



**TILT HOLDINGS INC.**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**  
**AND**  
**MANAGEMENT INFORMATION CIRCULAR**  
relating to the  
**ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS**  
of  
**TILT HOLDINGS INC.**  
to be held on  
**Wednesday, June 24, 2020**

**May 15, 2020**



## TILT HOLDINGS INC.

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

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (“**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of TILT Holdings Inc. (the “**Corporation**” or “**TILT**”) will be held at 10:00 a.m. (MST)/1:00 p.m. (EST). This year, out of an abundance of caution, to proactively deal with the unprecedented public health impact of coronavirus disease 2019, also known as COVID-19, and to mitigate risks to the health and safety of TILT’s communities, Shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. A small group of the Corporation’s management will be present at the Corporation’s office in Phoenix, Arizona. Shareholders will have an equal opportunity to participate at the Meeting and engage with the directors of the Corporation, management, and other Shareholders online, regardless of their geographic location. Inside this document, Shareholders can find important information and detailed instructions about how to participate in the Meeting.

Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/239326825>. Beneficial Shareholders (being Shareholders who hold their Common Shares through a broker, investment dealer, bank, trust corporation, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder will be able to attend as a guest and view the webcast, but will not be able to participate in or vote at the Meeting.

The Meeting and any or all adjournments thereof will be held for the purposes of:

1. to receive and consider the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2019, together with the notes thereto and the independent auditor’s report thereon;
2. to elect the directors of the Corporation to hold office until their successors are elected at the next annual general meeting of the Corporation;
3. to appoint Baker Tilly WM LLP (“**Baker Tilly**”) as the auditor of the Corporation for the ensuing year;
4. to authorize the board of directors of the Corporation to fix Baker Tilly’s remuneration;
5. to approve certain amendments to the Corporation’s 2018 Stock and Incentive Plan; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Information relating to the matters to be brought before the meeting is set forth in the Circular, a copy of which is available at <http://www.sedar.com/>.

**DATED** this 15<sup>th</sup> day of May, 2020.

#### BY ORDER OF THE BOARD OF DIRECTORS

*/s/ Mark Scatterday*

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Mark Scatterday  
Chairman

#### IMPORTANT

Only Shareholders of record at 5:00 p.m. (Pacific Standard Time) on May 8, 2020 (the “**Record Date**”) are entitled to notice of and to participate at the Meeting and only such persons or those who become holders of Common Shares after the Record Date and comply with the provisions as set forth in the Circular are entitled to vote at the Meeting.

It is desirable that as many Common Shares as possible be represented at the Meeting. Shareholders may vote virtually at the Meeting or any adjournment or adjournments thereof, or they may appoint another person or company (who need not be a Shareholder) as their proxy to attend and vote in their place. Shareholders unable to be present at the Meeting are requested to date and sign the enclosed Instrument of Proxy and return it to the Corporation's transfer agent, Odyssey Trust Company by Facsimile: 1-800-517-4553, by Email: [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) or by Internet at <http://odysseytrust.com/Transfer-Agent/Login> at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia), before the Meeting or any adjournment thereof.

**TILT HOLDINGS INC.**  
**MANAGEMENT INFORMATION CIRCULAR**

**Information Contained in this Management Information Circular**

This management information circular (the “**Circular**”) is furnished by management of TILT Holdings Inc. (the “**Corporation**”) to the holders of common shares (“**Common Shares**”) of the Corporation in connection with the solicitation of proxies to be voted at the annual general and special meeting (the “**Meeting**”) of the holders of Common Shares (the “**Shareholders**”).

This year, out of an abundance of caution, to proactively deal with the unprecedented public health impact of coronavirus disease 2019, also known as COVID-19, and to mitigate risks to the health and safety of the Corporation’s communities, shareholders, employees and other stakeholders, the Corporation will hold the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will have an equal opportunity to participate at the Meeting online, regardless of their geographic location. Shareholders will not be able to attend the Meeting in person.

The Meeting and any adjournment thereof for the purposes set forth in the notice of meeting enclosed with this Circular (the “**Notice of Meeting**”) will be held on June 24, 2020, at 10:00 a.m. (MST)/1:00 p.m. (EST) as a virtual only Meeting via live audio webcast online at: <https://web.lumiagm.com/239326825>.

Registered Shareholders (as defined herein) and duly appointed proxyholders who participate at the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided they are connected to the internet and comply with all of the requirements set out below. Beneficial Shareholders (as defined herein) who have not duly appointed themselves as proxyholders may still attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting. This is because the Corporation and its transfer agent do not have a record of the Beneficial Shareholders (as defined herein), and, as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder. If you are a Beneficial Shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the space provided on the voting instruction form sent to you, and must follow all of the applicable instructions provided by your intermediary. For additional information on how to attend and vote at the Meeting, see “*Appointment of a Third Party as a Proxy*” and “*How do I Attend and Participate in the Meeting?*” in this Circular.

The information contained in this Circular is given as at May 15, 2020, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No person has been authorized to give any information or to make any representation in connection with matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Corporation.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer.

Unless otherwise specified, all of the dollar amounts “\$” or “US\$” in this Circular are stated in U.S. dollars and reflect the currency used in the Corporation’s financial statements. References to “CA\$” are to Canadian dollars. As of December 31, 2019, the currency exchange rate for \$1.00 was CA\$1.2988.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited by certain officers, directors and regular employees of the Corporation by telephone, electronic mail, telecopier or personally. These

individuals will receive no compensation for such solicitation other than their regular fees or salaries, if any. The cost of solicitation by management will be borne directly by the Corporation.

The board of directors of the Corporation (the “**Board**”) has fixed 5:00 p.m. (Pacific Standard Time) on May 8, 2020 as the date of record (the “**Record Date**”) for the determination of the registered holders of Common Shares entitled to receive notice of and vote at the Meeting. Duly completed and executed proxies must be received by Odyssey Trust Company (“**Odyssey**”) by Facsimile 1-800-517-4553, by Email [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) or by Internet at <http://odysseytrust.com/Transfer-Agent/Login> not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof.

The instrument of proxy (the “**Instrument of Proxy**”) is solicited by the management of the Corporation. The persons named in the Instrument of Proxy are directors and/or officers of the Corporation (the “**Management Designees**”). **As a Shareholder submitting a proxy you have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the person or persons designated in the Instrument of Proxy furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the Instrument of Proxy and strike out the other names or submit another appropriate proxy.** For additional information on how to appoint a third party as a proxy, see “*Appointment of a Third Party as a Proxy*”.

The Instrument of Proxy or other instrument appointing a proxy must be executed by the Shareholder or its authorized signatory in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. In order to be effective, the Instrument of Proxy must be received by Odyssey by Facsimile 1-800-517-4553 or by Email [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province of British Columbia) prior to the time set for the Meeting or any adjournment or adjournments thereof. Shareholders of record on the share registry (“**Registered Shareholders**”) may also use the Internet at <http://odysseytrust.com/Transfer-Agent/Login> to transmit their voting instructions.

### **Cost and Manner of Solicitation**

In accordance with National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (“**NI-54-101**”), the Corporation has given notice of the Meeting in accordance with the “**Notice and Access**” procedures of NI 54-101, pursuant to which it has sent the Notice of Meeting and the Instrument of Proxy, but not this Circular, directly to its Registered Shareholders and those non-registered (beneficial) Shareholders that have consented to allow their addresses to be provided to the Corporation (“**NOBOs**”). Arrangements have been made to forward proxy solicitation materials to the NOBOs.

**Instead of mailing this Circular to Shareholders, the Corporation has posted the Circular at <https://odysseytrust.com/client/tilt-holdings-inc/> pursuant to the ‘Notice and Access’ procedures of NI 54-101. Shareholders may request a paper copy of this Circular be sent to them by contacting the Corporation as set out under ‘Additional Information’ at the end of this Circular.**

The Corporation intends to pay for intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“**Intermediaries**”) to forward the Notice of Meeting to those Beneficial Shareholders (as defined below) who have refused to allow their address to be provided to the Corporation (“**OBOs**”).

### **Advice to Beneficial Holders**

**The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (“**Beneficial Shareholders**”) are advised that only proxies from Registered Shareholders can be recognized and voted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker then, in almost all cases, those Common Shares will not be registered in the Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the

name of the Shareholder's broker or an agent of that broker. Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Existing regulatory policy requires brokers and other Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other Intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to Registered Shareholders. However, its purpose is limited to instructing the Registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers in Canada now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If a Shareholder has any questions respecting the voting of Common Shares held through a broker or other Intermediary, please contact that broker or other Intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in this Circular and the Instrument of Proxy and Notice of Meeting are to Registered Shareholders, unless specifically stated otherwise.

### **Appointment of a Third Party as a Proxy**

The following applies to shareholders who wish to appoint a person (a "**Third Party Proxyholder**"), other than the Management Designees, as proxyholder, including Beneficial Shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the Meeting.

Shareholders who wish to appoint a Third Party Proxyholder to attend, participate or vote at the Meeting as their proxy and vote their Common Shares **MUST** submit their proxy or voting instruction form (as applicable) appointing such Third Party Proxyholder **AND** register the Third Party Proxyholder, as described below. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a username to attend, participate or vote at the Meeting. Registration may be completed as follows:

- **Step 1: Submit your proxy or voting instruction form:** To appoint a Third Party Proxyholder, insert such person's name in the blank space provided in the Instrument of Proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed prior to registering such Third Party Proxyholder, which is an additional step to be completed once you have submitted your Instrument of Proxy or voting instruction form. If you are a Beneficial Shareholder located in the United States, you must also provide Odyssey with a duly completed legal proxy if you wish to attend, participate or vote at the Meeting or, if permitted, appoint a Third Party Proxyholder. See "*Legal Proxy - US Beneficial Shareholders Only*" below under this section for additional details.

- **Step 2: Register your proxyholder:** To register a Third Party Proxyholder, Shareholders **MUST** send an email to [tiltholdings@odysseytrust.com](mailto:tiltholdings@odysseytrust.com) by 10:00 a.m. (MST)/1:00 p.m. (EST) on June 19, 2020, which must provide Odyssey with the required Third Party Proxyholder contact information, the amount of Common Shares appointed, the name in which the Common Shares are registered if the Shareholder is a Registered Shareholder, or the name of broker where the Common Shares are held if the Shareholder is a Beneficial Shareholder, so that Odyssey may provide the proxyholder with a username via email. Without a username, proxyholders will not be able to attend, participate or vote at the Meeting.

If you are a Beneficial Shareholder and wish to attend, participate or vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your intermediary, follow all of the applicable instructions provided by your intermediary **AND** register yourself as your Third Party Proxyholder, as described above. By doing so, you are instructing your intermediary to appoint you as Third Party Proxyholder. It is important that you comply with the signature and return instructions provided by your intermediary.

### **Legal Proxy – US Beneficial Shareholders Only**

If you are a Beneficial Shareholder located in the United States and wish to attend, participate or vote at the Meeting or, if permitted, appoint a Third Party Proxyholder, in addition to the steps described above, you must obtain a valid legal proxy from your intermediary. Follow the instructions from your intermediary included with the legal proxy form and the voting information form sent to you, or contact your intermediary to request a legal proxy form or a legal proxy if you have not received one. After obtaining a valid legal proxy from your intermediary, you must then submit such legal proxy to Odyssey. Requests for registration from Beneficial Shareholders located in the United States that wish to attend, participate or vote at the Meeting or, if permitted, appoint a Third Party Proxyholder must be sent by e-mail to [tiltholdings@odysseytrust.com](mailto:tiltholdings@odysseytrust.com) and received by 10:00 a.m. (MST)/1:00 p.m. (EST) on June 19, 2020.

### **Revocability of Proxy**

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or the Shareholder's authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Odyssey, at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the Shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

### **Exercise of Discretion by Proxy**

The persons named in the Instrument of Proxy will vote for, against or withhold from voting, as applicable, the Common Shares represented thereby in accordance with a Shareholder's instructions on any ballot that may be called for. If a Shareholder's specifies a choice with respect to any matter to be acted upon, a Shareholder's Common Shares will be voted accordingly. The Instrument of Proxy confers discretionary authority on persons named therein with respect to:

- each matter or group of matters identified therein for which a choice is not specified; and
- any amendment to or variation of any matter identified therein.



**In respect of a matter for which a choice is not specified in the Instrument of Proxy, the persons named in the Instrument of Proxy will vote the Common Shares represented by the Instrument of Proxy for the approval of such matter.**

At the time of printing of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

### **Record Date**

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting or any adjournment or postponement thereof is 5:00 p.m. (Pacific Standard Time) on May 8, 2020 (the “**Record Date**”).

In accordance with the provisions of the *Business Corporations Act* (British Columbia) (“**BCBCA**”), the Corporation prepared a list of the Shareholders recorded as holders of Common Shares on its register of Shareholders as of the close of business on the Record Date, each of whom shall be entitled to vote the Common Shares shown opposite their name on the list at the Meeting or any adjournment or postponement thereof, except to the extent that: (a) any such Shareholder has transferred ownership of any of their Common Shares subsequent to the Record Date; and (b) the transferee produces properly endorsed share certificates evidencing the transfer or otherwise establishes that the transferee owns the transferred Common Shares and demands, not later than 10 days before the Meeting, that they be included on the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote the transferred Common Shares at the Meeting or any adjournment thereof.

In addition, persons who are not Registered Shareholders as of the Record Date will be entitled to exercise their voting rights in accordance with the procedures established under NI 54-101.

### **How do I attend and participate in the Meeting?**

TILT is holding the Meeting in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person.

Attending the Meeting online enables Registered Shareholders and duly appointed proxyholders, including Beneficial Shareholders who have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. All such Registered Shareholders and duly appointed proxyholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate in the Meeting and engage with management of the Corporation, as well as other Shareholders. In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), Shareholders must have a valid username.

Registered Shareholders and duly appointed proxyholders will be able to attend, participate and vote at the Meeting online at <https://web.lumiagm.com/239326825>. Such persons may then enter the Meeting by clicking “I have a login” and entering a username and password before the start of the Meeting, as follows:

(i) Registered Shareholders: The control number (“**Control Number**”) located on the form of proxy (or in the email notification you received) is the username. The password to the Meeting is “tilt2020” (case sensitive). If as a Registered Shareholder you are using your Control Number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies for the Meeting and will be provided the opportunity to vote by online ballot on the matters put forth at the Meeting. If you do not wish to revoke a previously submitted proxy, as the case may be, you will need to attend the Meeting as a guest and will not be able to participate at the Meeting online.

(ii) Duly appointed proxyholders: Odyssey will provide the proxyholder with a Control Number (username) by e-mail after the proxy submission deadline has passed. The Password to the Meeting is “tilt2020” (case sensitive). Only Registered Shareholders and duly appointed proxyholders will be entitled to attend, participate and vote at the Meeting. Beneficial Shareholders who have not duly appointed themselves as proxyholder will be able to attend the meeting as a guest but not be able to participate or vote at the Meeting. Shareholders who wish to appoint a Third Party Proxyholder to represent them at the Meeting (including Beneficial Shareholders who wish to appoint themselves as proxyholder to attend, participate or vote at the

Meeting) **MUST** submit their duly completed proxy or voting instruction form **AND** register the proxyholder. See the section entitled "*Appointment of a Third Party as Proxy*" above, in this Circular.

Guests, including non-registered Beneficial Shareholders who have not duly appointed themselves as proxyholder, will be able to attend as a guest and listen to the webcast as set out below, but will not be able to participate in or vote at the Meeting. To join as a guest, please visit the Meeting online at <https://web.lumiagm.com/239326825> and select "Join as a Guest" when prompted.

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure.

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

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of compressed shares in the capital of the Corporation ("**Compressed Shares**", and collectively with Common Shares, "**TILT Shares**"). As at the date hereof, there are 319,044,877 Common Shares and no Compressed Shares issued and outstanding. Each Common Share carries the right to one vote on any matter properly coming before the Meeting or any adjournment or postponement thereof. Each Compressed Share carries the right to one hundred votes on any matter properly coming before the Meeting or any adjournment or postponement thereof.

All such holders of record are entitled either to attend and vote at the Meeting virtually the TILT Shares held by them or, provided a completed and executed proxy has been delivered to the Corporation's transfer agent, Odyssey, within the time specified in the attached Notice of Meeting, to attend and vote at the Meeting by proxy, the TILT Shares held by them.

The articles of the Corporation ("**Articles**") provide that a quorum of Shareholders is present at the Meeting if at least two Shareholders holding a minimum of 10% of the issued and outstanding TILT Shares are present in person or represented by proxy.

To the knowledge of the Corporation's directors and officers, and as of the date hereof, no person beneficially owns or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to all outstanding voting securities of the Corporation.

## **MATTERS TO BE CONSIDERED AT THE MEETING**

### **1. Financial Statements**

The audited financial statements of the Corporation for the year ended December 31, 2019 (the "**Financial Statements**") and the auditor's report thereon will be tabled at the Meeting. Prior to the date of the Meeting, a copy of the Financial Statements will be available on SEDAR at [www.sedar.com](http://www.sedar.com) or from the Corporation at the request of Shareholders.

No formal action will be taken at the Meeting to approve the Financial Statements.

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

The number of directors of the Corporation is set at 6. Each director of the Corporation is elected annually and holds office until the next annual meeting of the Corporation unless he or she ceases to hold office prior to such time. The persons proposed for nomination ("**Nominees**") are, in the opinion of the Board and management, well qualified to act as directors for the ensuing year.

The following table sets forth certain information regarding the Nominees, the name and province or state and country of residence of each person nominated for election as a director of the Corporation, the date each first became a director

of the Corporation, their principal occupation during the past five (5) years and the number of TILT Shares beneficially owned, or controlled or directed, directly or indirectly, by each of the foregoing as of the date of this Circular.

<b>Name, Province or State, and Country of Residence</b>	<b>Position held with the Corporation and Director Since</b>	<b>Principal Occupation(s) or Employment for Past Five Years</b>	<b>TILT Shares Beneficially Owned, or Controlled or Directed, Directly and Indirectly</b>
<b>Mark Scatterday</b> <i>Arizona, USA</i> Age: 51	Chief Executive Officer and Director <sup>(1)</sup> April 2019	President and Chief Executive Officer of Jupiter Research, LLC since 2015.	Nil <sup>(2)</sup>
<b>Tim Conder</b> <sup>(3)</sup> <i>Nevada, USA</i> Age: 37	Chief Operating Officer July 2019, Director October 2019 and President February 2020	Founder and Chief Executive Officer of Blackbird Logistics Corporation since 2015.	1,393,900
<b>Jane Batzofin</b> <i>New York, USA</i> Age: 45	Director November 2019	Partner and General Counsel of Corner Capital Group since 2010 and Partner and General Counsel for Corner Ventures since 2018.	Nil
<b>Mark Coleman</b> <sup>(3)(4)</sup> <i>New York, USA</i> Age: 61	Director November 2019	Executive Vice President & General Counsel of Trine Acquisition Corp. since 2019, Senior Partner and General Counsel of InterMedia Partners, LP since 2004 and General Counsel of JPK Capital since March 2017.	Nil
<b>Gary Smith</b> <sup>(4)(5)</sup> <i>Texas, USA</i> Age: 57	Director January 2019	Chief Executive Officer of Big Red, Inc. from 2007 to 2018. Chief Executive Officer of New Providence Acquisition Corp. since 2019.	Nil
<b>John Barravecchia</b> <sup>(3)(4)(6)</sup> <i>Arizona, USA</i> Age: 64	Director April 2020	Chief Financial Officer of Stat Health Services Inc. from 2011 to 2016.	Nil

**Notes:**

- (1) Mark Scatterday was appointed to the Board on April 17, 2019 and as Chairman effective June 12, 2019. Mark Scatterday was appointed as the Corporation's interim Chief Executive Office on May 9, 2019. The interim title was removed on February 11, 2020.
- (2) Mr. Scatterday holds his interest in the Corporation through his ownership of limited partnership units of Jimmy Jang L.P., which limited partnership units do not have voting rights at the Meeting.
- (3) Member of the Audit Committee.
- (4) Member of the Compensation Committee.
- (5) Chair of the Compensation Committee.
- (6) Chair of the Audit Committee.

**Corporate Cease Trade Orders**

None of the Nominees is as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including any personal holding company of such director, chief executive officer or chief financial officer, that was subject to an order that was issued while that person was acting in that capacity, or was subject to an order, that was issued after the director or executive officer

ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such capacity.

### ***Bankruptcies***

None of the Nominees is as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company, including any personal holding company of such director or executive officer, that while that person was acting in that capacity or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such company.

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

### ***Penalties and Sanctions***

No Nominee has been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder.

The Articles and the nomination rights agreement (“**Nomination Rights Agreement**”), dated November 21, 2018, among the Corporation, the Initial Designees (as defined in the Nomination Rights Agreement) and, subject to certain conditions, Joel Milton (collectively, the “**Designated Parties**”) provide nomination rights to the Designated Parties and their representatives relating to the election of directors at each annual general meeting of shareholders until November 21, 2021.

**Unless otherwise directed, it is the intention of the persons named in the enclosed Instrument of Proxy to vote such Instruments of Proxy FOR the election of each of the Nominees.** Management of the Corporation does not contemplate that any Nominees will be unable to serve as directors; however, if for any reason any of the Nominees does not stand for election or is unable to serve as such, **proxies held by the persons named in the Instrument of Proxy will be voted for another nominee in their discretion unless the Shareholder has specified in their Instrument of Proxy that their Common Shares are to be withheld from voting in the election of directors.**

### **3. Appointment of an Auditor**

MNP LLP (“**MNP**”) resigned under its own initiative effective December 20, 2019 and Baker Tilly WM LLP (“**Baker Tilly**”) was appointed as auditor of the Corporation (the “**Auditor**”) in its place on December 23, 2019. At the Meeting, Shareholders will be requested to reappoint Baker Tilly as auditor of the Corporation to hold office until the next annual general meeting of Shareholders or until a successor is appointed.

On January 2, 2020, the Corporation filed a change of auditor notice advising of the replacement of MNP with Baker Tilly. Additional documents related to the change of auditor, being the change of auditor notice and the acknowledgements of that notice by MNP and Baker Tilly, are set out in Schedule “A” to this Circular. There were no “reportable events” within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligation*.

**Unless otherwise directed, it is the intention of the persons named in the enclosed Instrument of Proxy to vote such Instruments of Proxy FOR the appointment of Baker Tilly as the Auditor to hold office until the next annual general meeting of Shareholders.**

#### 4. Remuneration of the Auditor

At the Meeting, Shareholders will be asked to authorize the directors to approve remuneration of the Auditor appointed pursuant to Item 4 above.

**Unless otherwise directed, it is the intention of the persons named in the enclosed Instrument of Proxy to vote such Instruments of Proxy FOR the authorization of the directors to approve the remuneration of the auditor.**

#### 5. Amendment to the Corporation's 2018 Stock and Incentive Plan

At the Meeting, Shareholders will be asked to approve an ordinary resolution (the "**Equity Incentive Plan Amendment Resolution**") approving amendments to the Corporation's 2018 Stock and Incentive Plan (the "**Equity Incentive Plan**"). A copy of the Equity Incentive Plan, as such plan is proposed to be amended and restated pursuant to the Equity Incentive Plan Resolution, is appended hereto as Schedule "B".

The granting of share-based awards under the Equity Incentive Plan has been a key component in the Corporation's compensation program. Incentive compensation awards assist the Corporation in attracting and retaining capable, talented individuals to serve in the capacity of employees, officers, consultants and directors (collectively, "**Eligible Participants**"). As the Corporation operates in the United States, it is the intention of the Corporation to ensure that awards granted under the Equity Incentive Plan may qualify as incentive stock options ("**ISOs**") under Section 422 of the Internal Revenue Code of 1986 (the "**Code**"). The proposed amendments ("**Amendments**") to the Equity Incentive Plan seek to ensure that ISOs granted under the Equity Incentive Plan comply with the requirements of Section 422 of the Code. The Amendments will not affect any awards outstanding under the Equity Incentive Plan immediately prior to the time, if any, that the Amendments become effective (the "**Effective Time**"). Such awards will continue to be governed by the terms of the Equity Incentive Plan, as such plan stood immediately prior to the Effective Time. If this Equity Incentive Plan Amendment Resolution is not approved by Shareholders at the Meeting, the Equity Incentive Plan will continue in full force and effect, but options granted under the Equity Incentive Plan may not qualify as ISOs for purposes of Section 422 of the Code.

Pursuant to section 7(a) of the Equity Incentive Plan, prior approval of the Shareholders is required for any amendment to the Equity Incentive Plan. The Board believes that the Equity Incentive Plan Amendment Resolution is in the best interests of the Corporation.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Equity Incentive Plan Amendment Resolution appended hereto as Schedule "C".

**Unless otherwise directed, it is the intention of the persons named in the enclosed Instrument of Proxy to vote such Instruments of Proxy FOR the Equity Incentive Plan Amendment Resolution.**

#### 6. Other Business

Management of the Corporation does not currently know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

### COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following statement of executive compensation is prepared in accordance with Form 51-102F6V – *Statement of Executive Compensation* ("**Form 51-102F6V**") under National Instrument 51-102 - *Continuous Disclosure Obligations*. All information stated herein is given as at December 31, 2019 unless otherwise stated.

The statement of executive compensation is designed to provide Shareholders with an understanding of the Corporation's executive compensation philosophy and objectives, as well as the analysis that the Board or the compensation committee of the Corporation ("**Compensation Committee**"), as the case may be, performs in setting executive compensation. In doing so, it describes the material elements of compensation that is awarded to Named Executive Officers ("**NEOs**"), being each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraph (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

For the year ended December 31, 2019, the NEOs of the Corporation included Alexander Coleman, Mark Herron, Mark Scatterday, David Caloia and Tim Conder.

## **Compensation Discussion and Analysis**

### ***Compensation Objectives and Principles***

The Board is responsible for reviewing and setting executive compensation. The Board, in arriving at its compensation decisions, considers the long term interest of the Corporation and its stakeholders, and its historical and current stage of development.

#### *Elements of NEO Compensation*

As part of the executive compensation, NEOs receive both fixed base compensation and performance-based variable compensation comprising of short-term and long-term incentives. The Compensation Committee makes recommendations to the Board with respect to proposals regarding designing and administering the Corporation's executive compensation program. The Compensation Committee will not allocate compensation value to the different compensation elements on the basis of a formula, but rather on the basis of market practices and realities and a discretionary assessment of an NEO's past contribution and ability to contribute to future short and long-term business results of the Corporation.

#### *Analysis of NEO Compensation Elements*

##### Base Compensation

Base compensation is designed to provide income certainty and attract and retain executives. Base compensation for NEOs is reviewed annually by the Board and/or Compensation Committee. Base compensation is based on individual performance, the scope of the NEO's role within the Corporation and retention considerations.

##### Short-term Incentives

Annual incentive bonuses are a short-term incentive that are intended to reward NEOs for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The amount is not pre-established and is at the discretion of the Compensation Committee. The Compensation Committee may still recommend bonus payments absent attainment of the relevant performance goal. Assessment of NEO performance objectives is based on a number of qualitative and quantitative factors including execution of on-going activities, individual and corporate operational and financial performance and progress on key initiatives connected to the Corporation's strategy with respect to that particular fiscal year. Employment of the NEOs by the Corporation

at the time of payment of incentive bonuses with respect to a particular fiscal year is required in order to earn and be eligible to receive an incentive bonus for that year.

Despite the foregoing, for the 2019 fiscal year, the incentive bonuses for Mr. Scatterday and Mr. Conder were not subject to performance objectives and were fixed amounts as established by their respective employment agreements.

### Long-term Incentives

Long-term incentive compensation include the grant of Awards (as hereinafter defined) pursuant to the Equity Incentive Plan. The incentive arrangement is designed to motivate NEOs to achieve longer-term sustainable business results, align their interests with those of Shareholders and attract and retain executives without requiring the Corporation to use cash from its treasury. The Equity Incentive Plan permits the grant of: (i) stock options (“**Options**”); (ii) restricted stock awards (“**Restricted Stock**”); (iii) restricted stock units (“**RSUs**”); (iv) stock appreciation rights (“**SARs**”); (v) performance-based compensation awards (“**Performance Awards**”); (vi) dividend equivalents (“**Dividend Equivalents**”); and (vii) other stock based awards (collectively, the “**Awards**”). Any of the Corporation’s employees, officers, directors, consultants or any affiliate or person to whom an offer of employment or engagement with the Corporation or an affiliate of the Corporation is extended, is eligible to participate in the Equity Incentive Plan if selected by the Compensation Committee, the Board or such other committee designated by the Board to administer the Equity Incentive Plan.

The basis of participation of an individual under the Equity Incentive Plan, and the type and amount of any Award that an individual (a “**Participant**”) is entitled to receive under the Equity Incentive Plan is determined by the Compensation Committee, the Board or such other committee designated by the Board to administer the Equity Incentive Plan and is based on their judgment of the best interests of the Corporation and the Shareholders at the time of grant. When considering new grants of any Award, previous grants will be taken into account. The Compensation Committee, the Board or such other committee as may be designated by the Board, may at their discretion, amend, suspend, discontinue or terminate the Equity Incentive Plan or amend or alter any outstanding Award.

The number of securities that may be issued under the Equity Incentive Plan is the number of securities as determined by the Board from time to time. The total number of Common Shares which may be issued or issuable to any one Person under the Equity Incentive Plan and all other security based compensation arrangements within any one-year period shall not exceed 5% of the Common Shares and of the total number of Common Shares and any convertible securities that are convertible into Common Shares at no additional expense to the holder (“**Common Share Equivalents**”), from time to time, outstanding. So long as the Corporation is listed on the Canadian Securities Exchange (“**CSE**”), the aggregate number of Common Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of the Common Shares and Common Share Equivalents then outstanding. Any Common Shares subject to an Award under the Equity Incentive Plan that are not purchased, forfeited, reacquired by the Corporation (including any withheld to satisfy tax withholding obligations on Awards or securities that are settled in cash), or cancelled, will again be available to be awarded under the Equity Incentive Plan.

The Equity Incentive Plan was approved by Shareholders on November 15, 2018. There are no requirements under applicable securities laws or the policies of the CSE to have the Equity Incentive Plan approved by Shareholders on a periodic basis. Pursuant to section 7(a) of the Equity Incentive Plan, prior approval of the Shareholders is required for any amendment to the Equity Incentive Plan.

### Other Compensation

NEOs may occasionally receive other benefits that are reasonable and consistent with the Corporation’s overall executive compensation program. These benefits, which are based on competitive market practices, support the attraction and retention of executive officers. The NEOs are also be entitled to participate in all employee pension and welfare benefit plans and programs, and fringe benefit plans and programs, made available by the Corporation to the Corporation’s employees generally, in accordance with the eligibility and participation provisions of such plans and as such plans or programs may be in effect from time to time.

### Director and NEO Compensation, Excluding Compensation Securities

The following table discloses, for each of the two most recently completed financial years, the compensation received by each: (i) former and current directors of the Corporation; and (ii) former and current NEO.

Executive directors are compensated in their capacity as executives of the Corporation, not as directors. See notes for detail.

TABLE OF COMPENSATION, EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Alexander Coleman<sup>(1)</sup></b> Former Director, Former Chief Executive Officer and Former Chairman	2019	\$152,747	Nil	Nil	Nil	Nil	\$152,474
	2018	\$37,260	Nil	Nil	Nil	Nil	\$37,260
<b>Mark Herron<sup>(2)</sup></b> Former Chief Financial Officer	2019	CA\$34,523	Nil	Nil	Nil	CA\$303,881	CA\$338,404
	2018	\$23,288	Nil	Nil	Nil	Nil	\$23,288
<b>Mark Scatterday<sup>(3)</sup></b> Director, Chief Executive Officer and Chairman	2019	\$418,786	\$368,767	Nil	Nil	Nil	\$787,553
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>David Caloia<sup>(4)</sup></b> Chief Financial Officer	2019	\$319,423	\$125,000	Nil	Nil	Nil	\$444,423
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>Tim Conder<sup>(5)</sup></b> Director, Chief Operating Officer and President	2019	\$250,216	\$261,781	Nil	Nil	Nil	\$511,997
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>Geoff Hamm<sup>(6)</sup></b> Former Director and Former Senior Vice President, Corporate Development	2019	\$260,192	Nil	Nil	Nil	\$26,923	\$287,115
	2018	\$32,603	Nil	Nil	Nil	Nil	\$32,603
<b>Michael Orr<sup>(7)</sup></b> Former Director and Former co- Chairman	2019	CA\$318,752	Nil	Nil	Nil	\$125,000	CA\$414,995
	2018	\$22,356	Nil	Nil	Nil	Nil	\$22,356
<b>Todd Halpern<sup>(8)</sup></b> Former Director	2019	Nil	Nil	Nil	Nil	\$125,000	\$125,000
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Robert Calhoun<sup>(9)</sup></b> Former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Gary Smith<sup>(10)</sup></b> Director	2019	\$5,000	Nil	Nil	Nil	Nil	\$5,000
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>Joel Milton<sup>(11)</sup></b> Former Director and Former Senior Vice President, Business Development	2019	\$335,577	Nil	Nil	Nil	Nil	\$335,577
	2018	\$203,330	\$120,000	Nil	Nil	Nil	\$323,330



TABLE OF COMPENSATION, EXCLUDING COMPENSATION SECURITIES							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Jane Batzofin</b> <sup>(12)(13)</sup> Director	2019	\$1,925	Nil	Nil	Nil	Nil	\$1,925
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>Mark Coleman</b> <sup>(14)</sup> Director	2019	\$1,925	Nil	Nil	Nil	Nil	\$1,925
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>Mark Cole</b> <sup>(15)</sup> Former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	N/A	N/A	N/A	N/A	N/A	N/A
<b>John Barravecchia</b> <sup>(16)</sup> Director	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Alex Coleman ceased to be as Chief Executive Officer of the Corporation effective May 9, 2019 and as a director and the Chairman of the Corporation effective June 12, 2019. Mr. Coleman's compensation was paid in connection with his capacity as Chief Executive Officer of the Corporation.
- (2) Mark Herron ceased to be Chief Financial Officer of the Corporation effective January 7, 2019.
- (3) Mark Scatterday was appointed to the Board on April 17, 2019 and as Chairman effective June 12, 2019. Mr. Scatterday was appointed as the Corporation's interim Chief Executive Office on May 9, 2019. The interim title was removed on February 11, 2020. Mr. Scatterday's compensation was paid in connection with his capacity as Chief Executive Officer of the Corporation.
- (4) David Caloia was appointed as Chief Financial Officer of the Corporation effective January 7, 2019.
- (5) Tim Conder was appointed as the Corporation's Chief Operating Officer on July 18, 2019 and the Board effective October 10, 2019. Mr. Conder was appointed as the Corporation's President on February 11, 2020. Mr. Conder's compensation was paid in connection with his capacity as Chief Operating Officer of the Corporation.
- (6) Geoff Hamm served previously as the Corporation's Senior Vice President, Corporate Development. Mr. Hamm ceased to be a director of the Corporation and Senior Vice President, Corporate Development effective September 26, 2019. Mr. Hamm's compensation was paid in connection with his capacity as Senior Vice President, Corporate Development of the Corporation.
- (7) Michael Orr served previously as the Corporation's co-Chairman. Mr. Orr ceased to be a director of the Corporation and co-Chairman effective March 13, 2019. Mr. Orr's compensation was paid in connection with his capacity as co-Chairman of the Corporation.
- (8) Todd Halpern ceased to be a director of the Corporation effective March 12, 2019.
- (9) Robert Calhoun was appointed to the Board effective April 17, 2019 and ceased to be a director of the Corporation effective July 11, 2019.
- (10) Gary Smith was appointed to the Board effective January 10, 2019.
- (11) Joel Milton was appointed to the Board on June 12, 2019 and ceased to be a director of the Corporation effective March 31, 2020. Mr. Milton serves as the Corporation's Senior Vice President, Business Development. Mr. Milton's compensation was paid in connection with his capacity as Senior Vice President, Business Development of the Corporation.
- (12) Jane Batzofin was appointed to the Board on November 1, 2019.
- (13) Approximately \$37,000 was invoiced to the Corporation by Ms. Batzofin in 2020 for advisory services rendered to the Corporation, and related expenses incurred, by Ms. Batzofin in 2019.
- (14) Mark Coleman was appointed to the Board on November 1, 2019.
- (15) Mark Cole was appointed to the Board effective June 12, 2019 and ceased to be a director effective September 25, 2019.
- (16) John Barravecchia was appointed to the Board effective April 1, 2020.



Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$) <sup>(1)</sup>	Expiry date
Software and Services							
<b>Jane Batzofin</b> Director	Restricted Stock Units	161,335 (0.05%)	December 20, 2019	N/A	US\$0.23	US\$0.28	See note 4.
	Warrants	750,000 (0.23%)	November 22, 2019	CA\$0.53	US\$0.23	US\$0.28	N/A
<b>Mark Coleman</b> Director	Restricted Stock Units	161,335 (0.05%)	December 20, 2019	N/A	US\$0.23	US\$0.28	See note 5.
<b>Mark Cole</b> Former Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>John Barravecchia</b> Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) TILT's trading price on the CSE are denominated in Canadian dollars and have been converted into United States dollars at the Bank of Canada exchange rate on December 31, 2019, being CA\$1.00 = \$0.7699.
- (2) Subject to earlier termination upon the termination employment with the Corporation, a change in control of the Corporation or similar event.
- (3) The allocated RSUs will vest on the on the business day immediately preceding the date of the Meeting (the "**Vesting Date**"). Mr. Smith must be a director of the Corporation on the Vesting Date in order to be issued the common shares underlying the RSUs.
- (4) The allocated RSUs will vest on the Vesting Date. Ms. Batzofin must be a director of the Corporation on the Vesting Date in order to be issued the common shares underlying the RSUs.
- (5) The allocated RSUs will vest on the Vesting Date. Mr. Coleman must be a director of the Corporation on the Vesting Date in order to be issued the common shares underlying the RSUs.

No compensation securities were exercised by any director or NEO during the financial year ended December 31, 2019.

***Material Terms of Employment Agreements***

Material terms of each agreement or arrangement under which compensation was provided to each NEO and Director during the most recently completed financial year are detailed below. The Corporation has entered into employment agreements with each of the NEOs.

Period of Employment

Mark Herron's initial term of employment was for a period of one year commencing on November 21, 2018 (the "**Effective Date**"). The initial term of employment of Alexander Coleman was two years commencing on the Effective Date. Mr. Herron ceased to be the Corporation's Chief Financial Officer on January 7, 2019 and Mr. Coleman ceased to be the Corporation's Chief Executive Officer on May 9, 2019.

Mark Scatterday's initial term of employment is for a period of two years commencing on May 10, 2019. Tim Conder's initial term of employment is for two years commencing on July 18, 2019. David Caloia's initial term of employment

is for a period of two years commencing on June 6, 2019. The employment agreements of Mr. Scatterday, Mr. Conder and Mr. Caloia are to automatically renew and the initial term of employment automatically are to extend for one additional year on their respective end dates and each anniversary of such end dates thereafter (together with the initial term of employment, the “**Period of Employment**”), unless either the Corporation or the NEO gives written notice at least 60 days prior to the expiration of the Period of Employment (including any renewal thereof) of either party’s desire to terminate the Period of Employment (“**Notice**”). Provision of Notice by the Corporation constitutes a termination of the NEO’s employment without cause.

### Options

Alexander Coleman was granted 89,037 Options to purchase Compressed Shares (the “**Coleman Option**”) on November 21, 2018 at the time of the Corporation’s merger. Fifty-percent of the Coleman Option vested on December 6, 2018 (the “**First Vesting Date**”), and an additional 50% vested on the date six months after the First Vesting Date. Each Option to purchase one Compressed Share had an exercise price of US\$384.84. On September 30, 2019, Mr. Coleman voluntarily forfeited the Coleman Option.

Mark Herron was granted 125,313 Options to purchase Common Shares (the “**Herron Option**”) on November 21, 2018 at the time of the Corporation’s merger. Fifty-percent of the Herron Option vested on the First Vesting Date, and an additional 50% vested on the date six months after the First Vesting Date. Each Option to purchase one Common Share had an exercise price of US\$3.85. On April 7, 2019, Mr. Herron voluntarily forfeited the Herron Option.

Mark Scatterday was granted 1,666,667 Options to purchase Common Shares (the “**Scatterday Option**”) on November 22, 2019. One-twelfth of the Scatterday Option vest on the 10<sup>th</sup> day of each calendar month beginning on June 10, 2019 so that all of the Scatterday Option will be fully vested a year from June 10, 2019. Each Option to purchase one Common Share has an exercise price of CA\$0.55.

Tim Conder was granted 2,000,000 Options to purchase Common Shares (the “**Conder Option**”) on November 22, 2019. Fifty-percent of the Conder Option will vest on the first anniversary of Mr. Conder’s commencement date and the remainder of the Conder Option will vest in equal proportions on a monthly basis over the next year such that all of the Conder Option will be fully vested on the second anniversary of Mr. Conder’s commencement date. Each Option to purchase one Common Share has an exercise price of CA\$0.55.

David Caloia was granted 3,759,400 Options to purchase Common Shares (the “**Caloia Option**”). One-fourth of the Caloia Option vested on December 6, 2019 and the balance vesting in equal monthly installments over the following two years. Each Option to purchase one Common Share has an exercise price of US\$1.05.

All of the outstanding and unvested portion of the Options of current NEOs accelerate and become vested on a change in control event (as such term is defined in the terms and conditions applicable to the Option). In each case, the vesting of the Option is subject to the NEO’s continued employment by the Corporation through the respective vesting date. The maximum term of the Scatterday Option, the Conder Option, and the Caloia Option is ten years, subject to earlier termination upon the termination of the NEO’s employment with the Corporation, a change in control or similar events.

### Other Benefits

Each NEO is eligible to receive an annual performance bonus in an amount to be determined in the sole discretion of the Compensation Committee.

Each NEO is entitled to participate in all employee pension and welfare benefit plans and programs, and fringe benefit plans and programs, as made available by the Corporation to the employees generally, in accordance with the eligibility and participation provisions of such plans and as such plans or programs may be in effect from time to time.

Each NEO are authorized to incur reasonable expenses in carrying out their duties under their employment agreement and are entitled to reimbursement for all reasonable business expenses incurred during the period of employment in connection with carrying out their duties, subject to the Corporation’s expense reimbursement policies in effect from time to time.

### Termination Payments

The employment agreements contain standard non-compete, non-solicitation and confidentiality provisions which remain binding for a period of twelve months following the termination of the employment agreements with the Corporation.

Notwithstanding the data illustrated in the below table, if a NEO breaches his obligations under the non-compete, non-solicitation or confidentiality provisions of his employment agreement, the Corporation will no longer be obligated to pay any remaining unpaid portion of the Severance Benefit (as defined at footnote one below) or any remaining unpaid amount from the NEO's incentive bonus or to any continued Corporation-paid or reimbursed coverage.

The following table provides details regarding the estimated incremental payments from the Corporation to each of the NEOs on termination without cause, or a resignation for Good Reason (as defined in the employment agreement) assuming severance on the last business day of the Corporation's last completed financial year.

<b>Name</b>	<b>Severance Period (# of months)</b>	<b>Payment of Salary (\$)<sup>(1)(2)</sup></b>	<b>Pro-Rated Bonus / Other (\$)<sup>(3)</sup></b>	<b>Options/Share - Based Awards (\$)</b>	<b>Total Incremental Payment (\$)<sup>(4)</sup></b>
Mark Scatterday	12	400,000	N/A	N/A	400,000
Tim Conder	12	300,000	N/A	N/A	300,000
David Caloia	12	350,000	N/A	N/A	350,000
Alexander Coleman <sup>(5)</sup>	12	400,000	N/A	N/A	400,000
Mark Herron <sup>(6)</sup>	12	250,000	N/A	N/A	250,000
<b>Total</b>	N/A	<b>1,700,000</b>	N/A	N/A	<b>1,700,000</b>

**Notes:**

- (1) The compensation salary will include base salary at the annualized rate in effect on the Severance Date (as defined in the employment agreements) plus annual incentive bonus amount as in effect on the Severance Date, and any Accrued Obligations (as defined in the employment agreements), subject to tax withholding and other authorized deductions (the "Severance Benefit").
- (2) Amount not inclusive of bonus amount.
- (3) On (or within ten (10) days following) the sixtieth (60th) day following the NEO's Severance Date, the Corporation will also pay the NEO a pro-rated portion of the NEO's incentive bonus with respect to the fiscal year in which the Severance Date occurs, such amount to equal (x) the NEO's annual incentive bonus amount as in effect on the Severance Date multiplied by (y) a fraction, the numerator of which is the total number of days in such fiscal year in which the NEO was employed by the Corporation and the denominator of which is the total number of days in such fiscal year. The bonus amount is subject to the discretion of the Compensation Committee and unknown as of the date of this Circular.
- (4) Amount not inclusive of NEO bonus and Option payments.
- (5) Alexander Coleman ceased to be the Chief Executive Officer of the Corporation effective May 9, 2019.
- (6) Mark Herron ceased to be the Chief Financial Officer of the Corporation effective January 7, 2019.

The Corporation does also pay or reimburse the NEOs for premiums charged to continued medical coverage pursuant to the medical coverage plan designated in the NEO employment agreements.

### **Pension Plan Benefits**

Unless otherwise determined by ordinary resolution, the Compensation Committee, in consultation with the Board and on behalf of the Corporation, may pay a gratuity or pension or allowance on retirement to any NEO who has held any salaried office or place of profit with the Corporation or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As at December 31, 2019, equity securities were authorized for issuance as follows:

Plan Category	Number of securities to be issued upon the vesting of RSUs and the exercise of outstanding options and warrants	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected herein) <sup>(1)</sup>
Equity compensation plans approved by securityholders	17,115,725	\$1.00	73,454,168
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total:</b>	17,115,725	\$1.00	73,454,168

**Notes:**

- (1) The aggregate number of Common Shares issuable upon the vesting of RSUs and the exercise of all Awards granted under the Equity Incentive Plan shall not exceed 25% of the issued and outstanding Common Shares and Common Share Equivalents, from time to time.

## CORPORATE GOVERNANCE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) sets out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation, including National Policy 58-201 – *Corporate Governance Guidelines* and the guidelines of the CSE for effective corporate governance. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

### Board of Directors

The Board is currently made up of six members, of which the Board considers Mark Coleman, Jane Batzofin, Gary Smith and John Barravecchia independent as such term is defined by NI 58-101. The Board considers that Tim Conder and Mark Scatterday are not independent as they are current executive officers of the Corporation or its affiliates. The Board approves all significant decisions that affect the Corporation before they are implemented and the Board supervises their implementation and reviews the results.

The Board is actively involved in the Corporation’s strategic planning process. The Board discusses and reviews all materials relating to strategic and operating plans with management. The Board is responsible for reviewing and approving strategic and operating plans and budgets. Management must seek the Board’s approval for any transaction that would have a significant impact on the strategic plan.

The Board is also responsible for selecting the chief executive officer of the Corporation and appointing senior management and for monitoring their performance. The Board delegates to management responsibility for, among other things, meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on

the Corporation's business, evaluating new business opportunities and complying with applicable regulatory requirements.

The Board periodically reviews the Corporation's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems. The Board also monitors the Corporation's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

### **Directorships**

Gary Smith is a director of New Providence Acquisition Corp., a company listed on the Nasdaq Stock Market.

None of the Corporation's other directors are or have been within the past five years directors of other reporting issuers (or the equivalent) in a jurisdiction or a foreign jurisdiction.

### **Orientation and Continuing Education**

The Corporation does not currently have any formal orientation and education programs for new directors. However, the Board briefs all new directors on the corporate policies of the Corporation and other relevant corporate and business information. Directors are free to contact the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer at any time to discuss any aspect of the Corporation's business.

### **Ethical Business Conduct**

The Corporation has a Code of Business Conduct and Ethics (the "**Code of Business Conduct and Ethics**") setting out the standards of conduct expected from all directors, officers, employees, consultants and contractors of the Corporation. The Code of Business Conduct and Ethics covers matters including, but not limited to: accounting requirements; conflicts of interest; confidentiality and integrity of information; use of the Corporation's property; entertainment, gifts and favours; recoupment of incentive compensation; improper payments; social media; environment and safety; professional development; non-profit and professional associations; political participation; respect in the workplace; and social responsibility.

The Code of Business Conduct and Ethics is in addition to fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director's participation in decisions of the Board in which the director has an interest.

The Board has also adopted a whistleblowing policy with respect to the confidential and anonymous reporting of complaints and irregularities.

### **Nomination of Directors**

The Board as a whole remains responsible for nominating new members of the Board and assessing members of the Board on an on-going basis. If it becomes necessary, a nomination committee will be created which in turn will develop relevant criteria for suitable candidates including the independence of the individual, financial acumen and availability to devote sufficient time to the duties of the Board.

### **Compensation of Directors and Officers**

For a description of the steps taken to determine the compensation for the directors of the Corporation and the Chief Executive Officer, see the discussions under the heading "*Compensation of Executive Officers and Directors – Compensation Discussion and Analysis*" above.

### **Other Board Committees**

The Corporation has an Audit Committee and a Compensation Committee.

### **Assessments of Directors, the Board and Board Committees**

To date, given the small size of the Board, the Board has not found it necessary to institute any formal process in order to satisfy itself that the Board, its committees and its individual directors are performing effectively.

### **AUDIT COMMITTEE**

The following information is provided in accordance with Form 52-110F2 – *Disclosure by Venture Issuers* under National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”).

#### **Mandate of the Audit Committee**

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Corporation and annual external audits of the consolidated financial statements. The Audit Committee has formally set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation’s internal accounting standards and practices, financial information, accounting systems and procedures. See Schedule “D” hereto for a copy of the Audit Committee Charter of the Corporation.

#### **Composition of the Audit Committee**

The Audit Committee currently consists of John Barravecchia, Mark Coleman and Tim Conder. John Barravecchia is the Chair of the Audit Committee. John Barravecchia and Mark Coleman have been determined to be independent, as such term is defined in section 1.4 of NI 52-110. All members are considered to be financially literate as such term is defined in section 1.6 of NI 52-110.

#### **Relevant Education and Experience of the Audit Committee**

##### *John Barravecchia*

Mr. Barravecchia previously served as Chief Financial Officer of Stat Health Services from 2011 through the sale of the company in 2016. Mr. Barravecchia has also served as Chief Financial Officer, Treasurer and Chief Investment Officer for General Electric – Franchise Finance from 2001 to 2008. Prior to General Electric, Mr. Barravecchia was the Chief Financial Officer and Treasurer of Franchise Finance Corporation of America from 1984 to 2001. From 1980 to 1984, Mr. Barravecchia was associated with the public accounting firm Arthur Andersen & Co.

##### *Mark Coleman*

Mr. Coleman is Executive Vice President & General Counsel of Trine Acquisition Corp. since 2019, Senior Partner and General Counsel of InterMedia Partners, LP since 2005 and General Counsel of JPK Capital since 2017. Mr. Coleman previously was part of the group that founded Yankees Entertainment & Sports Network, LLC (YES Network, the regional sports network home of the New York Yankees), where he served as Executive Vice President and General Counsel. Before that, Mr. Coleman was a partner at the predecessor law firm to Pillsbury Winthrop Shaw Pittman and then the law firm Orrick, Herrington & Sutcliffe.

Mr. Coleman received a J.D. from the University of California, Berkeley and a B.A. in Psychology from Pomona College.



Tim Conder

Mr. Conder previously co-founded Bootleg Courier Company, a bike messenger business in Reno. In 2015, Mr. Conder founded Blackbird Logistics Corporation, a company that was acquired by the Corporation in 2019. Mr. Conder is the Chief Executive Officer of Blackbird.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-Audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

**Pre-Approval Policies and Procedures**

The Audit Committee will review and pre-approve any engagements for non-audit services to be provided by the external auditor, together with estimated fees.

**External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditor in each of the last two financial years are as follows:

<b>Financial Year</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees (\$)<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
2019	439,669	0	0	0
2018	0	26,683	0	0

**Notes:**

- (1) The aggregate fees billed by the Corporation's external auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under "*External Auditor Service Fees – Audit Fees*".
- (3) The aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for product and services provided by the Corporation's external auditor, other than services reported under "*External Auditor Service Fees – Audit Fees, Audit Related Fees and Tax Fees*".

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors, proposed nominees for election as directors, executive officers, employees or former executive officers, directors or employees of the Corporation or its subsidiaries, or any associate of any of the foregoing persons, is, or has been at any time since the beginning of the Corporation's most recently completed financial year, indebted to the Corporation or any of its subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of the Corporation's most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth herein, the Corporation is not aware of any material interest, direct or indirect, of any "informed person" of the Corporation, any proposed director of the Corporation or any associate or affiliate of any "informed person" or proposed director, in any transaction since the commencement of the Corporation's most recently

completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of the above, “informed person” means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

On January 14, 2019, the Corporation announced the closing of the acquisition (the “**Acquisition**”) of all of the issued and outstanding membership interests in Jupiter Research, LLC (“**Jupiter**”) for consideration of \$207,000,000, consisting of: (i) \$70,000,000 of cash consideration; and (ii) \$137,000,000 of security based consideration comprised of 54,914,224 limited partnership units of Jimmy Jang, L.P. (“**LP Units**”) and 54,914,224 rights of the Corporation (“**Rights**”), with each one LP Unit and one Right being convertible together, at the request of the holder, into one Common Share. Mark Scatterday, a director of the Corporation, is the president and chief executive officer of Jupiter and held 49.5% of the membership interests in Jupiter prior to the Acquisition. Bob Crompton, the Executive Vice President of Jupiter, held 17.5% of the membership interests in Jupiter prior to the Acquisition.

On January 16, 2019, the Corporation announced the closing of the acquisition (the “**Blackbird Acquisition**”) of all issued and outstanding shares in Blackbird Holdings Corp. (“**Blackbird**”) for consideration of \$50,000,000, consisting of: (i) \$5,000,000 of cash consideration; and \$45,000,000 of security-based consideration comprised of 161,543 Compressed Shares. Each Compressed Share has been decompressed into 100 Common Shares. Tim Conder, a director and executive officer of the Corporation, is the chief executive officer of Blackbird.

On November 4, 2019 the Corporation announced that the previous sellers of Jupiter agreed to restructure unsecured obligations incurred in connection with their sale of Jupiter. Pursuant to a junior secured note purchase agreement, dated November 1, 2019, among Jimmy Jang, L.P. (“**Jimmy Jang**”), Baker Technologies, Inc. (“**Baker**”), Commonwealth Alternative Care, Inc. (“**CAC**”), Jupiter (together with Jimmy Jang, Baker, CAC, the “**Borrowers**”), the Corporation, as guarantor, and the purchasers named on the Schedule of Purchasers attached thereto, the Borrowers agreed to issue to the Purchasers junior secured promissory notes (“**Jupiter Debt**”) in the aggregate principal amount of US\$36,180,000 in exchange for the release and satisfaction of the obligations of Jupiter and certain of its affiliates to pay, pursuant to an Amended and Restated Agreement and Plan of Merger dated January 11, 2019 (the “**Purchase Agreement**”), the Purchase Price Holdback Amount (as defined in the Purchase Agreement) and to satisfy certain other payment obligations to the Sellers (as defined in the Purchase Agreement) (the “**Jupiter Debt Restructuring**”). The Jupiter Debt accrues interest at 8% per annum compounded quarterly and matures in May 2023. Mark Scatterday and Bob Crompton were issued notes in the principal amount of US\$17,909,100 and US\$6,331,500, respectively, under the Jupiter Debt Restructuring.

The addresses of Mr. Scatterday, Mr. Crompton and Mr. Conder are the same as the Corporation’s.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

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

No person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation’s last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

**OTHER MATTERS**

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

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation, including financial information provided in the Corporation's comparative annual audited financial statements and MD&A, are available on SEDAR at [www.sedar.com](http://www.sedar.com). To request copies of the Corporation's financial statements, MD&A, Circular and any document to be approved at the Meeting, Shareholders may contact the Corporate Secretary of the Corporation as follows:

Email:  
investors@tiltholdings.com

Telephone:  
+1(303) 872-7255

Mail: Suite 2400, 745 Thurlow Street,  
Vancouver, British Columbia, V6C 0C5

**BOARD APPROVAL**

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

DATED this 15<sup>th</sup> day of May, 2020.

**BY ORDER OF THE BOARD OF  
DIRECTORS OF TILT HOLDINGS INC.**

*/s/ Mark Scatterday*

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Mark Scatterday  
Chairman

**Schedule "A"**

**CHANGE OF AUDITOR REPORTING PACKAGE**

*(attached)*

## NOTICE OF CHANGE OF AUDITOR

**TO:** MNP LLP (the “**Former Auditor**”)  
Baker Tilly WM LLP (the “**Successor Auditor**”)

**RE:** TILT Holdings Inc. (the “**Company**”)  
Notice of Change of Auditor (the “**Notice**”)

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In compliance with Section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations (“**NI 51-102**”), please be advised as follows:

1. The Former Auditor has resigned under its own initiative effective December 20, 2019 and the Successor Auditor has been appointed as the Company’s auditor in its place.
2. The resignation of the Former Auditor and the appointment of the Successor Auditor have been considered and approved by the board of directors of the Company.
3. There have been no modified opinions expressed in the Former Auditor’s report on the financial statements of the Company for the period during which the Former Auditor was the Company’s auditor.
4. There are no “reportable events” as that term is defined in Section 4.11 of NI 51-102 between the Company, the Former Auditor and the Successor Auditor.

Please review this Notice and prepare a letter identifying whether you agree, disagree and the reasons why, or have no basis to agree or disagree with each statement contained in this Notice, addressing your response to the relevant securities regulatory authorities (list of addresses attached hereto). Please deliver the response to the Company within seven (7) days from the date of this Notice.

This Notice and your reply will be part of the reporting package that will be filed with the applicable regulator or relevant securities administrators.

DATED at Vancouver, British Columbia, this 23<sup>rd</sup> day of December, 2019.

**TILT HOLDINGS INC.**

(signed) “David Caloia”  
David Caloia  
Chief Financial Officer

**December 24, 2019**

**TO:** British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

**RE: TLT Holdings Inc.**

**Notice of Change in Auditor Pursuant to NI 51-102 (Part 4.11)**

Dear Sirs/Mesdames:

In accordance with Section 4.11(5)(a)(i) of National Instrument 51-102, we have reviewed the Notice of Change of Auditor (“the Notice”) of Tilt Holdings Inc. dated December 23, 2019 and based on our current knowledge as of this date, we are in agreement with the information contained in such notice.

Yours truly,



**MNP LLP**  
Andrea Brown, CPA, CA  
Assurance partner



**Baker Tilly WM LLP**  
1400 – 200 University Avenue  
Toronto, Ontario  
Canada M5H 3C6  
T: +1 416.313.2995  
F: +1 416.368.0886

[toronto@bakertilly.ca](mailto:toronto@bakertilly.ca)  
[www.bakertilly.ca](http://www.bakertilly.ca)

December 30, 2019

To: British Columbia Securities Commission  
Alberta Securities Commission  
Ontario Securities Commission

Dear Sirs/Mesdames:

**Re: TILT Holdings Inc. – Notice of Change of Auditor**

We have read the statements made by TILT Holdings Inc. in the attached Notice of Change of Auditor (the "Notice") dated December 23, 2019. The Notice is being filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the Notice.

Yours very truly,

*Baker Tilly WM LLP*

**BAKER TILLY WM LLP**  
Licensed Public Accountants  
Chartered Professional Accountants

**Schedule "B"**

**AMENDED AND RESTATED EQUITY INCENTIVE PLAN**

*(attached)*



## AMENDED AND RESTATED EQUITY INCENTIVE PLAN

### TILT HOLDINGS INC. AMENDED AND RESTATED 2018 STOCK AND INCENTIVE PLAN

#### Section 1. Purpose

The purpose of the Plan is to promote the interests of the Company and its stockholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's stockholders.

#### Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) **"Affiliate"** shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company within the meaning of the *British Columbia Business Corporations Act*.
- (b) **"Award"** shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent or Other Stock-Based Award granted under the Plan.
- (c) **"Award Agreement"** shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).
- (d) **"Board"** shall mean the Board of Directors of the Company.
- (e) **"Code"** shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.
- (f) **"Committee"** shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a **"non-employee director"** within the meaning of Rule 16b-3.
- (g) **"Company"** shall mean TILT Holdings Inc., a British Columbia corporation, and any successor corporation.
- (h) **"Consultant"** means, in relation to the Company, an individual or a Consultant Company, other than an Employee, Director or Officer of the Company, that:

- (i) is engaged to provide on a continuous *bona fide* basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- 
- (i) **“Consultant Company”** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
  - (j) **“CSE”** means the Canadian Securities Exchange.
  - (k) **“Director”** shall mean a member of the Board.
  - (l) **“Dividend Equivalent”** shall mean any right granted under Section 6(e) of the Plan.
  - (m) **“Effective Date”** shall mean the date the Plan is adopted by the Board, as set forth in Section 12.
  - (n) **“Eligible Person”** shall mean any employee, officer, Non-Employee Director, or Consultant providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.
  - (o) **“Exchange Act”** shall mean the U.S. Securities Exchange Act of 1934, as amended.
  - (p) **“Fair Market Value”** with respect to one Share as of any date shall mean (a) if the Shares are listed on the CSE or any established stock exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing of the market price of the Shares on the CSE on (a) the prior trading day, and (b) the date of grant of the Options; (b) if the Shares are not so listed on the CSE or any established stock exchange, the average of the closing “bid” and “ask” prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted “bid” and “ask” prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one

Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.

For any Participant that is subject to the tax laws of the United States of America, "Fair Market Value" shall be determined in a manner consistent with Section 409A.

- (q) **"Incentive Stock Option"** shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.
- (r) **"Non-Employee Director"** shall mean a Director who is not also an employee of the Company or any Affiliate.
- (s) **"Non-Qualified Stock Option"** shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (t) **"Option"** shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase Shares.
- (u) **"Other Stock-Based Award"** shall mean any right granted under Section 6(f) of the Plan.
- (v) **"Participant"** shall mean an Eligible Person designated to be granted an Award under the Plan.
- (w) **"Performance Award"** shall mean any right granted under Section 6(d) of the Plan.
- (x) **"Person"** shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.
- (y) **"Plan"** shall mean the Company's 2018 Stock and Incentive Plan, as amended from time to time.
- (z) **"Restricted Stock"** shall mean any Share granted under Section 6(c) of the Plan.
- (aa) **"Restricted Stock Unit"** shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the *Tax Act* in respect of amounts payable under this Plan, that such date shall not be later than December 31 of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit awarded.
- (bb) **"Section 409A"** shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.
- (cc) **"Securities Act"** shall mean the U.S. Securities Act of 1933, as amended.

- (dd) **“Share” or “Shares”** shall mean shares of common stock in the capital of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).
- (ee) **“Specified Employee”** shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.
- (ff) **“Stock Appreciation Right”** shall mean any right granted under Section 6(b) of the Plan.
- (gg) **“Tax Act”** means the *Income Tax Act* (Canada).
- (hh) **“U.S. Award Holder”** shall mean any holder of an Award who is a “U.S. person” (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

### **Section 3. Administration**

- (a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of

the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

- (b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided, however,* that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.
- (c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.
- (d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board., the Committee or any other person may have by virtue of such person's position with the Company.

#### **Section 4. Shares Available for Awards**

- (a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be the number of Shares as determined by the Board from time to time. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section 4(b) below.
- (b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

- (i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.
  - (ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.
  - (iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.
- (c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitations contained in Section 4(d) below; *provided, however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.
- (d) Additional Award Limitations. The total number of Shares which may be issued or issuable to any one Person under the Plan and all other security based compensation arrangements within any one-year period shall not exceed 5% of the Shares then outstanding. So long as the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding. For the purposes of this Section, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Award. Under this Plan “**security based compensation arrangements**” shall mean any compensation or incentive

mechanism (such as option plans, restricted share plans, stock purchase plans) involving the issuance or potential issuances of securities of the Company from treasury.

## **Section 5. Eligibility**

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

## **Section 6. Awards**

- (a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:
- (i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, however*, that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.
  - (ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option falls within a trading blackout period imposed by the Company (a "**Blackout Period**"), and neither the Company nor the individual in possession of the Options is subject to a cease trade order in respect of the Company's securities, then the expiry date of such Option shall be automatically extended to the 10<sup>th</sup> business day following the end of the Blackout Period.
  - (iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

- (A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.
  - (B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.
- (iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:
- (A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, such excess shall be considered Non-Qualified Stock Options.
  - (B) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Committee or the date this Plan was approved by the stockholders of the Company.
  - (C) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided, however*, that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliates, such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.
  - (D) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided, however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair



Market Value of a Share on the date of grant of the Incentive Stock Option.

- (E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.
  - (F) Subject to adjustment as provided in Section 4(c), the maximum number of Shares that may be awarded under the Plan as Incentive Stock Options is 50,000,000 Shares.
- (b) Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right; *provided, however*, that, subject to applicable law and stock exchange rules, the Committee may designate a grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee (except that the term of each Stock Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate.
- (c) Restricted Stock and Restricted Stock Units. The Committee is hereby authorized to grant an Award of Restricted Stock and Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:
- (i) Restrictions. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).
  - (ii) Issuance and Delivery of Shares. Any Restricted Stock granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate,

including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the stock transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Stock Units.

- (iii) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units held by such Participant at such time shall be forfeited and reacquired by the Company for cancellation at no cost to the Company; *provided, however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.
- (d) Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.
- (e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Stock Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent

amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

- (f) Other Stock-Based Awards. The Committee is hereby authorized to grant to Eligible Persons such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. The Committee shall determine the terms and conditions of such Awards, subject to the terms of the Plan and any applicable Award Agreement. No Award issued under this Section 6(f) shall contain a purchase right or an option-like exercise feature.
- (i) General Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.
- (ii) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable securities rules. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.
- (iii) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.
- (iv) Prohibition on Option and Stock Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior

approval of the Company's stockholders and applicable stock exchange approval, seek to effect any repricing of any previously granted, "underwater" Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; or (B) Restricted Stock, Restricted Stock Units, Performance Award or Other Stock-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Stock Appreciation Right for cash, or other securities. An Option or Stock Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

- (v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

If an Award is subject to Section 409A, the Company intends (but cannot and does not guarantee) that the Award Agreement and this Plan comply with and meet all of the requirements of Section 409A or an exception thereto and the Award Agreement shall include such provisions, in addition to the provisions of this Plan, as may be necessary to assure compliance with Section 409A or an exception thereto. Under no circumstances may the time or schedule of any payment for any Award that is subject to the requirements of Section 409A be accelerated or subject to further deferral except as otherwise permitted or required pursuant to regulations and other guidance issued pursuant to Section 409A. If the Company fails to make any payment pursuant to the payment provisions applicable to an Award that is subject to Section 409A, either intentionally or unintentionally, within the time period specified in such provisions, but the payment is made within

the same calendar year, such payment will be treated as made within the specified time period. In addition, in the event of a dispute with respect to any payment, such payment may be delayed in accordance with the regulations and other guidance issued pursuant to Section 409A. Notwithstanding any of the foregoing, the Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A but do not satisfy the provisions thereof.

- (vi) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, *provided that* the consummation subsequently occurs) such change-in-control event.

## **Section 7. Amendment and Termination; Corrections**

- (a) Amendments to the Plan and Awards. The Committee may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, *provided that* no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or stock exchange. For greater certainty and without limiting the foregoing, the Committee may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of stockholders of the Company in order to:
  - (i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;
  - (ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;
  - (iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

- (iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the stockholders of the Company shall be required for any amendment to the Plan or an Award that would:

- (i) require stockholder approval under the rules or regulations of securities exchange that is applicable to the Company;
  - (ii) permit repricing of Options or Stock Appreciation Rights, which is currently prohibited by Section 6(g)(iv) of the Plan;
  - (iii) permit the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;
  - (iv) permit Options to be transferable other than for normal estate settlement purposes;
  - (v) amend this Section 7(a); or
  - (vi) increase the maximum term permitted for Options and Stock Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date.
- (b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:
- (i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;



- (ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;
  - (iii) that, subject to Section 6(g)(vi), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or
  - (iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.
- (c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the stockholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

## **Section 8. Income Tax Withholding**

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

## **Section 9. U.S. Securities Laws**

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United

States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

#### **Section 10. General Provisions**

- (a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.
- (b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.
- (c) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.
- (d) No Rights of Stockholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a stockholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.
- (e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.
- (f) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the



Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

- (g) Governing Law. The internal law, and not the law of conflicts, of British Columbia shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.
- (h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.
- (i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.
- (j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.
- (k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.
- (l) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

#### **Section 11. Clawback or Recoupment**

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable stock exchange rule.

**Section 12. Effective Date of the Plan**

The Plan was adopted by the Committee effective as of November 21, 2018. The Plan shall be subject to approval by the stockholders of the Company which approval will be within 12 months after the date the Plan is adopted by the Committee.

**Section 13. Term of the Plan**

No Award shall be granted under the Plan, and the Plan shall terminate, on the earlier of (i) November 21, 2028 or the tenth anniversary of the date the Plan is approved by the stockholders of the Company, or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Committee to amend the Plan, shall extend beyond the termination of the Plan.

## Schedule "C"

### EQUITY INCENTIVE PLAN AMENDMENT RESOLUTION

"BE IT RESOLVED as an ordinary resolution of the holders of common shares ("Common Shares") in the capital of TILT Holdings Inc. (the "Corporation") that:

1. The 2018 Stock and Incentive Plan (the "Equity Incentive Plan") of the Corporation is hereby amended as follows (the "Amendments"):

a. the following sentence is added as a new last sentence to Section 2(p) of the Equity Incentive Plan ("*Definitions – Fair Market Value*"):

"For any Participant that is subject to the tax laws of the United States of America, "Fair Market Value" shall be determined in a manner consistent with Section 409A."

b. Section 6(a)(iv)(A) of the Equity Incentive Plan ("*Awards – Options – Incentive Stock Options*") is deleted and replaced in its entirety with the following:

"(A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, such excess shall be considered Non-Qualified Stock Options."

c. the following is added as a new Section 6(a)(iv)(F) to the current Section 6(a)(iv) of the Equity Incentive Plan ("*Awards – Options – Incentive Stock Options*"):

"(F) Subject to adjustment as provided in Section 4(c), the maximum number of Shares that may be awarded under the Plan as Incentive Stock Options is 50,000,000 Shares."

d. the following is added to the end of Section 6(f)(v) of the Equity Incentive Plan ("*Other Stock-Based Awards – Section 409A Provisions*"):

"If an Award is subject to Section 409A, the Company intends (but cannot and does not guarantee) that the Award Agreement and this Plan comply with and meet all of the requirements of Section 409A or an exception thereto and the Award Agreement shall include such provisions, in addition to the provisions of this Plan, as may be necessary to assure compliance with Section 409A or an exception thereto. Under no circumstances may the time or schedule of any payment for any Award that is subject to the requirements of Section 409A be accelerated or subject to further deferral except as otherwise permitted or required pursuant to regulations and other guidance issued pursuant to Section 409A. If the Company fails to make any payment pursuant to the payment provisions applicable to an Award that is subject to Section 409A, either intentionally or unintentionally, within the time period specified in such provisions, but the payment is made within the same calendar year, such payment will be treated as made within the specified time period. In addition, in the event of a dispute with respect to any payment, such payment may be delayed in accordance with the regulations and other guidance issued pursuant to Section 409A. Notwithstanding any of the foregoing, the Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A but do not satisfy the provisions thereof."

2. Notwithstanding the foregoing, all provisions of the Equity Incentive Plan not referred to herein shall remain in full force and effect.

3. Any one director or officer of the Corporation be authorized to make all such arrangements, to do all acts and things and to sign and execute all documents and instruments in writing, whether under the corporate seal of the Company or otherwise, as may be considered necessary or advisable to give full force and effect to the foregoing; and
4. Notwithstanding that this resolution has been duly passed by the holders of the Common Shares, the directors of the Corporation may in their sole discretion revoke this resolution in whole or in part at any time prior to its being given effect by the directors of the Corporation without further notice to, or approval of, the holders of the Common Shares.”

## Schedule "D"

### TILT HOLDINGS INC. (the "Corporation")

#### Audit Committee Charter

##### **A. Composition and Process**

1. The audit committee of the Corporation (the "**Audit Committee**") shall be composed of a minimum of three members of the board of directors of the Corporation (the "**Board of Directors**"), a majority of whom are independent. An independent director, as defined in National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") is a director who has no direct or indirect material relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgment or as otherwise determined to be independent in accordance with NI 52-110.

2. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.

3. The chairperson of the Audit Committee (the "**Chairperson**") shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.

4. All members of the Audit Committee are encouraged to become financially literate if they are not already. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation's financial statements.

5. The Chairperson shall, in consultation with management, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting.

6. The Audit Committee shall try to meet at least twice per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. A resolution in writing, signed by all the members of the Audit Committee entitled to vote on that resolution at a meeting of the Audit Committee, is as valid as if it were passed at a meeting of the Audit Committee.

7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies where applicable to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

8. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.

9. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

##### **B. Authority**

10. The Audit Committee shall be appointed by the Board of Directors pursuant to provisions of the British Columbia Business Corporations Act and the bylaws of the Corporation.

11. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

12. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

13. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.

14. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

15. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

**C. Relationship with External Auditors**

16. An external auditor must report directly to the Audit Committee.

17. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.

18. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least an annual basis in the absence of management.

**D. Accounting Systems, Internal Controls and Procedures**

19. The Audit Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.

20. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.

21. The Audit Committee shall direct the external auditor's examinations to particular areas.

22. The Audit Committee shall review control weaknesses identified by the external auditor, together with management's response.

23. The Audit Committee shall review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.

24. In order to preserve the independence of the external auditor the Audit Committee will:

- i. recommend to the Board of Directors the external auditor to be nominated; and
- ii. recommend to the Board of Directors the compensation of the external auditor's engagement;

25. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

26. The Audit Committee shall review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.

27. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.

28. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

29. The Audit Committee shall, on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor's participant status has not been terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

30. The Audit Committee shall review management's process for certification of annual and interim reports in accordance with applicable securities legislation.

**E. Statutory and Regulatory Responsibilities**

31. Annual Financial Information – the Audit Committee shall review the annual audited financial statements and related management's discussion and analysis ("MD&A"), including any related press releases if same contains material information, and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.

32. Annual Report - the Audit Committee shall review the management MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.

33. Interim Financial Statements - the Audit Committee shall review the quarterly interim financial statements and related MD&A, related press releases and recommend their approval to the Board of Directors.

34. Earnings Guidance/Forecasts - the Audit Committee shall review forecasted financial information and forward looking statements.

**F. Reporting**

35. The Audit Committee shall report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.

36. The Audit Committee shall review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

**G. Other Responsibilities**

37. The Audit Committee shall investigate fraud, illegal acts or conflicts of interest.

38. The Audit Committee shall discuss selected issues with corporate counsel or the external auditor or management.

