or business in the cannabis industry prior to the applicable RSU Vesting Determination Date. In such event, Section 9.3(2) shall apply to such Participant.
    - (a) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares that relate to such unvested RSUs shall be forfeited and cancelled.
    - (b) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were met for such RSUs, the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Corporation or a Subsidiary during the applicable Performance Period, if any, as of the date of the Participant's retirement, termination or Eligibility Date and the denominator of which shall be equal to the total number of months included in the applicable Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Corporation shall distribute such number of Shares to the Participant as soon as practicable thereafter, but no later than the end of the Restriction Period, the Corporation shall debit the corresponding number of RSUs from such Participant's Account, and the Participant's rights to all other Shares that relate to such Participant's RSUs shall be forfeited and cancelled.
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- (4) **Death.** Except as otherwise determined by the Board from time to time, at their sole discretion, upon the death of a Participant, the Participant's participation in the Plan shall be terminated immediately, provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board.
- (a) If, on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares (or cash or a combination of Shares and cash as permitted under this Plan) that relate to such unvested RSUs shall be forfeited and cancelled.
- (b) If, on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board, the Board determines that the vesting conditions were met, the liquidator, executor or administrator, as the case may be, of the estate of the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Corporation or a Subsidiary during the applicable Performance Period, if any, as of the date of death of the Participant and the denominator of which shall be equal to the total number of months included in the applicable Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date or any earlier date as may be determined by the Board) and the Corporation shall distribute such number of Shares to the liquidator, executor or administrator, as the case may be, of the estate of the Participant as soon as practicable thereafter but no later than the end of the Restriction Period, the Corporation shall debit the corresponding number of RSUs from such deceased Participant's Account, and the Participant's right to all other Shares that relate to such deceased Participant's RSUs shall be forfeited and cancelled.
- (5) **Leave of Absence.** Except as otherwise determined by the Board from time to time, at their sole discretion, upon a Participant electing a voluntary leave of absence, the Participant's participation in the Plan shall be terminated immediately, provided that all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (a) If, on the applicable RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares (or cash or a combination of Shares and cash as permitted under this Plan) that relate to such unvested RSUs shall be forfeited and cancelled.
- (b) If, on the applicable RSU Vesting Determination Date, the Board determines that the vesting conditions were met, the Participant shall be entitled to receive that number of Shares equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Corporation or a Subsidiary during the relevant Performance Period, if any, as of the date the Participant elects for a voluntary leave of absence and the denominator of which shall be equal to the total number of months included in the relevant Performance Period, if any (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Corporation shall distribute such number of Shares (or cash or a combination of Shares and cash as permitted under this Plan) to the Participant as soon as practicable thereafter but no later than the end of the applicable Restriction Period, the Corporation shall debit the corresponding number of RSUs from such Participant's Account, and the Participant's right to all other Shares that relate to such Participant's RSUs shall be forfeited and cancelled.
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- (c) Subject to applicable laws, the Board may decide, at their sole discretion that Section 9.3(5) should not apply to a voluntary leave of absence granted to a Participant by the Corporation for a period of twelve (12) months or less. In such event, all unvested RSUs in such Participant's Account as of such date relating to a Restriction Period in progress shall remain in effect until the applicable RSU Vesting Determination Date.
- (6) **General.** For greater certainty, where (i) a Participant's employment with the Corporation or a Subsidiary is terminated pursuant to Section 9.3(1), Section 9.3(2) or Section 9.3(4) hereof or (ii) a Participant elects for a voluntary leave of absence pursuant to Section 9.3(5) hereof following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment.

#### **Section 9.4 General Conditions applicable to Restricted Shares.**

- (1) Upon a Participant ceasing to be an Eligible Participant for any reason, any Restricted Shares that have not vested at such time shall automatically and without any requirement of notice to such Participant, or other action by or on behalf of the Corporation, be deemed to have been reacquired by the Corporation from such Participant, and thereafter shall cease to represent any ownership in the Corporation by the Participant or rights of the Participant as a shareholder of the Corporation. Following such deemed reacquisition, the Participant shall surrender any certificates representing Restricted Shares in such Participant's possession to the Corporation upon request without consideration.

### **ARTICLE 10 — ADJUSTMENTS, AMENDMENTS AND TERM OF PLAN**

#### **Section 10.1 Adjustment to Shares Subject to Outstanding Awards.**

- (1) In the event of any subdivision of the Shares into a greater number of Shares at any time after the grant of an Award to a Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant, at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof, in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (2) In the event of any consolidation of Shares into a lesser number of Shares at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall deliver to such Participant at the time of any subsequent exercise or vesting of such Award in accordance with the terms hereof in lieu of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award, but for the same aggregate consideration payable therefor, such number of Shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Shares to which such Participant was theretofore entitled upon such exercise or vesting of such Award.
- (3) If at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Shares shall be reclassified, reorganized or otherwise changed, otherwise than as specified in Section 10.1(1) or Section 10.1(2) hereof or, subject to the provisions of Section 10.2(3) hereof, the Corporation shall consolidate, merge or amalgamate with or into another corporation (the corporation resulting or continuing from such consolidation, merger or amalgamation being herein called the "**Successor Corporation**"), the Participant shall be entitled to receive upon the subsequent exercise or vesting of Award, in accordance with the terms hereof and shall accept in lieu of the number of Shares then subscribed for but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class or other securities of the Corporation or the Successor Corporation (as the case may be) or other consideration from the Corporation or the Successor Corporation (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of Section 10.2(3) hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Shares to which such Participant was immediately theretofore entitled upon such exercise or vesting of such Award.
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- (4) If, at any time after the grant of an Award to any Participant and prior to the expiration of the term of such Award, the Corporation shall make a distribution to all holders of Shares or other securities in the capital of the Corporation, or cash, evidences of indebtedness or other assets of the Corporation (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a Subsidiary or business unit of the Corporation or one of its Subsidiaries or cash proceeds of the disposition of such a Subsidiary or business unit), or should the Corporation effect any transaction or change having a similar effect, then the price or the number of Shares to which the Participant is entitled upon exercise or vesting of Award shall be adjusted to take into account such distribution, transaction or change. The Board shall determine the appropriate adjustments to be made in such circumstances in order to maintain the Participants' economic rights in respect of their Awards in connection with such distribution, transaction or change.

**Section 10.2 Amendment or Discontinuance of the Plan.**

- (1) The Board may amend the Plan or any Award at any time without the consent of the Participants provided that such amendment shall:
- (a) not adversely alter or impair any Award previously granted except as permitted by the provisions of Article 10 hereof;
  - (b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
  - (c) be subject to shareholder approval, where required by law or the requirements of the TSX, provided that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include but are not limited to:
    - (i) amendments of a "housekeeping" nature;
    - (ii) a change to the vesting provisions of any Award;
    - (iii) the introduction or amendment of a cashless exercise feature payable in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve; and
    - (iv) the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted.
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- (2) Notwithstanding Section 10.2(1)(c), the Board shall be required to obtain shareholder approval to make the following amendments:
- (a) any change to the maximum number of Shares issuable from treasury under the Plan, except such increase by operation of Section 2.4 and in the event of an adjustment pursuant to Article 10;
  - (b) any amendment which reduces the exercise price of any Award, as applicable, after such Awards have been granted or any cancellation of an Award and the substitution of that Award by a new Award with a reduced price, except in the case of an adjustment pursuant to Article 10;
  - (c) any amendment which extends the expiry date of any Award, or the Restriction Period of any RSU beyond the original expiry date, except in case of an extension due to a Black-Out Period;
  - (d) any amendment which would permit a change to the Eligible Participants, including a change which would have the potential of broadening or increasing participation by Insiders;
  - (e) any amendment which would permit any Award granted under the Plan to be transferable or assignable by any Participant other than as allowed by Section 9.1(4);
  - (f) any amendment which increases the maximum number of Shares that may be (i) issuable to Insiders and Associates of such Insiders at any time; or (ii) issued to Insiders and Associates of such Insiders under the Plan and any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 10; or
  - (g) any amendment to the amendment provisions of the Plan,

provided that Shares held directly or indirectly by Insiders benefiting from the amendments in Sections (b) and (c) shall be excluded when obtaining such shareholder approval.

- (3) Notwithstanding anything contained to the contrary in the Plan, in an Award Agreement contemplated herein, but subject to any specific provisions contained in any Employment Agreements, in the event of a Change in Control, a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the *Securities Act* (Ontario)) for all of the Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances, including, without limitation, changing the Performance Criteria and/or other vesting conditions for the Awards and/or the date on which any Award expires or the Restriction Period, the Performance Period, the Performance Criteria and/or other vesting conditions for the Awards.
- (4) The Board may, by resolution, advance the date on which any Award may be exercised or payable or, subject to applicable regulatory provisions, including the rules of the TSX, and shareholder approval, extend the expiration date of any Award, in the manner to be set forth in such resolution provided that the period during which an Option or a SAR is exercisable or RSU is outstanding does not exceed ten (10) years from the date such Option or SAR is granted in the case of Options and SARs and three (3) years after the calendar year in which the award is granted in the case of RSUs. The Board shall not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which any Option or SAR may be exercised or RSU may be outstanding by any other Participant.
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- (5) The Committee may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of the Participant's employment shall not apply for any reason acceptable to the Committee.
- (6) The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

### **Section 10.3 Term of the Plan.**

The Plan shall continue in effect until its termination by the Board; provided, however, that all Awards shall be granted, if at all, within ten (10) years from the Effective Date.

## **ARTICLE 11 — MISCELLANEOUS**

### **Section 11.1 Use of an Administrative Agent and Trustee.**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

### **Section 11.2 Tax Withholding.**

- (1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of applicable source deductions. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding obligation may be satisfied by (a) having the Participant elect to have the appropriate number of such Shares sold by the Corporation, the Corporation's transfer agent and registrar or any trustee appointed by the Corporation pursuant to Section 11.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Corporation, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or appropriate to conform with local tax and other rules.
- (2) Notwithstanding the first paragraph of this Section 11.2, the applicable tax withholdings may be waived where the Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which regulation 100(3) of the regulations of the Tax Act apply.

### **Section 11.3 Reorganization of the Corporation.**

The existence of any Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

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#### **Section 11.4 Personal Information**

Each Participant shall provide the Corporation and the Board with all information they require in order to administer the Plan. The Corporation and the Board may from time to time transfer or provide access to such information to a third party service provider for purposes of the administration of the Plan provided that such service providers will be provided with such information for the sole purpose of providing such services to the Corporation. By participating in the Plan, each Participant acknowledges that information may be so provided and agrees to its provision on the terms set forth herein. Except as specifically contemplated in this Section 11.4, the Corporation and the Board shall not disclose the personal information of a Participant except: (i) in response to regulatory filings or other requirements for the information by a governmental authority with jurisdiction over the Corporation; (ii) for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction to compel production of the information; or (iii) as otherwise required by law. In addition, personal information of Participants may be disclosed or transferred to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Corporation or its Affiliates including through an asset or share sale, or some other form of business combination, merger or joint venture, provided that such party is bound by appropriate agreements or obligations.

#### **Section 11.5 Governing Laws.**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

#### **Section 11.6 Severability.**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

#### **Section 11.7 Effective Date of the Plan.**

The Plan was originally approved by the Board on June 27, 2018 and took effect on June 27, 2018, subject to the acceptance of the Plan by the shareholders of the Corporation, the TSX and any other applicable regulatory authorities.

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**ADDENDUM A**

**HEXO CORP.  
OMNIBUS LONG TERM INCENTIVE PLAN**

**TERMS AND CONDITIONS APPLICABLE TO UNITED STATES PERSONS**

The rules set forth in this Addendum A (the “**U.S. Rules**”) shall apply to Awards granted under the HEXO Corp. Omnibus Long Term Incentive Plan (the “**Plan**”) to Eligible Participants who are residents of the United States of America or otherwise subject to income taxation by the United States of America (“**U.S. Persons**”). If there is a conflict, whether express or implied, between the Plan and these U.S. Rules as applicable to U.S. Persons, the U.S. Rules shall prevail.

**1. DEFINITIONS**

Any capitalized terms that are not defined herein will have the meanings given to them in the Plan.

“**Capital Change**” means a change in the capital structure of the Corporation, as described in Section 10.1 of the Plan.

“**Consultant**” means a U.S. Person who is a consultant or advisor of a Group Company, the offer and sale of securities by the Corporation to whom is eligible for registration on Form S-8 under the Securities Act.

“**Disability**” means a permanent and total disability within the meaning of Section 22(e)(3) of the U.S. Code.

“**Eligible U.S. Person**” means a U.S. Person who meets the requirements of Section 2.1 below.

“**Fair Market Value**” means, with respect to a Share as of any date:

- (a) the volume weighted average trading price per Share during the five (5) trading days immediately preceding such date, calculated by dividing the total value by the total volume of Shares traded for such five (5) trading days on the TSX, or if the Shares are not listed on TSX, on the principal securities exchange on which the Shares are listed; or
- (b) if the Shares are not then listed on a securities exchange, the fair market value of a Share as determined by the Board in good faith, and in a manner consistent with the requirements of Section 409A or Section 422 of the U.S. Code, as applicable.

“**Group Company**” means the Corporation or a Subsidiary.

“**Incentive Stock Option**” means an Option granted to an Eligible U.S. Person who is a U.S. Employee and that is intended to be (as set forth in the applicable Option Agreement) and which qualifies as an “incentive stock option” within the meaning of Section 422 of the U.S. Code.

“**Nonstatutory Option**” means an Option granted to an Eligible U.S. Person that is not intended to be (as set forth in the applicable Option Agreement), or that otherwise does not qualify as, an Incentive Stock Option.

“**Section 409A**” means Section 409A of the U.S. Code.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Separation from Service**” means a termination of employment or other service with a Group Company which constitutes a “separation from service” within the meaning of Section 409A.

“**Unit Award**” means an award of RSUs, an award of DSUs or a Retention Award.

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“**U.S. Code**” means the United States Internal Revenue Code of 1986, as amended, and any applicable regulations and administrative guidelines thereunder.

“**U.S. Employee**” means a U.S. Person treated as an employee (including a member of the Board who is also treated as an employee) in the records of a Group Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the U.S. Code; provided, however, that neither service as a member of the Board nor payment of a director’s fee is sufficient to constitute employment for purposes of these U.S. Rules.

“**U.S. Person**” means a person who is a resident of the United States of America or otherwise subject to income taxation by the United States of America.

“**U.S. Participant**” means a U.S. Person who has become a Participant.

## 2. **RULES APPLICABLE TO ALL AWARDS GRANTED TO U.S. PARTICIPANTS**

2.1 **Eligible U.S. Persons.** No U.S. Person shall be granted an Award pursuant to the Plan unless such person is, as of the date of grant of the Award, an Eligible Participant who is a U.S. Employee, Consultant or member of the Board of the Corporation or another Group Company which is a majority-owned subsidiary of the Corporation or another Group Company in a chain of majority-owned Group Companies beginning with the Corporation. No Consultant shall be eligible to become a Participant unless such Consultant is a natural person providing bona fide services to one or more of the foregoing entities and such services are not (i) in connection with the offer or sale of securities in a capital-raising transaction or (ii) performed to directly or indirectly promote or maintain a market for the Corporation’s securities. No U.S. Person shall be eligible to be granted an Award prior to the date such person commences employment or other personal service relationship with a Group Company.

2.2 **Grant of Awards.** The Board may grant to an Eligible U.S. Person one or more awards of Restricted Shares, subject to the conditions described in Section 4 below, one or more awards of RSUs or DSUs or Retention Awards, subject to the conditions described in Section 5 below, one or more awards of SARs, or one or more awards of Options which qualify as Incentive Stock Options or Options which do not qualify as Incentive Stock Options, which shall be Nonstatutory Options. Incentive Stock Options may only be granted to Eligible Participants who are U.S. Employees and in accordance with Section 3 below. Awards other than Incentive Stock Options may be granted to any Eligible U.S. Person. Unless Options granted pursuant to the Plan are specifically designated as Incentive Stock Options at the time of grant, they will be Nonstatutory Options. Any Option designated as an Incentive Stock Option that nevertheless fails to satisfy any of the requirements of Section 422 of the U.S. Code or the applicable regulations thereunder shall be treated as a Nonstatutory Option.

2.3 **Option Price; SAR Price.** No Option or SAR granted to an Eligible U.S. Person shall have an Option Price or SAR Price, respectively, that is less than 100% of the Fair Market Value of a Share on the date that the Option or SAR is granted. A SAR granted in tandem with a related Option shall have a SAR Price equal to the Option Price of the related Option.

2.4 **Compliance with U.S. Securities Law.** The grant of Awards to Eligible U.S. Persons and the issuance of Shares pursuant to any Awards held by a U.S. Participant shall be subject to compliance with all applicable requirements of United States federal and state law with respect to such securities and the requirements of any stock exchange or market system upon which the Shares may then be listed. In addition, no Award held by a U.S. Participant may be exercised or Shares issued pursuant to Awards held by a U.S. Participant unless (a) a registration statement under the Securities Act shall at the time of such exercise or issuance be in effect with respect to the Shares issuable pursuant to the Awards or (b) in the opinion of legal counsel to the Corporation, the Shares issuable pursuant to the Awards may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Corporation to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Corporation’s legal counsel to be necessary to the lawful issuance and sale of any Shares hereunder to any U.S. Person shall relieve the Corporation of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

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As a condition to issuance of any Shares, the Corporation may require a U.S. Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Corporation.

## 2.5 Tax Withholding.

(a) **In General.** At the time that Awards are granted, Awards cease to be subject to a substantial risk of forfeiture (i.e., become vested), Awards are exercised or Shares are issued, in whole or in part, or at any time thereafter as requested by any Group Company, the U.S. Participant hereby authorizes withholding from payroll or any other payment of any kind due to the U.S. Participant and otherwise agrees to make adequate provision for United States federal, state and local taxes and any other taxes or social insurance contributions required by law to be withheld, if any, which arise in connection with such Awards. The applicable Group Company may require the U.S. Participant to make a cash payment to cover any such withholding tax obligation as a condition of grant, exercise or vesting of the Awards or issuance of Shares.

(b) **Withholding in or Directed Sale of Shares.** The Corporation shall have the right, but not the obligation, to deduct from the Shares issuable to a U.S. Participant upon the exercise or settlement of Awards, or to accept from a U.S. Participant the tender of, a number of whole Shares having a Fair Market Value, as determined by the Corporation, equal to all or any part of the tax withholding obligations of any Group Company. The Fair Market Value of any Shares withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates. The Corporation may require a U.S. Participant to direct a securities broker, upon the exercise or settlement of Awards, to sell a portion of the Shares subject to the Awards determined by the Corporation in its discretion to be sufficient to cover the tax withholding obligations of any Group Company and to remit an amount equal to such tax withholding obligations to the Group Company in cash.

2.6 **Compliance with Section 409A.** All Awards granted to U.S. Participants are intended to comply with, or otherwise be exempt from, Section 409A. All such Awards shall be administered, interpreted, and construed in a manner consistent with Section 409A, as determined by the Corporation in good faith, to the extent necessary to avoid the imposition of additional taxes under Section 409A(a)(1)(B) of the U.S. Code. It is intended that any election, payment or benefit which is made or provided pursuant to or in connection with any Awards that may result in deferred compensation within the meaning of Section 409A shall comply in all respects with the applicable requirements of Section 409A. Notwithstanding the foregoing, neither the Corporation nor the Board shall have any obligation to take any action to prevent the assessment of any tax or penalty on any Participant under Section 409A, and neither the Corporation nor the Board will have any liability to any Participant for such tax or penalty.

2.7 **Electronic Delivery.** By accepting an Award under the Plan, the U.S. Participant (a) consents to the electronic delivery of all information with respect to the Plan and the Awards, and any reports of the Corporation provided generally to the Corporation's shareholders; (b) acknowledges that the Participant may receive from the Corporation a paper copy of any documents delivered electronically at no cost by contacting the Corporation by telephone or in writing; (c) further acknowledges that the Participant may revoke his or her consent to the electronic delivery of documents at any time by notifying the Corporation of such revoked consent by telephone, postal service or electronic mail; and (d) further acknowledges that the Participant understands that he or she is not required to consent to electronic delivery of documents.

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### 3. RULES APPLICABLE TO INCENTIVE STOCK OPTIONS

3.1 **Shareholder Approval of U.S. Rules Applicable to Incentive Stock Options.** These U.S. Rules applicable to Incentive Stock Options were initially adopted by the Board on March [♦], 2021 (the “U.S. Rules Adoption Date”) and were, or will be, approved by the shareholders of the Corporation no later than twelve (12) months after the U.S. Rules Adoption Date. Any amendment to the ISO Share Limit set forth in Section 3.2 below or in the classes of U.S. Employees eligible to be granted Incentive Stock Options under the Plan set forth in Section 3.4 below shall be approved by a majority of the outstanding securities of the Corporation entitled to vote within a period beginning twelve (12) months before and ending twelve (12) months after the date on which any such amendment is adopted by the Board.

3.2 **Maximum Number of Shares Issuable Pursuant to Incentive Stock Options.** Subject to proportionate adjustment in the event of a Capital Change, the maximum aggregate number of Shares that may be issued under Plan pursuant to the exercise of Incentive Stock Options shall not exceed [122,316,532] (the “ISO Share Limit”).

3.3 **Limitation on Time of Grant of Incentive Stock Options.** No Incentive Stock Option shall be granted pursuant to the Plan later than the 10th anniversary of the U.S. Rules Adoption Date. However, any Incentive Stock Options granted within such 10-year period shall continue to be governed by these U.S. Rules notwithstanding the expiration of such period.

3.4 **Eligible Participants.** An Incentive Stock Option may be granted only to an Eligible Participant who is (a) a U.S. Employee and (b) is an employee, within the meaning of Section 422 of the U.S. Code, of the Corporation or a corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation and ending with the corporation employing such U.S. Employee in which, at the time of the grant of such Option, each of the corporations other than the last corporation in the unbroken chain owns shares possessing 50% or more of the total combined voting power of all classes of the share capital in one of the other corporations in such chain.

3.5 **Option Price.** The Option Price for each Incentive Stock Option shall be established in the discretion of the Board; provided, however, that (a) the Option Price shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option and (b) no Incentive Stock Option granted to a person who, at the date of grant, owns shares possessing more than 10% of the total combined voting power of all classes of voting securities of a Group Company within the meaning of Section 422(b)(6) of the U.S. Code (a “Ten Percent Owner”) shall have an Option Price less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

3.6 **Incentive Stock Option Fair Market Value Limitation.** To the extent that an Incentive Stock Option granted to a U.S. Employee (together with all Incentive Stock Options granted to the U.S. Employee under all plans of the Group, including the Plan) becomes exercisable for the first time during any calendar year for Shares having a Fair market Value greater than U.S.D \$100,000, the portion of such Options which exceeds such amount will be treated as Nonstatutory Options. For purposes of this Rule, options designated as Incentive Stock Options are taken into account in the order in which they were granted, and the Fair Market Value of Shares is determined as of the date of grant of such Options. If a grant of Options is treated as an Incentive Stock Option in part and as a Nonstatutory Option in part by reason of the limitation set forth in this Rule, the Participant may designate which portion of such Options the Participant is exercising. In the absence of such designation, the Participant shall be deemed to have exercised the Incentive Stock Option portion of the Options first.

3.7 **Lapse of Incentive Stock Options.** No Incentive Stock Option shall be exercisable after the expiration of ten (10) years after the date of grant of such Option, provided that no Incentive Stock Option granted to a Ten Percent Owner shall be exercisable after the expiration of five (5) years after the date of grant of such Option.

3.8 **Effect of Termination of Employment or Leave of Absence on Incentive Stock Option.** A U.S. Participant's exercise of an Option otherwise qualifying as an Incentive Stock Option shall be treated as the exercise of an Incentive Stock Option only if the U.S. Participant is (except in the case of termination of employment due to Disability or death), at all times during the period beginning with the date of grant of such Option and ending on the date three (3) months before the date of such exercise, an employee of a corporation described in Section 3.4 above or a corporation substituting or assuming an Option in a transaction to which Section 424(a) of the U.S. Code applies. In the case of termination of employment due to Disability, a period of one (1) year shall be substituted in place of the period of three (3) months, and in the case of termination of employment due to death, the foregoing employment requirement shall not apply. A U.S. Participant's employment shall not be deemed to have been interrupted or terminated if the Participant takes any military leave, sick leave, or other bona fide leave of absence approved by a Group Company. However, unless the U.S. Participant's right to return to employment is guaranteed by statute or contract, if any such leave taken by a U.S. Participant exceeds three (3) months, then on the one hundred eighty-first (181st) day following the commencement of such leave an Option held by the Participant which remains outstanding shall be treated upon exercise as a Nonstatutory Option.

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3.9 **Incentive Stock Options Not Transferable.** An Incentive Stock Option shall not be transferable by the U.S. Participant otherwise than by will or the laws of descent and distribution, and during the lifetime of the U.S. Participant shall be exercisable only by the U.S. Participant.

3.10 **Notification of Disqualifying Disposition.** If the U.S. Participant makes a disposition (as that term is defined in Section 424(c) of the U.S. Code) of any Shares acquired pursuant to Incentive Stock Options within two years following the date of grant of such Options or within one year after the Shares acquired upon the exercise of such Options are transferred to the Participant, the Participant must notify the Corporation of such disposition in writing within 30 days of the disposition.

#### 4. **RULES APPLICABLE TO RESTRICTED SHARES**

4.1 **Notice of Availability of Election under Section 83(b) of the U.S. Code.** Each Restricted Share Agreement evidencing an award of Restricted Shares to a U.S. Person shall contain the following notice:

(a) The Participant understands that Section 83 of the U.S. Code taxes as ordinary income the difference between the amount paid for the Shares, if anything, and the fair market value of the Shares as of the date on which the Shares are "substantially vested," within the meaning of Section 83. In this context, "substantially vested" means that the right of the Corporation to reacquire Shares that remain unvested upon the Participant's termination of employment or other service relationship with a Group Company (the "**Reacquisition Right**") has lapsed. The Participant understands that he or she may elect to have his or her taxable income determined at the time he or she acquires the Shares rather than when and as the Reacquisition Right lapses by filing an election under Section 83(b) of the U.S. Code with the Internal Revenue Service no later than thirty (30) days after the date of acquisition of the Shares. The Participant understands that failure to make a timely filing under Section 83(b) will result in his or her recognition of ordinary income, as the Reacquisition Right lapses, on the difference between the purchase price, if anything, and the fair market value of the Shares at the time such restrictions lapse. The Participant further understands, however, that if Shares with respect to which an election under Section 83(b) has been made are forfeited to the Corporation pursuant to its Reacquisition Right, such forfeiture will be treated as a sale on which there is realized a loss equal to the excess (if any) of the amount paid (if any) by the Participant for the forfeited Shares over the amount realized (if any) upon their forfeiture. If the Participant has paid nothing for the forfeited Shares and has received no payment upon their forfeiture, the Participant understands that he or she will be unable to recognize any loss on the forfeiture of the Shares even though the Participant incurred a tax liability by making an election under Section 83(b).

(b) The Participant understands that he or she should consult with his or her tax advisor regarding the advisability of filing with the Internal Revenue Service an election under Section 83(b) of the U.S. Code, which must be filed no later than thirty (30) days after the date of the acquisition of the Shares pursuant to the Restricted Share Agreement. Failure to file an election under Section 83(b), if appropriate, may result in adverse tax consequences to the Participant. The Participant acknowledges that he or she has been advised to consult with a tax advisor regarding the tax consequences to the Participant of the acquisition of Shares hereunder. ANY ELECTION UNDER SECTION 83(b) THE PARTICIPANT WISHES TO MAKE MUST BE FILED NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE PARTICIPANT ACQUIRES THE SHARES. THIS TIME PERIOD CANNOT BE EXTENDED. THE PARTICIPANT ACKNOWLEDGES THAT TIMELY FILING OF A SECTION 83(b) ELECTION IS THE PARTICIPANT'S SOLE RESPONSIBILITY, EVEN IF THE PARTICIPANT REQUESTS THE CORPORATION OR ITS REPRESENTATIVE TO FILE SUCH ELECTION ON HIS OR HER BEHALF.

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(c) The Participant must notify the Corporation in writing if the Participant files an election pursuant to Section 83(b) of the U.S. Code. The Corporation intends, in the event it does not receive from the Participant evidence of such filing, to claim a tax deduction for any amount which would otherwise be taxable to the Participant in the absence of such an election.

## 5. RULES APPLICABLE TO UNIT AWARDS

5.1 **Performance Criteria and Vesting of Unit Awards.** At the time of the grant of a Unit Award to an Eligible U.S. Person, the Board may impose such Performance Criteria or other conditions on the vesting of the Unit Award as it, in its sole discretion, deems appropriate. Notwithstanding any provision of the Plan or any Award agreement to the contrary, once established at the time of grant, such Performance Criteria or other vesting conditions may not be modified in any manner that could extend the Performance Period or otherwise delay or defer the date on which such conditions to vesting could be satisfied in a manner that would constitute an extension of the period in which compensation is subject to a substantial risk of forfeiture within the meaning of Section 409A.

5.2 **Time of Settlement of Unit Awards.** Notwithstanding any provision of the Plan or any Award agreement to the contrary and except as complies with Section 5.3 below, no Unit Award granted to an Eligible U.S. Person shall permit the issuance of a Share or payment of a Cash Equivalent in settlement of a unit subject to the Unit Award later than the 15th day of the third calendar month following the last day of the calendar year or Corporation fiscal year (whichever ends later) in which the unit "vests" (i.e., ceases to be subject to a "substantial risk of forfeiture" within the meaning of Section 409A).

5.3 **Compliance with Section 409A of the Code.** In addition to the general provisions relating to Section 409A set forth in Section 2.6 of these U.S. Rules, the following rules shall apply to any Unit Awards that are deferred compensation subject to Section 409A:

(a) Notwithstanding anything to the contrary in the Plan, these U.S. Rules or any Award agreement, (i) each compensation deferral and payment election must be made in writing and comply with requirements of Section 409A and (ii) no payment election shall provide for payment except at a specified time, pursuant to a fixed schedule or upon a permissible payment event in accordance with the requirements of Section 409A.

(b) Notwithstanding anything to the contrary in the Plan, these U.S. Rules or any Award agreement, to the extent required to avoid tax penalties under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan on account of, and during the six (6) month period immediately following, the U.S. Participant's Separation from Service shall instead be paid on the first business day following the six-month anniversary of the U.S. Participant's Separation from Service (or upon the U.S. Participant's death, if earlier).

(c) Neither any U.S. Participant nor the Corporation shall take any action to accelerate or delay the payment of any amount or benefits under any Unit Award in any manner which would not be in compliance with Section 409A.

(d) Any right of a Participant to receive installment payments (within the meaning of Section 409A) shall, for all purposes of Section 409A, be treated as a right to a series of separate payments.

(e) Notwithstanding anything to the contrary in the Plan, these U.S. Rules or any Award agreement, to the extent that any amount constituting deferred compensation subject to Section 409A would become payable to a U.S. Participant under the Plan by reason of a Change in Control, such amount shall become payable only if such event would also constitute a "change in control event" within the meaning of Section 409A.

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(f) Should any provision of the Plan, these U.S. Rules or any Award agreement be found not to comply with, or otherwise to be exempt from, the provisions of Section 409A as applicable to a U.S. Participant, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Board, and without the consent of the holder of the Unit Award, in such manner as the Board determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A.

(g) Notwithstanding the foregoing, neither the Corporation nor the Board shall have any obligation to take any action to prevent the assessment of any tax or penalty upon any U S Participant under Section 409A, and neither the Corporation nor the Board will have any liability to any U S Participant for such tax or penalty.

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## THE HYDROPOTHECARY CORPORATION

## 2014 STOCK OPTION PLAN

This Plan (as defined below) has been adopted by the directors of the Corporation (as defined below) in connection with its initial public offering and listing of its common shares on the Exchange (as defined below) pursuant to the Capital Pool Company (“CPC”) program of the Exchange as governed by their Policy 2.4 (“Policy 2.4”). Notwithstanding anything herein to the contrary, while the Corporation remains a CPC, the terms of this Plan and the terms of all Options (as defined below) granted pursuant to this Plan shall include all terms, conditions and restrictions provided by Policy 2.4 as if such terms, conditions and restrictions were reproduced herein. While the Corporation is a CPC, Policy 2.4 shall prevail in the event of any inconsistency between Policy 2.4 and this Plan.

**1. Purpose of Plan**

1.1 The purpose of the Plan is to attract, retain and motivate persons as directors, officers, key employees and consultants of the Corporation and its Subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

**2. Defined Terms**

Where used herein, the following terms shall have the following meanings, respectively:

- 2.1 “**Board**” means the board of directors of the Corporation or, if established and duly authorized to act, an executive committee or another committee appointed for such purpose by the Board;
- 2.2 “**Business Day**” means any day, other than a Saturday or a Sunday, on which the Exchange is open for trading;
- 2.3 “**Consultant**” means, in relation to the Corporation, an individual (or a company wholly-owned by an individual) who:
- (i) provides ongoing consulting services to the Corporation or an affiliate of the Corporation under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Corporation or an affiliate of the Corporation;
  - (iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation;
- 2.4 “**Corporation**” means The Hydropothecary Corporation and includes any successor corporation thereto and any subsidiary thereof;
- 2.5 “**Discounted Market Price**” means the Market Price less the discount set forth below subject to a minimum price of \$0.05:

Closing Price	Discount
Up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

- 2.6 “**Eligible Person**” means any director, officer, employee (part-time or full-time), service provider or Consultant of the Corporation or any Subsidiary;
- 2.7 “**Exchange**” means TSX Venture Exchange and, where the context permits, any other exchange on which the Shares are or may be listed from time to time;
- 2.8 “**Expiry Date**” means the date of expiration of an Option specified in the stock option notice or stock option agreement evidencing an Option or in the resolution of the Corporation granting such Option, as the case may be;
- 2.9 “**Insider**” means:
- (a) an Insider as defined under Section 1 (1) of the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary; and
  - (b) an associate as defined under Section 1 (1) of the *Securities Act* (Ontario) of any person who is an insider by virtue of (a) above;
- 2.10 “**Market Price**” at any date in respect of the Shares shall be the greatest closing price of such Shares on any Exchange on the last Business Day preceding the date on which the Option is approved by the Board (or, if such Shares are not then listed and posted for trading on the Exchange, on such stock exchange in Canada on which the Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Shares did not trade on such Business Day, the Market Price shall be the average of the bid and ask prices in respect of such Shares at the close of trading on such date. In the event that such Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion;
- 2.11 “**Option**” means an option to purchase Shares granted under the Plan;
- 2.12 “**Option Price**” means the price per Share at which Shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with Article 8;
- 2.13 “**Optionee**” means an Eligible Person to whom an Option has been granted;
- 2.14 “**Person**” means an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Business Corporations Act* (Ontario);
- 2.15 “**Plan**” means the The Hydrothecary Corporation Stock Option Plan, as the same may be amended or varied from time to time;
- 2.16 “**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
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2.17 “**Shares**” means the common shares of the Corporation or, in the event of an adjustment contemplated by Article 8, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment; and

2.18 “**Subsidiary**” means any corporation which is a subsidiary as such term is defined in the *Business Corporations Act* (Ontario) (as such provision is from time to time amended, varied or re-enacted) of the Corporation.

### **3. Administration of the Plan**

3.1 The Plan shall be administered in accordance with the rules and policies of the Exchange in respect of employee stock option plans by the Board. The Board shall receive recommendations of management and shall determine and designate from time to time those directors, officers, employees and Consultants of the Corporation or its Subsidiaries to whom an Option should be granted and the number of Shares, which will be optioned from time to time to any Eligible Person and the terms and conditions of the grant.

3.2 The Board shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt, prescribe, amend or vary rules and regulations for carrying out the purposes, provisions and administration of the Plan and make all other determinations necessary or advisable for its administration;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine which Eligible Persons are granted Options and to grant Options;
- (d) to determine the number of Shares covered by each Option;
- (e) to determine the Option Price;
- (f) to determine the time or times when Options will be granted and exercisable;
- (g) to determine if the Shares which are subject to an Option will be subject to any restrictions upon the exercise of such Option; and
- (h) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options.

### **4. Shares Subject to the Plan**

4.1 Options may be granted in respect of authorized and unissued Shares provided that, the maximum aggregate number of Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options, subject to adjustment of such number pursuant to the provisions of Section 8 hereof, shall not exceed 10% of the issued and outstanding Shares of the Corporation as at the closing of the initial public offering. Following the completion of a Qualifying Transaction (as defined in Policy 2.4) the maximum aggregate number of Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options, subject to adjustment of such number pursuant to the provisions of Section 8 hereof, shall not exceed 10% of the then issued and outstanding Shares of the Corporation. Shares in respect of which Options are not exercised shall be available for subsequent Options under the Plan. No fractional Shares may be purchased or issued under the Plan.

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**5. Eligibility; Grant; Terms of Options**

- 5.1 Options may be granted to Eligible Persons. The Corporation covenants that all employees, service providers, Consultants or individuals employed by companies providing management services to the Corporation shall be bona fide employees, service providers, Consultants or employees of such Consultants or service providers of the Corporation or its subsidiaries.
- 5.2 Options may be granted by the Corporation pursuant to the recommendations of the Board from time to time provided and to the extent that such decisions are approved by the Board.
- 5.3 Subject to the provisions of this Plan, the number of Shares subject to each Option, the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board. At no time shall the period during which an Option shall be exercisable exceed 10 years.
- 5.4 In the event that no specific determination is made by the Board with respect to any of the following matters, the period during which an Option shall be exercisable shall be 10 years from the date the Option is granted to the Optionee and the Options shall vest on the date of the grant save and except that Options granted to Consultants or persons employed in Investor Relations Activities (as defined in the policies of the Exchange) shall vest in stages over 12 months with no more than  $\frac{1}{4}$  of the Options vesting in any three month period.
- 5.5 The Option Price of Shares which are the subject of any Option shall not be less than the Discounted Market Price, provided that:
- (a) while the Corporation is a CPC, the Option Price cannot be less than the greater of the per share price paid by the public investors for Shares under the Corporation's initial public offering and the Discounted Market Price;
  - (b) If Options are granted within 90 days of a distribution by a prospectus, the minimum Option Price will be the greater of the Discounted Market Price and the per share price paid by the public investors for Shares acquired under the distribution;
  - (c) The 90 day period begins on the date a final receipt is issued for the prospectus; and
  - (d) For unit offerings, the minimum Option Price will be the "base" (or imputed) price of the Shares included in the unit.
- 5.6 The number of Shares reserved for issuance to any one Person pursuant to Options granted under this Plan or any Share Compensation Arrangement, shall be subject to the following restrictions:
- (a) the aggregate number of Shares reserved for issuance pursuant to Options granted to any one Eligible Person, other than a consultant, in any 12 month period may not exceed 5% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained, and further, the aggregate number of Shares reserved for issuance pursuant to Options to any individual director or officer shall not exceed 5% of the Shares of the Corporation outstanding as at the closing of the initial public offering;
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- (b) the aggregate number of Shares issuable pursuant to Options granted to Insiders pursuant to the Plan or any Share Compensation Arrangement may not exceed 10% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained;
- (c) the aggregate number of Shares issued to Insiders pursuant to the Plan or any Share Compensation Arrangement in any 12 month period may not exceed 10% of the Corporation's total issued and outstanding Shares, unless disinterested shareholder approval is obtained;
- (d) no more than 2% of the total issued and outstanding Shares at the time of grant may be granted to any one consultant in any 12 month period, and further, the aggregate number of Shares reserved for issuance pursuant to Options to all technical consultants shall not exceed 2% of the Shares of the Corporation outstanding as at the closing of the initial public offering; and
- (e) no more than an aggregate of 2% of the total issued and outstanding Shares at the time of grant may be granted to all persons engaged to conduct Investor Relations Activities in any 12 month period (provided that while the Corporation is a CPC it must not grant any Options to such Persons employed in Investor Relations Activities).

5.7 Any entitlement to acquire Shares granted pursuant to the Plan or any other Share Compensation Arrangement prior to the Optionee becoming an Insider shall be excluded for the purposes of the limits set out in 5.6 above.

5.8 An Option is personal to the Optionee and is non-assignable and non-transferable.

5.9 Disinterested shareholder approval shall be required for any reduction in the exercise price of the Options if the optionholder is an Insider of the Corporation at the time of a proposed amendment to the exercise price.

## **6. Exercise of Options**

6.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable period of time following the receipt of such notice and payment.

6.2 Notwithstanding any of the provisions contained in the Plan or in any Option, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of an Option shall be subject to:

- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental or regulatory authority as counsel to the Corporation shall reasonably determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
  - (b) the listing of such Shares on the Exchange; and
  - (c) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Corporation or its counsel reasonably determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.
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In this connection the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on the Exchange.

- 6.3 No Option granted pursuant to this Plan may be exercised before the completion of the Qualifying Transaction unless the Optionee agrees in writing to deposit the shares acquired into escrow until the issuance of the Final Exchange Bulletin (as defined in Policy 2.4).

**7. Termination of Employment: Death**

- 7.1 Subject to Section 7.2 and any express resolution passed by the Board with respect to an Option, and all rights to purchase pursuant thereto, If an Optionee ceases to be an Eligible Person for any reason other than death, his/her Option shall terminate within a reasonable time as specified by the Board at the time of granting the option, such period to not exceed a period of one (1) year from the date of termination, and all rights to purchase Shares under such Option shall cease and expire and be of no further force or effect. Notwithstanding the foregoing, Options granted to any Optionee of the Corporation while the Corporation is a CPC, where the Optionee does not continue as an Eligible Person of the resulting issuer, have a maximum term of the later of 12 months after completion of the Qualifying Transaction and 90 days after the Optionee ceases to become an Eligible Person of the resulting issuer, following which all rights to purchase Shares under such Option shall cease and expire and be of no further force or effect.

- 7.2 If, before the expiry of an Option in accordance with the terms thereof, the employment of the Optionee with the Corporation or with any Subsidiary shall terminate, in either case by reason of the death of the Optionee, such Option may, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative(s) of the estate of the Optionee at any time during the first six months following the death of the Optionee (but prior to the expiry of the Option in accordance with the terms thereof) but only to the extent that the Optionee was entitled to exercise such Option at the date of the termination of his employment.

- 7.3 Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director where the Optionee continues to be employed by the Corporation or continues to be a director of the Subsidiary or an officer of the Corporation or any Subsidiary.

**8. Change in Control and Certain Adjustments**

- 8.1 Notwithstanding any other provision of this Plan in the event of:

- (a) the acquisition by any Person who was not, immediately prior to the effective time of the acquisition, a registered or a beneficial shareholder in the Corporation, of Shares or rights or options to acquire Shares of the Corporation or securities which are convertible into Shares of the Corporation or any combination thereof such that after the completion of such acquisition such Person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders; or
  - (b) the sale by the Corporation of all or substantially all of the property or assets of the Corporation;
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then notwithstanding that at the effective time of such transaction the Optionee may not be entitled to all the Shares granted by the Option, the Optionee shall be entitled to exercise the Options to the full amount of the Shares remaining at that time within 90 days of the close of any such transaction.

- 8.2 Appropriate adjustments with respect to Options granted or to be granted, in the number of Shares optioned and in the Option Price, shall be made by the Board to give effect to adjustments in the number of Shares of the Corporation resulting from subdivisions, consolidations or reclassifications of the Shares of the Corporation, the payment of stock dividends or cash dividends by the Corporation (other than dividends in the ordinary course), the distribution of securities, property or assets by way of dividend or otherwise (other than dividends in the ordinary course), or other relevant changes in the capital stock of the Corporation or the amalgamation or merger of the Corporation with or into any other entity, subsequent to the approval of the Plan by the Board. The appropriate adjustment in any particular circumstance shall be conclusively determined by the Board in its sole discretion, subject to approval by the Shareholders of the Corporation and to acceptance by the Exchange respectively, if applicable.

**9. Amendment or Discontinuance**

- 9.1 The Board may amend or discontinue the Plan at any time upon receipt of requisite regulatory approval including without limitation, the approval of the Exchange, provided, however, that no such amendment may increase the maximum number of Shares that may be optioned under the Plan, change the manner of determining the minimum Option Price or, without the consent of the Optionee, alter or impair any of the terms of any Option previously granted to an Optionee under the Plan. Any amendments to the terms of an Option shall also require regulatory approval, including without limitation, the approval of the Exchange.

**10. Miscellaneous Provisions**

- 10.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option Price of the Shares in respect of which the Option is being exercised) and the issuance of Shares by the Corporation.
- 10.2 Nothing in the Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any Subsidiary to terminate his employment at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment of any Optionee beyond the time which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 10.3 To the extent required by law or regulatory policy or necessary to allow Shares issued on exercise of an Option to be free of resale restrictions, the Corporation shall report the grant, exercise or termination of the Option to the Exchange and the appropriate securities regulatory authorities.
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**11. Shareholder and Regulatory Approval**

- 11.1 The Plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution of the shareholders of the Corporation and to acceptance by the Exchange. Any Options granted prior to such approval and acceptances shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.
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OMNIBUS INCENTIVE PLAN

ZENABIS GLOBAL INC.  
OMNIBUS INCENTIVE PLAN

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**ZENABIS GLOBAL INC.  
OMNIBUS INCENTIVE PLAN**

Zenabis Global Inc. (the “**Company**”) hereby establishes an omnibus incentive plan, to replace the Existing Option Plan in its entirety such that all Existing Options will be subject to this Plan, for certain qualified directors, executive officers, employees or Consultants of the Company or any of its Subsidiaries.

**ARTICLE 1  
INTERPRETATION**

**Section 1.1 Definitions.**

Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms shall have the following meanings, respectively, unless the context otherwise requires:

“**Account**” means an account maintained for each Participant on the books of the Company which will be credited with Awards in accordance with the terms of this Plan;

“**Affiliates**” has the meaning ascribed thereto in National Instrument 45-106 – Prospectus Exemptions;

“**Annual Base Compensation**” means an annual compensation amount payable to Non-Employee Directors as established from time to time by the Board.

“**Associate**”, where used to indicate a relationship with a Participant, means (i) any domestic partner of that Participant and (ii) the spouse of that Participant and that Participant’s children, as well as that Participant’s relatives and that Participant’s spouse’s relatives, if they share that Participant’s residence;

“**Award**” means any of an Option, DSU, or RSU granted to a Participant pursuant to the terms of the Plan;

“**Black-Out Period**” means a period of time when pursuant to any policies of the Company (including the Company’s insider trading policy), any securities of the Company may not be traded by certain Persons designated by the Company;

“**Board**” has the meaning ascribed thereto in Section 2.2(1) hereof;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Vancouver, British Columbia for the transaction of banking business;

“**Cash Equivalent**” means the amount of money equal to the Market Value multiplied by the number of vested RSUs or DSUs, as applicable, in the Participant’s Account, net of any applicable taxes in accordance with Section 8.2, on the RSU Settlement Date or the Filing Date, as applicable;

“**Cause**” has the meaning ascribed thereto in Section 6.2(1) hereof;

“**Change of Control**” means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (i) any transaction (other than a transaction described in clause (iii) below) pursuant to which any Person or group of Persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company’s then issued and outstanding securities entitled to vote in the election of directors of the Company, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Company under any of the Company’s equity incentive plans;

- (ii) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;
- (iii) the sale, lease, exchange, license or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Subsidiary of the Company in the course of a reorganization of the assets of the Company and its wholly-owned Subsidiaries;
- (iv) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement);
- (v) individuals who, on the effective date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board; or
- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

"**Company**" means Zenabis Global Inc., a corporation existing under the *Business Corporations Act* (British Columbia) as amended from time to time;

"**Consultant**" means a person, other than an employee, executive officer or director of the Company or a Subsidiary, that is engaged to provide ongoing services to the Company for a period of 12 months or more, and includes for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, or a partnership of which the individual Consultant is an employee or partner;

"**Consulting Agreement**" means, with respect to any Participant, any written consulting agreement between the Company or a Subsidiary and such Participant;

"**Dividend Equivalent**" means a cash credit equivalent in value to a dividend paid on a Share credited to a Participant's Account;

**"DSU"** or **"Deferred Share Unit"** means a right awarded to a Participant to receive a payment in the form of Shares, Cash Equivalent or a combination thereof upon Termination of Service, as provided in Article 5 and subject to the terms and conditions of this Plan;

**"DSU Agreement"** means a document evidencing the grant of DSUs and the terms and conditions thereof;

**"DSU Settlement Amount"** means the amount of Shares, Cash Equivalent, or combination thereof, calculated in accordance with Section 5.6, to be paid to settle a DSU Award after the Filing Date;

**"Eligibility Date"** the effective date on which a Participant becomes eligible to receive long-term disability benefits (provided that, for greater certainty, such effective date shall be confirmed in writing to the Company by the insurance company providing such long-term disability benefits);

**"Eligible Participants"** means any director, executive officer, employee or Consultant of the Company or any of its Subsidiaries, but for the purposes of Article 5, this definition shall be limited to directors of the Company or any of its Subsidiaries;

**"Employment Agreement"** means, with respect to any Participant, any written employment agreement between the Company or a Subsidiary and such Participant;

**"Exercise Notice"** means a notice in writing signed by a Participant and stating the Participant's intention to exercise a particular Award, if applicable;

**"Existing Option"** means an option grant made under the Existing Option Plan;

**"Existing Option Plan"** means the Zenabis Global Inc. Stock Option Plan made effective as of January 8, 2019;

**"Filing Date"** has the meaning set out in Section 5.5(1) or Section 5.5(3), as applicable;

**"Full Value Award"** means a DSU or an RSU;

**"Grant Agreement"** means an agreement evidencing the grant to a Participant of an Award, including an Option Agreement, a DSU Agreement, an RSU Agreement, an Employment Agreement or a Consulting Agreement;

**"Incentive Stock Option"** or **"ISO"** means an Option that is described in Section 3.8;

**"Insider"** means a "reporting insider" as defined in National Instrument 55-104 – Insider Reporting Requirements and Exemptions and includes Associates and affiliates (as such term is defined in Part 1 of the TSX Company Manual) of such "reporting insider";

**"Market Value"** means at any date when the market value of Shares is to be determined, (i) if the Shares are listed on the TSX, the closing price of the Shares on the TSX for the Trading Session on the day prior to the relevant time as it relates to an Award; (ii) if the Shares are not listed on the TSX, then as calculated in paragraph (i) by reference to the price on any other stock exchange on which the Shares are listed (if more than one, then using the exchange on which a majority of trading in the Shares occurs); or (iii) if the Shares are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith and such determination shall be conclusive and binding on all Persons;

**"New Option"** has the meaning ascribed thereto in Section 6.2 hereof;

**"Non-Employee Director"** means a member of the Board of Directors or a director of any Subsidiary of the Company who is not otherwise an employee or executive officer of the Company or a Subsidiary;

**“Option”** means an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof, and includes an ISO;

**“Option Agreement”** means a document evidencing the grant of Options and the terms and conditions thereof;

**“Option Price”** has the meaning ascribed thereto in Section 3.2 hereof;

**“Option Term”** has the meaning ascribed thereto in Section 3.4 hereof;

**“Outstanding Issue”** means the number of Shares that are issued and outstanding, on a non-diluted basis;

**“Participants”** means Eligible Participants that are granted Awards under the Plan;

**“Performance Criteria”** means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award;

**“Performance Period”** means the period determined by the Board at the time any Award is granted or at any time thereafter during which any Performance Criteria and any other vesting conditions specified by the Board with respect to such Award are to be measured;

**“Person”** means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a Person shall have a similarly extended meaning;

**“Plan”** means this Zenabis Global Inc. Omnibus Incentive Plan, including any amendments or supplements hereto made after the effective date hereof;

**“Restriction Period”** means the period determined by the Board pursuant to Section 4.3 hereof;

**“RSU”** means a right awarded to a Participant to receive a payment in the form of Shares, Cash Equivalent or a combination thereof as provided in Article 4 hereof and subject to the terms and conditions of this Plan;

**“RSU Agreement”** means a document evidencing the grant of RSUs and the terms and conditions thereof;

**“RSU Settlement Date”** has the meaning determined in Section 4.5(1);

**“RSU Vesting Determination Date”** has the meaning ascribed thereto in Section 4.4 hereof;

**“Shares”** means the common shares in the share capital of the Company;

**“Share Compensation Arrangement”** means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more full-time employees, directors, officers, Insiders, or Consultants of the Company or a Subsidiary including a share purchase from treasury by a full-time employee, director, officer, Insider, or Consultant which is financially assisted by the Company or a Subsidiary by way of a loan, guarantee or otherwise provided, however, that any such arrangements that do not involve the issuance from treasury or potential issuance from treasury of Shares of the Company are not “Share Compensation Arrangements” for the purposes of this Plan;

**“Stock Exchange”** means the [TSX] or, if the Shares are not listed or posted for trading on such stock exchange at a particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading;

“**Subsidiary**” means a corporation, company or partnership that is controlled, directly or indirectly, by the Company;

“**Tax Act**” means the Income Tax Act (Canada) and its regulations thereunder, as amended from time to time;

“**Termination**” means that a Participant has ceased to be an Eligible Participant, including for greater certainty, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by, or otherwise have a service relationship with, the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is not a member of the Board nor a director of the Company or any of its Subsidiaries;

“**Termination Date**” means (i) in the event of a Participant’s resignation, the date on which such Participant ceases to be a director, executive officer, employee or Consultant of the Company or one of its Subsidiaries and (ii) in the event of the termination of the Participant’s employment, or position as director, executive or officer of the Company or a Subsidiary, or Consultant, the effective date of the termination as specified in the notice of termination provided to the Participant by the Company or the Subsidiary, as the case may be, and, for greater certainty, any period of contractual or common law reasonable notice after the effective date in the written notice of termination shall not be included in determining the Termination Date;

“**Termination of Service**” means that a Participant has ceased to be an Eligible Participant, including for greater certainty, the earliest date on which both of the following conditions are met: (i) the Participant has ceased to be employed by the Company or any Subsidiary thereof for any reason whatsoever; and (ii) the Participant is not a member of the Board nor a director of the Company or any of its Subsidiaries;

“**Trading Session**” means a trading session on a day which the applicable Stock Exchange is open for trading;

“**TSX**” means the Toronto Stock Exchange;

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“**U.S. Participant**” means any Participant who, at any time during the period from the date an Award is granted to the date such award is exercised, redeemed, or otherwise paid to the Participant, is subject to income taxation in the United States on the income received for services provided to the Company or a Subsidiary and who is not otherwise exempt from United States income taxation under the relevant provisions of the U.S. Tax Code or the Canada-U.S. Income Tax Convention, as amended;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended;

“**U.S. Tax Code**” means the United States Internal Revenue Code of 1986, as amended; and

“**Vested Awards**” has the meaning ascribed thereto in Section 6.2(6) hereof.

## **Section 1.2 Interpretation.**

- (1) Whenever the Board is to exercise discretion or authority in the administration of the terms and conditions of this Plan, the term “discretion” or “authority” means the sole and absolute discretion of the Board.
- (2) The provision of a table of contents, the division of this Plan into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Plan.

- (3) In this Plan, words importing the singular shall include the plural, and vice versa and words importing any gender include any other gender.
- (4) The words "including", "includes" and "include" and any derivatives of such words mean "including (or includes or include) without limitation". As used herein, the expressions "Article", "Section" and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Plan, respectively.
- (5) Unless otherwise specified in the Participant's Grant Agreement, all references to money amounts are to Canadian currency.
- (6) For purposes of this Plan, the legal representatives of a Participant shall only include the administrator, the executor or the liquidator of the Participant's estate or will.
- (7) If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Plan, then the first day of the period is not counted, but the day of its expiry is counted.

**ARTICLE 2**  
**PURPOSE AND ADMINISTRATION OF THE PLAN; GRANTING OF AWARDS**

**Section 2.1 Purpose of the Plan.**

The purpose of the Plan is to permit the Company to grant Awards to Eligible Participants, subject to certain conditions as hereinafter set forth, for the following purposes:

- (a) to increase the interest in the Company's welfare of those Eligible Participants, who share responsibility for the management, growth and protection of the business of the Company or a Subsidiary;
- (b) to provide an incentive to such Eligible Participants to continue their services for the Company or a Subsidiary and to encourage such Eligible Participants whose skills, performance and loyalty to the objectives and interests of the Company or a Subsidiary are necessary or essential to its success, image, reputation or activities;
- (c) to reward Participants for their performance of services while working for the Company or a Subsidiary; and
- (d) to provide a means through which the Company or a Subsidiary may attract and retain able Persons to enter its employment or service.

**Section 2.2 Implementation and Administration of the Plan.**

- (1) The Plan shall be administered and interpreted by the board of directors of the Company (the "**Board**") or, if the Board by resolution so decides, by a committee or plan administrator appointed by the Board. If such committee or plan administrator is appointed for this purpose, all references to the "Board" herein will be deemed references to such committee or plan administrator. Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or other compensation arrangements, subject to any required approval.
- (2) Subject to Article 7 and any applicable rules of a Stock Exchange, the Board may, from time to time, as it may deem expedient, adopt, amend and rescind rules and regulations or vary the terms of this Plan and/or any Award hereunder for carrying out the provisions and purposes of the Plan and/or to address tax or other requirements of any applicable jurisdiction.

- (3) Subject to the provisions of this Plan, the Board is authorized, in its sole discretion, to make such determinations under, and such interpretations of, and take such steps and actions in connection with, the proper administration and operations of the Plan as it may deem necessary or advisable. The Board may delegate to officers or managers of the Company, or committees thereof, the authority, subject to such terms as the Board shall determine, to perform such functions, in whole or in part. Any such delegation by the Board may be revoked at any time at the Board's sole discretion. The interpretation, administration, construction and application of the Plan and any provisions hereof made by the Board, or by any officer, manager, committee or any other Person to which the Board delegated authority to perform such functions, shall be final and binding on the Company, its Subsidiaries and all Eligible Participants.
- (4) No member of the Board or any Person acting pursuant to authority delegated by the Board hereunder shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Award granted hereunder. Members of the Board or and any person acting at the direction or on behalf of the Board, shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.
- (5) The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issuance of any Shares or any other securities in the capital of the Company. For greater clarity, the Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, repurchasing Shares or varying or amending its share capital or corporate structure.

### **Section 2.3 Participation in this Plan.**

- (1) The Company makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting any Participant resulting from the grant of an Award, the exercise of an Option or transactions in the Shares or otherwise in respect of participation under the Plan. Neither the Company, nor any of its directors, officers, employees, shareholders or agents shall be liable for anything done or omitted to be done by such Person or any other Person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares hereunder, or in any other manner related to the Plan. For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional Awards will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Company and its Subsidiaries do not assume and shall not have responsibility for the income or other tax consequences resulting to any Participant and each Participant is advised to consult with his or her own tax advisors.
- (2) Participants (and their legal representatives) shall have no legal or equitable right, claim, or interest in any specific property or asset of the Company or any of its Subsidiaries. No asset of the Company or any of its Subsidiaries shall be held in any way as collateral security for the fulfillment of the obligations of the Company or any of its Subsidiaries under this Plan. Unless otherwise determined by the Board, this Plan shall be unfunded. To the extent any Participant or his or her estate holds any rights by virtue of a grant of Awards under this Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.
- (3) Unless otherwise determined by the Board, the Company shall not offer financial assistance to any Participant in regards to the exercise of any Award granted under this Plan.
- (4) The Board may also require that any Eligible Participant in the Plan provide certain representations, warranties and certifications to the Company to satisfy the requirements of applicable laws, including, without limitation, exemptions from the registration requirements of the U.S. Securities Act, and applicable U.S. state securities laws.



**Section 2.4 Shares Subject to the Plan.**

- (1) Subject to adjustment pursuant to Article 7 hereof, the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Shares.
- (2) The maximum number of Shares issuable at any time pursuant to outstanding Awards under this Plan shall be equal to 10% of the Outstanding Issue.
- (3) No Award that can be settled in Shares issued from treasury may be granted if such grant would have the effect of causing the total number of Shares subject to such Award to exceed the above-noted total numbers of Shares reserved for issuance pursuant to the settlement of Awards.
- (4) The Plan is an "evergreen" plan, as Shares of the Company covered by Awards which have been exercised or settled, as applicable, will be available for subsequent grant under the Plan and the number of Awards that may be granted under the Omnibus Plan increases if the total number of issued and Shares of the Company increases. For greater certainty, if an outstanding Award (or portion thereof) expires or is forfeited, surrendered, cancelled or otherwise terminated or lapses for any reason without having been exercised or settled in full the Shares covered by such Award, if any, will again be available for issuance under the Plan. Shares will not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash.
- (5) The maximum number of Shares that may be issued pursuant to Options intended as ISOs shall be limited to 10% of the Outstanding Issue, measured as of the date this Plan is submitted to shareholders for approval, as the same may be adjusted pursuant to Section 7.1.

**Section 2.5 Limits with Respect to other Share Compensation Arrangements, Insiders, Individual Limits, and Annual Grant Limits.**

- (1) The maximum number of Shares issuable pursuant to this Plan and any other Share Compensation Arrangement shall not exceed 10% of the Outstanding Issue from time to time.
- (2) The maximum number of Shares issuable to Eligible Participants who are Insiders, at any time, under this Plan and any other Share Compensation Arrangement, shall not exceed ten percent (10%) of the Outstanding Issue from time to time.
- (3) The maximum number of Shares issued to Eligible Participants who are Insiders, within any one year period, under this Plan and any other Share Compensation Arrangement, shall not exceed ten percent (10%) of the Outstanding Issue from time to time.
- (4) Any Award granted pursuant to the Plan, or securities issued under any Share Compensation Arrangement, prior to a Participant becoming an Insider, shall be excluded from the purposes of the limits set out in Section 2.5(1) and Section 2.5(3).

**Section 2.6 Granting of Awards.**

Any Award granted under the Plan shall be subject to the requirement that, if at any time the Company shall determine that the listing, registration or qualification of the Shares subject to such Award, if applicable, upon any stock exchange or under any law or regulation of any jurisdiction, or the consent or approval of any stock exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant of such Awards or exercise of any Option or the issuance or purchase of Shares thereunder, if applicable, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval.

## **Section 2.7 Limits with Respect to Non-Employee Directors.**

- (1) The Board may make Awards to Non-Employee Directors under the Plan provided that:
  - (a) the maximum number of Shares which may be reserved for issuance to Non-Employee Directors under the Plan and any other proposed or established Share Compensation Arrangement, shall not exceed one percent (1%) of the Outstanding Issue; and
  - (b) the annual grant of Awards under this Plan to any one Non-Employee Director shall not exceed \$150,000 in value (based on a Black-Scholes calculation or such other similar and acceptable methodology, applied consistently and appropriately as determined by the Board), of which no more than \$100,000 may comprise Options.

## **ARTICLE 3 OPTIONS**

### **Section 3.1 Nature of Options.**

An Option is an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Shares from treasury at the Option Price, but subject to the provisions hereof. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

### **Section 3.2 Option Awards.**

Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive Options under the Plan, (ii) fix the number of Options, if any, to be granted to each Eligible Participant and the date or dates on which such Options shall be granted, (iii) determine the price per Share to be payable upon the exercise of each such Option (the "**Option Price**") and the relevant vesting provisions (including Performance Criteria, if applicable) and the Option Term, the whole subject to the terms and conditions prescribed in this Plan or in any Option Agreement, and any applicable rules of a Stock Exchange.

### **Section 3.3 Option Price.**

The Option Price for Shares that are the subject of any Option shall be determined and approved by the Board when such Option is granted, but shall not be less than the Market Value of such Shares at the time of the grant.

### **Section 3.4 Option Term.**

- (1) The Board shall determine, at the time of granting the particular Option, the period during which the Option is exercisable, which shall not be more than ten (10) years from the date the Option is granted ("**Option Term**").
- (2) Should the expiration date for an Option fall within a Black-Out Period or within nine (9) Business Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth (10th) Business Day after the end of the Black-Out Period, such tenth (10th) Business Day to be considered the expiration date for such Option for all purposes under the Plan.

### **Section 3.5 Exercise of Options.**

Prior to its expiration or earlier termination in accordance with the Plan, each Option shall be exercisable at such time or times and/or pursuant to the achievement of such Performance Criteria and/or other vesting conditions as the Board at the time of granting the particular Option, may determine in its sole discretion. For greater certainty, any exercise of Options by a Participant shall be made in accordance with the Company's insider trading policy.

### Section 3.6 Method of Exercise and Payment of Purchase Price.

- (1) Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in Section 3.5 hereof) by the Participant (or by the liquidator, executor or administrator, as the case may be, of the estate of the Participant) by delivering a fully completed Exercise Notice to the Company at its registered office to the attention of the Corporate Secretary of the Company (or the individual that the Corporate Secretary of the Company may from time to time designate) or give notice in such other manner as the Company may from time to time designate, which notice shall specify the number of Shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash, certified cheque, bank draft or any other form of payment deemed acceptable by the Board of the purchase price for the number of Shares specified therein and, if required by Section 8.2, the amount necessary to satisfy any taxes.
- (2) Upon the exercise, the Company shall, as soon as practicable after such exercise but no later than ten (10) Business Days following such exercise, forthwith cause the transfer agent and registrar of the Shares either to:
  - (a) deliver to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice; or
  - (b) in the case of Shares issued in uncertificated form, cause the issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall have then paid for and as are specified in such Exercise Notice to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares.
- (3) The Board may, in its discretion and at any time, determine to grant a Participant the alternative, when entitled to exercise an Option, to deal with such Option on a "cashless exercise" basis, on such terms as the Board may determine in its discretion (the "**Cashless Exercise Right**"). Without limitation, the Board may determine in its discretion that such Cashless Exercise Right, if any, grant a Participant the right to terminate such Option in whole or in part by notice in writing to the Company and in lieu of receiving Shares pursuant to the exercise of the Option, receive, without payment of any cash other than pursuant to Section 8.2 that number of Shares, disregarding fractions, which when multiplied by the Market Value on the day immediately prior to the exercise of the Cashless Exercise Right, have a total value equal to the product of that number of Shares subject to the Option multiplied by the difference between the Market Value on the day immediately prior to the exercise of the Cashless Exercise Right and the Option Price.

### Section 3.7 Option Agreements.

Options shall be evidenced by an Option Agreement, in such form not inconsistent with the Plan as the Board may from time to time determine. The Option Agreement may contain any such terms that the Company considers necessary in order that the Option will comply with applicable laws or the rules of any regulatory body having jurisdiction over the Company.

### **Section 3.8 Incentive Stock Options.**

- (1) ISOs are available only for Participants who are employees of the Company, or a “parent corporation” or “subsidiary corporation” (as such terms are defined in Section 424(e) and (f) of the U.S. Tax Code), on the date the Option is granted. In addition, a Participant who holds an ISO must continue as an employee, except that upon termination of employment the Option will continue to be treated as an ISO for three months, after which the Option will no longer qualify as an ISO, except as provided in this Section 3.8(1). A Participant’s employment will be deemed to continue during period of sick leave, military leave or other bona fide leave of absence, provided the leave of absence does not exceed three (3) months, or the Participant’s return employment is guaranteed by statute or contract. If a termination of employment is due to permanent disability, an Option may continue its ISO status for one year, and if the termination is due to death, the ISO status may continue for the balance of the Option’s term. Nothing in this Section 3.8(1) will be deemed to extend the original expiry date of an Option.
- (2) A Participant who owns, or is deemed to own, pursuant to Section 424(e) of the U.S. Tax Code, Shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company may not be granted an Option that is an ISO unless the Option Price is at least one hundred ten percent (110%) of the Market Value of the Shares, as of the date of the grant, and the Option is not exercisable after the expiration of five (5) years from the date of grant.
- (3) To the extent the aggregate Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any affiliates) exceeds One Hundred Thousand United States Dollars (US\$100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Options other than ISOs, notwithstanding any contrary provision in the applicable Option Agreement.

## **ARTICLE 4 RESTRICTED SHARE UNITS**

### **Section 4.1 Nature of RSUs.**

A Restricted Share Unit is an Award in the nature of a bonus for services rendered that, upon settlement, entitles the recipient Participant to acquire Shares as determined by the Board or, subject to Section 4.2(3), to receive the Cash Equivalent or a combination thereof, as the case may be, pursuant and subject to such restrictions and conditions as the Board may determine at the time of grant, unless such RSU expires prior to being settled. Vesting conditions may, without limitation, be based on continuing employment (or other service relationship) and/or achievement of Performance Criteria. Unless otherwise determined by the Board in its discretion, the Award of an RSU, other than a Long Term RSU, is considered a bonus for services rendered in the calendar year in which the Award is made.

### **Section 4.2 RSU Awards.**

- (1) The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive RSUs under the Plan, (ii) fix the number of RSUs, if any, to be granted to each Eligible Participant and the date or dates on which such RSUs shall be granted, (iii) determine the relevant conditions and vesting provisions (including the applicable Performance Period and Performance Criteria, if any) and the Restriction Period of such RSUs, (provided, however, that no such Restriction Period shall exceed the 3 years referenced in Section 4.3) and (iv) any other terms and conditions applicable to the granted RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan and in any RSU Agreement.

- (2) Subject to the vesting and other conditions and provisions in this Plan and in the RSU Agreement, each vested RSU awarded to a Participant shall entitle the Participant to receive one Share, the Cash Equivalent or a combination thereof upon confirmation by the Board that the vesting conditions (including the Performance Criteria, if any) have been met and, subject to Section 4.2(3), no later than the last day of the Restriction Period. For greater certainty, RSUs that are subject to Performance Criteria may become vested RSUs based on multiplier, which may be greater or lesser than 100%, subject to such percentage being no greater than 200%.
- (3) Any RSU Award which is subject to vesting criteria that have a Performance Period that exceeds the maximum length of the Restriction Period identified in Section 4.3 ("**Long Term RSUs**") shall only be settled through the issuance of Shares from treasury of the Company. The Board shall determine, at the time of granting the particular Long Term RSU, the period during which the Long Term RSU can, subject to satisfying the vesting criteria, be settled, which period shall not be more than ten (10) years from the date the Long Term RSU is granted (the "**Long Term RSU Period**").

#### **Section 4.3 Restriction Period.**

The applicable restriction period in respect of a particular RSU shall be determined by the Board but in all cases shall end no later than December 31 of the calendar year which is three (3) years after the calendar year in which the performance of services for which such RSU is granted, occurred ("**Restriction Period**"). All unvested RSUs shall be cancelled on the RSU Vesting Determination Date (as such term is defined in Section 4.4) and, in any event: (i) all unvested RSUs other than Long Term RSUs shall be cancelled no later than the last day of the Restriction Period; and (ii) all unvested Long Term RSUs shall be cancelled no later than the last day of the Long Term RSU Period.

#### **Section 4.4 RSU Vesting Determination Date.**

The vesting determination date means the date on which the Board determines if the Performance Criteria and/or other vesting conditions with respect to an RSU have been met (the "**RSU Vesting Determination Date**"), and as a result, establishes the number of RSUs that become vested, if any. For greater certainty, the RSU Vesting Determination Date must fall after the end of the Performance Period, if any, but no later than; (i) for RSUs other than Long Term RSUs, December 15 of the calendar year which is three (3) years after the calendar year in which the performance of services for which such RSU is granted, occurred; and (ii) for Long Term RSUs, 15 days prior to the expiry of the Long Term RSU Period. Notwithstanding the foregoing, for any U.S. Participant, the RSU Vesting Determination Date shall occur no later than March 15 of the calendar year following the end of the Performance Period.

#### **Section 4.5 Settlement of RSUs.**

- (1) Except as otherwise provided in the RSU Agreement, all of the vested RSUs covered by a particular grant shall be settled as soon as practicable and in any event within ten (10) Business Days following their RSU Vesting Determination Date and, subject to Section 4.2(3), no later than the end of the Restriction Period (the "**RSU Settlement Date**").
- (2) Settlement of RSUs shall take place promptly following the RSU Settlement Date, and for RSUs other than Long Term RSUs, no later than the end of the Restriction Period, and subject to Section 4.2(3) shall take the form determined by the Board, in its sole discretion. Settlement of RSUs shall be subject to Section 8.2 and shall, subject to Section 4.2(3), take place through:
  - (a) in the case of settlement of RSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;

- (b) in the case of settlement of RSUs for Shares:
    - (i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
    - (ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares; or
  - (c) in the case of settlement of the RSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.
- (3) Notwithstanding the foregoing, for any U.S. Participant, the RSU Settlement Date and delivery of Shares or Cash Equivalent, if any, shall each occur no later than March 15 of the calendar year following the end of the Performance Period.

**Section 4.6 Determination of Amounts.**

- (1) For purposes of determining the Cash Equivalent of RSUs to be made pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the Market Value on the RSU Settlement Date multiplied by the number of vested RSUs in the Participant's Account to settle in cash.
- (2) For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of RSUs pursuant to Section 4.5, such calculation will be made on the RSU Settlement Date based on the whole number of Shares equal to the whole number of vested RSUs then recorded in the Participant's Account to settle in Shares.

**Section 4.7 RSU Agreements.**

RSUs shall be evidenced by an RSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The RSU Agreement may contain any such terms that the Company considers necessary in order that the RSU will comply with applicable laws or the rules of any regulatory body having jurisdiction over the Company.

**Section 4.8 Award of Dividend Equivalents.**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account in additional RSUs, the number of which shall be equal to a fraction where the numerator is the product of (i) the number of RSUs in such Participant's Account on the date that dividends are paid multiplied by (ii) the dividend paid per Share and the denominator of which is the Market Value of one Share calculated on the date that dividends are paid. Any additional RSUs credited to a Participant's Account as a Dividend Equivalent pursuant to this Section 4.8 shall have an RSU Vesting Determination Date which is the same as the RSU vesting Determination Date for the RSUs in respect of which such additional RSUs are credited.

In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant and returned to the Company's account.

**ARTICLE 5  
DEFERRED SHARE UNITS**

**Section 5.1 Nature of DSUs.**

A Deferred Share Unit is an Award attributable to a Participant's duties as a Non-Employee Director and that, upon settlement, entitles the recipient Participant to receive such number of Shares as determined by the Board, or to receive the Cash Equivalent or a combination thereof, as the case may be, and is payable after Termination of Service of the Participant.

**Section 5.2 DSU Awards.**

The Board shall, from time to time by resolution, in its sole discretion, (i) designate the Eligible Participants who may receive DSU Awards under the Plan, and (ii) fix the number of DSU Awards to be granted to each Eligible Participant and the date or dates on which such DSU Awards shall be granted, subject to the terms and conditions prescribed in this Plan and in any DSU Agreement. Each DSU awarded shall entitle the Participant to one Share, or the Cash Equivalent, or a combination thereof.

**Section 5.3 Payment of Annual Base Compensation.**

- (1) Each Participant may elect to receive in DSUs any portion or all of his or her Annual Base Compensation by completing and delivering a written election to the Company on or before November 15<sup>th</sup> of the calendar year ending immediately before the calendar year with respect to which the election is made. Such election will be effective with respect to compensation payable for fiscal quarters beginning during the calendar year following the date of such election. In addition, a Participant may elect on or before June 30, 2019 to receive up to 50% of his or her Annual Base Compensation for the remaining fiscal quarters in 2019 in DSUs. Elections hereunder shall be irrevocable with respect to compensation earned during the period to which such election relates.
- (2) Further, where an individual becomes a Participant for the first time during a fiscal year and, for individuals that are U.S. Participants, such individual has not previously participated in a plan that is required to be aggregated with this Plan for purposes of Section 409A of the U.S. Tax Code, such individual may elect to defer Annual Base Compensation with respect to fiscal quarters of the Company commencing after the Company receives such individual's written election, which election must be received by the Company no later than thirty (30) days after the later of the Plan's adoption or such individual's appointment as a Participant. For greater certainty, new Participants will not be entitled to receive DSUs for any Annual Base Compensation earned pursuant to an election for the quarter in which they submit their first election to the Company or any previous quarter.
- (3) All DSUs granted with respect to Annual Base Compensation will be credited to the Participant's Account when such Annual Base Compensation is payable (the "**Grant Date**").
- (4) The Participant's Account will be credited with the number of DSUs calculated to the nearest thousandths of a DSU, determined by dividing the dollar amount of compensation payable in DSUs on the Grant Date by the Market Value of the Shares. Fractional Deferred Share Units will not be issued and any fractional entitlements will be rounded down to the nearest whole number.

**Section 5.4 Additional Deferred Share Units.**

In addition to DSUs granted pursuant to Section 5.3, the Board may award such number of DSUs to a Participant as the Board deems advisable to provide the Participant with appropriate equity-based compensation for the services he or she renders to the Company. The Board shall determine the date on which such DSUs may be granted and the date as of which such DSUs shall be credited to a Participant's Account. An award of DSUs pursuant to this Section 5.4 shall be subject to a DSU Agreement evidencing the Award and the terms applicable thereto.

## **Section 5.5 Settlement of DSUs.**

- (1) A Participant may receive their Shares, or Cash Equivalent, or a combination thereof, to which such Participant are entitled upon Termination of Service, by filing a redemption notice on or before December 15 of the first calendar year commencing after the date of the Participant's Termination of Service. Notwithstanding the foregoing, if any Participant does not file such notice on or before that December 15 and in all cases for each U.S. Participant, the Participant will be deemed to have filed the redemption notice on December 15 (the date of the filing or deemed filing of the redemption notice, the "**Filing Date**").
- (2) The Company will make payment of the DSU Settlement Amount as soon as reasonably possible following the Filing Date and in any event no later than the end of the first calendar year commencing after the Participant's Termination of Service.
- (3) In the event of the death of a Participant, the Company will, subject to Section 8.2, make payment of the DSU Settlement Amount within two months of the Participant's death to or for the benefit of the legal representative of the deceased Participant. For the purposes of the calculation of the Settlement Amount, the Filing Date shall be the date of the Participant's death.
- (4) Subject to the terms of the DSU Award Agreement, including the satisfaction or, at the discretion of the Board, waiver of any vesting conditions, settlement of DSUs shall take place promptly following the Filing Date, and take the form as determined by the Board, in its sole discretion. Settlement of DSUs shall be subject to Section 8.2 and shall take place through:
  - (a) in the case of settlement of DSUs for their Cash Equivalent, delivery of a cheque to the Participant representing the Cash Equivalent;
  - (b) in the case of settlement of DSUs for Shares:
    - (i) delivery to the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) of a certificate in the name of the Participant representing in the aggregate such number of Shares as the Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive (unless the Participant intends to simultaneously dispose of any such Shares); or
    - (ii) in the case of Shares issued in uncertificated form, issuance of the aggregate number of Shares as the Participant (or the liquidator, executor or administrator, as the case may be, of the estate of the Participant) shall be entitled to receive to be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Shares; or
  - (c) in the case of settlement of the DSUs for a combination of Shares and the Cash Equivalent, a combination of (a) and (b) above.

## **Section 5.6 Determination of DSU Settlement Amount.**

- (1) For purposes of determining the Cash Equivalent of DSUs to be made pursuant to Section 5.5 such calculation will be made on the Filing Date based on the Market Value on the Filing Date multiplied by the number of vested DSUs in the Participant's Account to settle in cash.



- (2) For the purposes of determining the number of Shares to be issued or delivered to a Participant upon settlement of DSUs pursuant to Section 5.5, such calculation will be made on the Filing Date based on the whole number of Shares equal to the whole number of vested DSUs then recorded in the Participant's Account to settle in Shares.

#### **Section 5.7 DSU Agreements.**

DSUs shall be evidenced by a DSU Agreement in such form not inconsistent with the Plan as the Board may from time to time determine. The DSU Agreement may contain any such terms that the Company considers necessary in order that the DSU will comply with applicable laws or the rules of any regulatory body having jurisdiction over the Company.

#### **Section 5.8 Award of Dividend Equivalents.**

Dividend Equivalents may, as determined by the Board in its sole discretion, be awarded in respect of DSUs in a Participant's Account on the same basis as cash dividends declared and paid on Shares as if the Participant was a shareholder of record of Shares on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account in additional DSUs, the number of which shall be equal to a fraction where the numerator is the product of (i) the number of DSUs in such Participant's Account on the date that dividends are paid multiplied by (ii) the dividend paid per Share and the denominator of which is the Market Value of one Share calculated on the date that dividends are paid. Any additional DSUs credited to a Participant's Account as a Dividend Equivalent pursuant to this Section 5.8 shall be subject to the same terms and conditions as the underlying DSU Award.

### **ARTICLE 6 GENERAL CONDITIONS**

#### **Section 6.1 General Conditions Applicable to Awards.**

Each Award, as applicable, shall be subject to the following conditions:

- (1) **Vesting Period.** Each Award granted hereunder shall vest in accordance with the terms of the Grant Agreement entered into in respect of such Award. The Board has the right to accelerate the date upon which any Award becomes exercisable notwithstanding the vesting schedule set forth for such Award, regardless of any adverse or potentially adverse tax consequence resulting from such acceleration.
- (2) **Employment.** Notwithstanding any express or implied term of this Plan to the contrary, the granting of an Award pursuant to the Plan shall in no way be construed as a guarantee by the Company or a Subsidiary to the Participant of employment or another service relationship with the Company or a Subsidiary. The granting of an Award to a Participant shall not impose upon the Company or a Subsidiary any obligation to retain the Participant in its employ or service in any capacity. Nothing contained in this Plan or in any Award granted under this Plan shall interfere in any way with the rights of the Company or any of its Affiliates in connection with the employment, retention or termination of any such Participant. The loss of existing or potential profit in Shares underlying Awards granted under this Plan shall not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.
- (3) **Grant of Awards.** Eligibility to participate in this Plan does not confer upon any Eligible Participant any right to be granted Awards pursuant to this Plan. Granting Awards to any Eligible Participant does not confer upon any Eligible Participant the right to receive nor preclude such Eligible Participant from receiving any additional Awards at any time. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to this Plan will be determined in the sole discretion of the Board. Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Eligible Participant's relationship or employment with the Company or any Subsidiary.

- (4) **Rights as a Shareholder.** Neither the Participant nor such Participant's personal representatives or legatees shall have any rights whatsoever as shareholder in respect of any Shares covered by such Participant's Awards by reason of the grant of such Award until such Award has been duly exercised, as applicable, and settled and Shares have been issued in respect thereof. Subject to Section 4.8 and Section 5.8, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such Shares have been issued.
- (5) **Conformity to Plan.** In the event that an Award is granted or a Grant Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award or the grant of such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.
- (6) **Non-Transferrable Awards.** Except as specifically provided in a Grant Agreement approved by the Board, each Award granted under the Plan is personal to the Participant and shall not be assignable or transferable by the Participant, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased Participant. No Award granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.
- (7) **Participant's Entitlement.** Except as otherwise provided in this Plan or unless the Board permits otherwise, upon any Subsidiary of the Company ceasing to be a Subsidiary of the Company, Awards previously granted under this Plan that, at the time of such change, are held by a Person who is a director, executive officer, employee or Consultant of such Subsidiary of the Company and not of the Company itself, whether or not then exercisable, shall automatically terminate on the date of such change.

## Section 6.2 General Conditions Applicable to Options.

Each Option shall be subject to the following conditions:

- (1) **Termination for Cause.** Upon a Participant ceasing to be an Eligible Participant for Cause, any vested or unvested Option granted to such Participant shall terminate automatically and become void immediately. For the purposes of the Plan, the determination by the Company that the Participant was discharged for Cause shall be binding on the Participant. "Cause" shall include, among other things, gross misconduct, theft, fraud, breach of confidentiality or breach of the Company's codes of conduct and any other reason determined by the Company to be cause for termination.
- (2) **Termination not for Cause.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her employment or service relationship with the Company or a Subsidiary being terminated without Cause, (i) any unvested Option granted to such Participant shall terminate and become void immediately and (ii) any vested Option granted to such Participant may be exercised by such Participant. Unless otherwise determined by the Board, in its sole discretion, such Option shall only be exercisable within the earlier of ninety (90) days after the Termination Date, or the expiry date of the Award set forth in the Grant Agreement, after which the Option will expire.
- (3) **Resignation.** Upon a Participant ceasing to be an Eligible Participant as a result of his or her resignation from the Company or a Subsidiary:
  - (a) (i) each unvested New Option (as defined below) granted to such Participant shall terminate and become void immediately upon resignation, and (ii) each vested New Option granted to such Participant will cease to be exercisable on the earlier of thirty (30) days following the Termination Date and the expiry date of the vested New Option set forth in the Grant Agreement, after which the vested New Option will expire; and

- (b) (i) each unvested Existing Option granted to such Participant shall terminate and become void immediately upon resignation, and (ii) each vested Existing Option granted to such Participant will cease to be exercisable on the earlier of ninety (90) days following the Termination Date and the expiry date of the vested Existing Option set forth in the Grant Agreement, after which the vested Existing Option will expire.
- (4) **Retirement.** Upon a Participant ceasing to be an Eligible Participant by reason of retirement:
- (a) (i) each unvested New Option granted to such Participant shall terminate and become void immediately, and (ii) each vested New Option granted to such Participant will cease to be exercisable on the earlier of the ninety (90) days from the date of retirement of the Participant and the expiry date of the Award set forth in the Grant Agreement, after which the New Option will expire; and
- (b) (i) each unvested Existing Option granted to such Participant will continue to vest for a period of twelve (12) months following the date of retirement of the Participant and (ii) any vested Existing Option granted to such Participant will continue to be exercisable for a period of up to twelve (12) months following the date of retirement of the Participant, after which each vested Existing Option will expire and all unvested Existing Options will terminate and become void.
- (5) **Permanent Disability.** Upon a Participant ceasing to be an Eligible Participant by reason of permanent disability:
- (a) (i) each unvested New Option granted to such Participant shall terminate and become void immediately, and (ii) each vested New Option granted to such Participant will cease to be exercisable on the earlier of the ninety (90) days from date on which the Participant ceases his or her employment or service relationship with the Company or any Subsidiary by reason of permanent disability, and the expiry date of the Award set forth in the Grant Agreement, after which the New Option will expire; and
- (b) (i) each unvested Existing Option granted to such Participant will continue to vest in accordance with the terms of the Grant Agreement, and (ii) each vested Existing Option granted to such Participant will remain exercisable until the original expiry date of the Existing Options set forth in the Grant Agreement.
- (6) **Death.** Upon a Participant ceasing to be an Eligible Participant by reason of death:
- (a) each vested New Option granted to such Participant may be exercised by the liquidator, executor or administrator, as the case may be, of the estate of the Participant for that number of Shares only which such Participant was entitled to acquire under the respective New Options (the "**Vested Awards**") on the date of such Participant's death. Such Vested Awards shall only be exercisable within twelve (12) months after the Participant's death or prior to the expiration of the original term of the New Options whichever occurs earlier; and
- (b) each unvested Existing Option held by such Participant will vest immediately and the liquidator, executor or administrator, as the case may be, of the estate of the Participant may exercise the Participant's Existing Options for the period ending on the earlier of (i) the original expiry date of the Existing Options, and (ii) the date that is twelve (12) months following the date of the Participant's death.

For the purposes of this Section 6.2, "New Option" means an Option granted on or after the effective date of the Plan.

### Section 6.3 General Conditions Applicable to RSUs.

Each RSU shall be subject to the following conditions:

- (1) **Termination for Cause and Resignation.** Upon a Participant ceasing to be an Eligible Participant for Cause or as a result of his or her resignation from the Company or a Subsidiary, the Participant's participation in the Plan shall be terminated immediately, all RSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights to Shares or Cash Equivalent or a combination thereof that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date.
- (2) **Death or Termination.** Except as otherwise determined by the Board from time to time, at its sole discretion, upon a Participant ceasing to be an Eligible Participant as a result of (i) death, (ii) retirement, (iii) Termination for reasons other than for Cause, (iv) his or her employment or service relationship with the Company or a Subsidiary being terminated by reason of injury or disability or (v) becoming eligible to receive long-term disability benefits, all unvested RSUs in the Participant's Account as of such date relating to a Restriction Period in progress shall remain outstanding and in effect until the applicable RSU Vesting Determination Date, and
  - (a) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were not met for such RSUs, then all unvested RSUs credited to such Participant's Account shall be forfeited and cancelled and the Participant's rights to Shares or Cash Equivalent or a combination thereof that relate to such unvested RSUs shall be forfeited and cancelled; and
  - (b) If, on the RSU Vesting Determination Date, the Board determines that the vesting conditions were met for such RSUs, the Participant shall be entitled to receive pursuant to Section 4.5 that number of Shares or Cash Equivalent or a combination thereof equal to the number of RSUs outstanding in the Participant's Account in respect of such Restriction Period multiplied by a fraction, the numerator of which shall be the number of completed months of service of the Participant with the Company or a Subsidiary during the applicable Restriction Period as of the date of the Participant's death, retirement, termination or Eligibility Date and the denominator of which shall be equal to the total number of months included in the applicable Restriction Period (which calculation shall be made on the applicable RSU Vesting Determination Date) and the Company shall distribute such number of Shares or Cash Equivalent or a combination thereof to the Participant or the liquidator, executor or administrator, as the case may be, of the estate of the Participant, as soon as practicable thereafter, but no later than the end of the Restriction Period, the Company shall debit the corresponding number of RSUs from the Account of such Participant's or such deceased Participants', as the case may be, and the Participant's rights to all other Shares or Cash Equivalent or a combination thereof that relate to such Participant's RSUs shall be forfeited and cancelled.
- (3) **General.** For greater certainty, where a Participant's employment or service relationship with the Company or a Subsidiary is terminated pursuant to Section 6.3(1) or Section 6.3(2) hereof following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment.

**ARTICLE 7  
ADJUSTMENTS AND AMENDMENTS**

**Section 7.1 Adjustment to Shares.**

In the event of (i) any subdivision of the Shares into a greater number of Shares, (ii) any consolidation of Shares into a lesser number of Shares, (iii) any reclassification, reorganization or other change affecting the Shares, (iv) any merger, amalgamation or consolidation of the Company with or into another corporation, or (v) any distribution to all holders of Shares or other securities in the capital of the Company, of cash, evidences of indebtedness or other assets of the Company (excluding an ordinary course dividend in cash or shares, but including for greater certainty shares or equity interests in a subsidiary or business unit of the Company or one of its subsidiaries or cash proceeds of the disposition of such a subsidiary or business unit) or any transaction or change having a similar effect, then the Board shall in its sole discretion, subject to the required approval of any Stock Exchange, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such occurrence or change, including, without limitation:

- (a) adjustments to the exercise price of such Award without any change in the total price applicable to the unexercised portion of the Award;
- (b) adjustments to the number of Shares to which the Participant is entitled upon exercise of such Award; or
- (c) adjustments to the number or kind of Shares reserved for issuance pursuant to the Plan.

**Section 7.2 Change of Control.**

- (1) In the event of a potential Change of Control, the Board shall have the power, in its sole discretion, to modify the terms of this Plan and/or the Awards to assist the Participants to tender into a takeover bid or to participate in any other transaction leading to a Change of Control.
- (2) If the Company completes a transaction constituting a Change of Control and within twelve (12) months following the Change of Control (i) a Participant who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control has their position, employment or consulting agreement terminated, or the Participant is constructively dismissed, or (ii) a Non-Employee Director ceases to act in such capacity, then all unvested RSUs shall immediately vest and shall be paid out, and all unvested Options shall vest and become exercisable. Any Options that become exercisable pursuant to this Section 7.2(2) shall remain open for exercise until the earlier of their expiry date as set out in the Award Agreement and the date that is 90 days after such termination or dismissal.
- (3) Notwithstanding any other provision of this Plan, this Section 7.2 shall not apply with respect to any DSUs held by a Participant where such DSUs are governed under paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

**Section 7.3 Amendment or Discontinuance of the Plan.**

- (1) The Board may suspend or terminate the Plan at any time. Notwithstanding the foregoing, any suspension or termination of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

- (2) The Board may from time to time, in its absolute discretion and without approval of the shareholders of the Company amend any provision of this Plan, subject to any regulatory or stock exchange requirement at the time of such amendment, including, without limitation:
- (i) any amendment to the general vesting provisions, if applicable of the Awards;
  - (ii) any amendment regarding the effect of termination of a Participant's employment or engagement;
  - (iii) any amendment which accelerates the date on which any Option may be exercised under the Plan;
  - (iv) any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body;
  - (v) any amendment of a "housekeeping" nature, including to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan;
  - (vi) any amendment regarding the administration of the Plan;
  - (vii) any amendment to add provisions permitting the grant of Awards settled otherwise than with Shares issued from treasury, a form of financial assistance or clawback, and any amendment to a provision permitting the grant of Awards settled otherwise than with Shares issued from treasury, a form of financial assistance or clawback which is adopted; and
  - (viii) any other amendment that does not require the approval of the shareholders of the Company under Section 7.3(3)(b).
- (3) Notwithstanding Section 7.3(2):
- (a) no such amendment shall alter or impair the rights of any Participant, without the consent of such Participant except as permitted by the provisions of the Plan;
  - (b) the Board shall be required to obtain shareholder approval to make the following amendments:
    - (i) any increase to the maximum number of Shares issuable under the Plan, except in the event of an adjustment pursuant to Article 7;
    - (ii) any amendment that extends the term of Options beyond the original expiry date;
    - (iii) any amendment which extends the expiry date of any Award, or the Restriction Period, or the Performance Period of any RSU beyond the original expiry date or Restriction Period or Performance Period;
    - (iv) except in the case of an adjustment pursuant to Article 7, any amendment which reduces the exercise price of an Option or any cancellation of an Option and replacement of such Option with an Option with a lower exercise price;
    - (v) any amendment which increases the maximum number of Shares that may be (i) issuable to Insiders at any time; or (ii) issued to Insiders under the Plan and any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 7;
    - (vi) any amendment to the definition of an Eligible Participant under the Plan; and

(vii) any amendment to the amendment provisions of the Plan.

- (4) Notwithstanding the foregoing, any amendment of the Plan shall be such that the Plan continuously meets the requirements of paragraph 6801(d) of the regulations under the Tax Act or any successor to such provision.

## **ARTICLE 8 MISCELLANEOUS**

### **Section 8.1 Use of an Administrative Agent and Trustee.**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent or trustee to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Company and the administrative agent will maintain records showing the number of Awards granted to each Participant under the Plan.

### **Section 8.2 Tax Withholding.**

- (1) Notwithstanding any other provision of this Plan, all distributions, delivery of Shares or payments to a Participant (or to the liquidator, executor or administrator, as the case may be, of the estate of the Participant) under the Plan shall be made net of such withholdings, including in respect of applicable taxes and source deductions, as the Company determines. If the event giving rise to the withholding obligation involves an issuance or delivery of Shares, then, the withholding may be satisfied in such manner as the Company determines, including by (a) having the Participant elect to have the appropriate number of such Shares sold by the Company, the Company's transfer agent and registrar or any trustee appointed by the Company pursuant to Section 8.1 hereof, on behalf of and as agent for the Participant as soon as permissible and practicable, with the proceeds of such sale being delivered to the Company, which will in turn remit such amounts to the appropriate governmental authorities, or (b) any other mechanism as may be required or determined by the Company as appropriate.
- (2) Notwithstanding Section 8.2(1), the applicable tax withholdings may be waived where a Participant directs in writing that a payment be made directly to the Participant's registered retirement savings plan in circumstances to which subsection 100(3) of the regulations made under the Tax Act apply.

### **Section 8.3 US Tax Compliance.**

- (1) DSU Awards granted to U.S. Participants are intended to be comply with, and Option and RSU Awards granted to U.S. Participants are intended to be exempt from, all aspects of Section 409A of the U.S. Tax Code and related regulations ("**Section 409A**"). Notwithstanding any provision to the contrary, all taxes associated with participation in the Plan, including any liability imposed by Section 409A, shall be borne by the U.S. Participant.
- (2) For purposes of interpreting and applying the provisions of any DSU or other Award to subject to Section 409A, the term "termination of employment" or similar phrase will be interpreted to mean a "separation from service," as defined under Section 409A, provided, however, that with respect to an Award subject to the Tax Act, if the Tax Act requires a complete termination of the employment relationship to receive the intended tax treatment, then "termination of employment" will be interpreted to only include a complete termination of the employment relationship.
- (3) If payment under any DSU or other Award subject to Section 409A is in connection with the U.S. Participant's separation from service, and at the time of the separation from service the Participant is subject to the U.S. Tax Code and is considered a "specified employee" (within the meaning of Section 409A), then any payment that would otherwise be payable during the six-month period following the separation from service will be delayed until after the expiration of the six-month period, to the extent necessary to avoid taxes and penalties under Section 409A, provided that any amounts that would have been paid during the six-month period may be paid in a single lump sum on the first day of the seventh month following the separation from service.

#### **Section 8.4 Clawback.**

Notwithstanding any other provisions in this Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement). Without limiting the generality of the foregoing, the Board may provide in any case that outstanding Awards (whether or not vested or exercisable) and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant to whom the Award was granted violates (i) a non-competition, non-solicitation, confidentiality or other restrictive covenant by which he or she is bound, or (ii) any policy adopted by the Company applicable to the Participant that provides for forfeiture or disgorgement with respect to incentive compensation that includes Awards under the Plan. In addition, the Board may require forfeiture and disgorgement to the Company of outstanding Awards and the proceeds from the exercise or disposition of Awards or Shares acquired under Awards, with interest and other related earnings, to the extent required by law or applicable stock exchange listing standards, including and any related policy adopted by the Company. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees to cooperate fully with the Board, and to cause any and all permitted transferees of the Participant to cooperate fully with the Board, to effectuate any forfeiture or disgorgement required hereunder. Neither the Board nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 8.4.

#### **Section 8.5 Securities Law Compliance.**

- (1) The Plan (including any amendments to it), the terms of the grant of any Award under the Plan, the grant of any Award and exercise of any Option, and the Company's obligation to sell and deliver Shares in respect of any Awards, shall be subject to all applicable federal, provincial, state and foreign laws, rules and regulations, the rules and regulations of applicable Stock Exchanges and to such approvals by any regulatory or governmental agency as may, as determined by the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any Award hereunder to issue, sell or deliver Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (2) No Awards shall be granted in the United States and no Shares shall be issued in the United States pursuant to any such Awards unless such Shares are registered under the U.S. Securities Act and any applicable state securities laws or an exemption from such registration is available. Any Awards granted in the United States, and any Shares issued pursuant thereto, will be "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Any certificate or instrument representing Awards granted in the United States or Shares issued in the United States pursuant to such Awards pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws shall bear substantially the following legend restricting transfer under applicable United States federal and state securities laws:



THE SECURITIES REPRESENTED HEREBY [and for Awards, the following will be added: AND THE SECURITIES ISSUABLE PURSUANT HERETO] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (1) RULE 144 THEREUNDER, IF AVAILABLE, OR (2) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, AND, IN CONNECTION WITH ANY TRANSFERS PURSUANT TO (C)(1) OR (D) ABOVE, THE SELLER HAS FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THAT EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

- (3) No Awards shall be granted, and no Shares shall be issued, sold or delivered hereunder, where such grant, issue, sale or delivery would require registration of the Plan or of the Shares under the securities laws of any jurisdiction or the filing of any prospectus for the qualification of same thereunder, and any purported grant of any Award or purported issue or sale of Shares hereunder in violation of this provision shall be void.
- (4) The Company shall have no obligation to issue any Shares pursuant to this Plan unless upon official notice of issuance such Shares shall have been duly listed with a Stock Exchange. Shares issued, sold or delivered to Participants under the Plan may be subject to limitations on sale or resale under applicable securities laws.
- (5) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Company to issue such Shares shall terminate and any funds paid to the Company in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

#### **Section 8.6 Reorganization of the Company.**

The existence of any Awards shall not affect in any way the right or power of the Company or its shareholders to make or authorize any adjustment, reclassification, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

#### **Section 8.7 Quotation of Shares.**

So long as the Shares are listed on one or more Stock Exchanges, the Company must apply to such Stock Exchange or Stock Exchanges for the listing or quotation, as applicable, of the Shares underlying the Awards granted under the Plan, however, the Company cannot guarantee that such Shares will be listed or quoted on any Stock Exchange.

#### **Section 8.8 No Fractional Shares.**

No fractional Shares shall be issued upon the exercise or vesting of any Award granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise or vesting of such Award, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase or receive, as the case may be, the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

**Section 8.9      Governing Laws.**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**Section 8.10      Severability.**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

**Section 8.11      Effective Date of the Plan**

The Plan was ratified by the shareholders of the Company and shall take effect on June 25, 2019.

**Calculation of Filing Fee Tables**

**Form S-8**  
(Form Type)

**Tilray Brands, Inc.**  
(Exact Name of Registrant as Specified in its Charter)

**Table 1: Newly Registered and Carry Forward Securities**

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee	Carry Forward Form Type	Carry Forward File Number	Carry Forward Initial effective date	Filing Fee Previously Paid In Connection with Unsold Securities to be Carried Forward
<b>Newly Registered Securities</b>												
Fees to be Paid	Equity	Common Stock, par value \$0.0001 per share	457(c) and 457(h)	1,283,985	\$1.56	\$2,003,016.60	0.00011020	\$220.73				
Fees Previously Paid	-	-	-	-	-	-		-				
<b>Carry Forward Securities</b>												
Carry Forward Securities	-	-	-	-		-			-	-	-	-
	<b>Total Offering Amounts</b>					\$2,003,016.60		\$220.73				
	<b>Total Fees Previously Paid</b>							-				
	<b>Total Fee Offsets</b>							-				
	<b>Net Fee Due</b>							\$220.73				

(1) Pursuant to Rule 416(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement shall also cover any additional shares of Registrant's common stock that become issuable under the Assumed Plans by reason of any stock dividend, stock split, recapitalization, or other similar transaction effected that results in an increase to the number of outstanding shares of Registrant's common stock.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) and 457(h) under the Securities Act, based upon the average of the high and low price per share of the Registrant's common stock as reported on the Nasdaq Global Select Market on June 20, 2023.