

Notice of Annual General and Special Meeting of Shareholders

TO BE HELD ON JANUARY 30, 2025

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Management Proxy Circular

DECEMBER 16, 2025

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CANNARA BIOTECH INC.
NOTICE OF 2025 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

Montréal, Québec, December 16, 2024

Notice is hereby given that an annual general meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of Cannara Biotech Inc. (the “**Company**”) will be held on January 30, 2025, at 11:00 a.m. (Montréal time).

We will hold our Meeting in a virtual only format, which will be conducted via live audio webcast and teleconference accessible via the following link:

<https://cannarabiotechquebecinc.my.webex.com/cannarabiotechquebecinc.my/j.php?MTID=m70400f296058eb021572737a5824d6a>

To join the meeting via teleconference, please dial 1-438-797-4001 (Canada) or 1-650-479-3208 (US) and use meeting code 2636 952 9781 and passcode LOVE2025 (56832025 when dialing from a phone or video system). Shareholders accessing the Meeting via teleconference will not be able to vote or speak at the Meeting. To vote or speak at the Meeting, shareholders will need to join the webcast and utilize the chat function during the Meeting. A moderator will be present to allow shareholders to vote or speak at the Meeting at the appropriate time.

Shareholders will have an equal opportunity to participate in the Meeting online regardless of their geographic location.

The Meeting will be held for the following purposes:

1. to receive the Audited Consolidated Financial Statements of the Company for the fiscal year ended August 31, 2024, and the auditor’s report thereon;
2. to determine the number of directors and to elect the directors to serve until the Company’s next annual general meeting
3. to appoint MNP LLP as auditors of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration to be paid to the auditors for the ensuing year;
4. to consider and, if thought fit, to pass an ordinary resolution to approve the Company’s stock option plan, as amended, the whole as described in the accompanying management information circular;
5. to consider and, if thought fit, to pass an ordinary resolution to approve the Company’s restricted share unit compensation plan, the whole as described in the accompanying management information circular;
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The management proxy circular (the “**Management Proxy Circular**”) and proxy form for the Meeting are enclosed with this Notice.

Voting

Only persons shown on the register of shareholders at the close of business on December 6, 2024 or their proxy holders, will be entitled to participate in the Meeting and vote. Please review the Management Proxy Circular before voting.

At the Meeting, each registered Shareholder or duly appointed proxyholder is entitled to one vote, unless a poll is required or requested, whereupon each such Shareholder and Proxyholder is entitled to one vote for each share held or represented, respectively. To approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “**ordinary resolution**”) unless the motion requires a “special resolution” in which case a majority of 66.66% of the votes cast will be required. The quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

Registered shareholders and duly appointed proxyholders will be able to participate in 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 herein. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to participate in the Meeting as guests, but guests will not be able to submit questions or vote at the Meeting.

If you do not expect to be able to participate in the Meeting, please complete, date and sign the accompanying proxy form and return it by following the instructions on the accompanying proxy form and the Management Proxy Circular. Proxies submitted by mail, fax or internet must be received by Computershare Investor Services Inc. (“**Computershare**”) by 11:00 a.m. (Montréal time) on January 28, 2025. These instructions include the additional step of registering such proxyholder with our transfer agent, Computershare, after submitting your form of proxy or voting instruction form. **Failure to register the proxyholder with Computershare will result in the proxyholder not receiving a control number to participate in the Meeting and only being able to attend as a guest.**

Notice-and-Access

The Company has elected to use “notice-and-access” rules (“**Notice-and-Access**”) adopted by Canadian Securities Administrators under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for distribution of Proxy- Related Materials, including the Management Proxy Circular, to both its registered shareholders and non-registered shareholders. Notice-and-Access is a set of rules that allows issuers to post electronic versions of Proxy-Related Materials on SEDAR+ and on one additional website, rather than mailing paper copies. “**Proxy-Related Materials**” refers to the Management Proxy Circular, this Notice of Meeting, a voting instruction form in the case of non-registered shareholders, and a form of proxy in the case of registered shareholders. The use of Notice-and-Access is more environmentally friendly as it helps reduce paper use. It also reduces the Company’s printing and mailing costs.

Shareholders may contact the Company’s transfer agent, Computershare Investor Services Inc. by calling toll free, within North America - 1-800-564-6253 or direct, from outside of North America - 514-982-7555 to request voting control numbers for voting online at www.investorvote.com. Objecting beneficial shareholders should contact their broker to request their voting instruction forms, voting control numbers and instructions for voting.

Websites Where Proxy-Related Materials are Posted

The Proxy-Related Materials are available on the Company’s website at <https://www.cannara.ca/investors/shareholder-meetings/> and under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Notice Package

Although the Proxy-Related Materials have been posted online as noted above, non-registered shareholders and registered shareholders are receiving paper copies of a notice package via prepaid mail, containing information prescribed by NI 54-101 such as the date, time and location of the Meeting, the website addresses where the Proxy-Related Materials are posted, a voting instruction form in the case of non-registered shareholders, and a form of proxy in the case of registered shareholders.

How to Obtain Paper Copies of Proxy-Related Materials

Any shareholder who wishes to receive a paper copy of the Proxy-Related Materials should contact the Company's transfer agent, Computershare Investor Services Inc. Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, toll-free within North America - 1-866-962-0498 or direct, from outside of North America - 514-982-8716.

Paper copies of the Proxy-Related Materials must be requested as soon as possible, in order to allow shareholders sufficient time to receive and review the Proxy-Related Materials and return the form of proxy or voting instruction form not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in British Columbia) prior to the time set for the Meeting or any adjournments or postponements thereof.

After the Meeting, shareholders may obtain paper copies of the Proxy-Related Materials free of charge by contacting the General Counsel and VP Legal Affairs of the Company, Brian Sherman, at brian.sherman@cannara.ca.

Signed this December 16, 2024.

(s) Nicholas Sosiak

Nicholas Sosiak

Chief Financial Officer

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INVITATION TO SHAREHOLDERS

Dear Shareholders,

Thank you. As we celebrate five years since Cannara became a licensed producer, we want to express my deepest gratitude. Your unwavering support has fueled our journey—a journey defined by a LOVE for cannabis and a commitment to quality. We couldn't have reached this milestone without you.

From navigating complex regulations and paying over \$60 million in cannabis excise tax to building a thriving, well-capitalized business, our journey has been shaped by challenges and triumphs. Through it all, our vision has remained steady and clear: to build a company that honors the plant, its consumers, and you - our shareholders.

Why Invest in Cannara Now?

We are at a pivotal moment in our growth, poised to become one of Canada's leading producers. Over the years, we've laid a strong foundation, and here's why we believe Cannara is positioned for sustained success:

- We are a well-capitalized, high-growth company with a proven track record of generating increasing positive EBITDA, net income and cash flows. Our 1.6 million sq. ft. state-of-the-art facilities in Québec benefit from low-cost utilities, enabling us to produce premium cannabis at a competitive cost—a unique pricing advantage.
- Our flagship brands—Tribal, Nugz, and Orchid CBD—continue to gain strong market loyalty, setting the stage for continued growth and national market expansion.
- We are climbing the ranks, currently in the top 3 licensed producers in Quebec and top 8 across Canada as of October 2024¹, with momentum building toward becoming #1.

This success wouldn't be possible without your trust and our passionate team of over 400 dedicated individuals. Together, we're committed to elevating the cannabis experience and shaping the future of the industry.

Invitation to Our Annual General Meeting

On behalf of the Board of Directors and management of Cannara, we are pleased to invite you to our Annual General Meeting of Shareholders (the "**Meeting**"), which will be held on January 30, 2025, at 11:00 a.m. (EST).

The enclosed management information circular outlines the business to be conducted at the Meeting and provides details on executive compensation and governance practices. Please review this document before voting.

We will hold our Meeting in a virtual only format, which will be conducted via live audio webcast and teleconference accessible via the following link:

<https://cannarabiotechquebecinc.my.webex.com/cannarabiotechquebecinc.my/j.php?MTID=m70400f296058ebb021572737a5824d6a>

¹ Based on Hifyre Data for the period of October 2024.

To join the meeting via teleconference, please dial 1-438-797-4001 (Canada) or 1-650-479-3208 (US) and use meeting code 2636 952 9781 and passcode LOVE2025 (56832025 when dialing from a phone or video system). Shareholders accessing the Meeting via teleconference will not be able to vote or speak at the Meeting. To vote or speak at the Meeting, shareholders will need to join the webcast and utilize the chat function during the Meeting. A moderator will be present to allow shareholders to vote or speak at the Meeting at the appropriate time.

Your participation in voting is important to us. You can vote by proxy ahead of the Meeting using all of the voting channels that have been available in the past; or vote online during the Meeting. Please refer to the "Voting Procedures" section of this Management Proxy Circular for more information.

Looking Ahead

While this year was historic, we believe it's just the beginning. The future is bright for Cannara, and we're excited to continue this journey with you. Thank you for believing in us, sharing our vision, and being an essential part of the Cannara family.

We look forward to welcoming you at the Meeting and thank you for your continued support.

One \$LOVE,

(s) Zohar Krivorot

Zohar Krivorot

Chairman and Chief

Executive Officer

(s) Nicholas Sosiak

Nicholas Sosiak

Chief Financial Officer



MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is provided in relation to the solicitation of proxies by the management of Cannara Biotech Inc. (“we”, “us”, “our”, “Cannara” and the “Company”) for use at the annual general meeting of shareholders (the “Meeting”) of the Company to be held on January 30, 2025, and at any adjournment or postponement thereof. Unless otherwise indicated, the information provided in this Management Proxy Circular (the “Circular”) is provided as of November 25, 2024, and all currency amounts are shown in Canadian dollars. The Meeting, unless we advise otherwise by way of press release and on our website (www.cannara.ca/investors) will be held as a completely virtual meeting, which will be conducted via live audio webcast. Shareholders will not be able to participate in the Meeting in person. A summary of the information you will need to participate in the Meeting online is provided below.

PROXY MATTERS AND VOTING INFORMATION

Notice-and-Access

The Company has elected to use “notice-and-access” rules (“**Notice-and-Access**”) adopted by Canadian Securities Administrators under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) for distribution of Proxy- Related Materials (as defined below), including the Management Proxy Circular, to both its Registered Shareholders (as defined below) and Non-Registered Shareholders (as defined below). Notice-and-Access is a set of rules that allows issuers to post electronic versions of Proxy-Related Materials on SEDAR+ and on one additional website, rather than mailing paper copies. “**Proxy- Related Materials**” refers to the Management Proxy Circular, the Notice of Meeting (as defined below), a voting instruction form in the case of non-registered shareholders, and a form of proxy in the case of registered shareholders.

The use of Notice-and-Access is more environmentally friendly as it helps reduce paper use. It also reduces the Company’s printing and mailing costs. Shareholders may obtain further information about Notice-and-Access by contacting Computershare Investor Services Inc. within North America - 1-800-564-6253 or direct, from outside of North America – 514-982-7555.

Websites Where Proxy-Related Materials are Posted

The Proxy-Related Materials are available on the Company’s website at www.cannara.ca/investors or under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Notice Package

Although the Proxy-Related Materials have been posted online as noted above, Non-Registered and Registered Shareholders are receiving paper copies of a notice package via prepaid mail, containing information prescribed by NI 54-101 such as the date, time and location of the Meeting, the website addresses where the Proxy-Related Materials are posted, a voting instruction form in the case of Non-Registered Shareholders, and a form of proxy in the case of Registered Shareholders.

How to Obtain Paper Copies of Proxy-Related Materials

If you are a registered or non-registered shareholder, you may request a paper copy of the Proxy- Related Materials by telephone at any time prior to the Meeting by contacting Computershare Investor Services Inc. within North America - 1-866-962-0498 or direct, from outside of North America – 514-982-8716.



Paper copies of the Proxy-Related Materials must be requested as soon as possible, in order to allow shareholders sufficient time to receive and review the Proxy-Related Materials and return the form of proxy or voting instruction form not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in British Columbia) prior to the time set for the Meeting or any adjournments or postponements thereof.

After the Meeting, Shareholders may obtain paper copies of the Proxy-Related Materials free of charge by contacting the General Counsel of the Company, Brian Sherman, by email at brian.sherman@cannara.ca or by mail at 333 Décarie, Suite 200, Saint-Laurent, QC, H4N 3M9, Canada.

Solicitation of Proxies

The solicitation of proxies will be made primarily by mail. Proxies may also be solicited by e-mail, by telephone or in person. Employees, officers, directors or agents of the Company may solicit the proxies.

The Company does not expect to pay any compensation for the solicitation of proxies and the Company will bear all expenses in connection with the solicitation of proxies. The Company has not retained the services of any third party to solicit proxies. Should it decide to do so, the fees payable to the proxy solicitor are expected to be nominal.

Participating in the Meeting

We will hold our Meeting in a virtual only format, which will be conducted via live audio webcast accessible via the following link:

<https://cannarabiotechquebecinc.my.webex.com/cannarabiotechquebecinc.my/j.php?MTID=m70400f296058eb021572737a5824d6a>

To join the meeting via teleconference, please dial 1-438-797-4001 (Canada) or 1-650-479-3208 (US) and use meeting code 2636 952 9781 and passcode LOVE2025 (56832025 when dialing from a phone or video system). Shareholders accessing the Meeting via teleconference will not be able to vote or speak at the Meeting. To vote or speak at the Meeting, shareholders will need to join the webcast and utilize the chat function during the Meeting.

Participating in the Meeting online allows Registered Shareholders and duly appointed proxyholders, including Non-Registered Shareholders who have appointed themselves or another person as a proxyholder, to participate and ask questions, all in real time. Registered Shareholders and duly appointed proxyholders can vote at the appropriate time during the Meeting. Guests, including Non-Registered Shareholders who have not duly appointed themselves or another person as a proxyholder, can log in to the Meeting as set out above and participate in the Meeting but cannot submit questions or vote.

Questions

Registered Shareholders and duly appointed proxyholders can attend the Meeting by joining the live webcast at the coordinates provided above, where they can participate, vote or submit questions during the Meeting via the Chat function. Participants accessing by webcast are asked to join 15 minutes prior to the scheduled start time

Guests will be able to participate in the Meeting but are not able to submit questions or vote. Questions may be submitted at any point during the Meeting but must be submitted prior to the commencement of voting on the matter to which they relate. All questions relating to a matter subject to a vote at the Meeting that are deemed to be appropriate and directly related to such matter will be addressed prior to the closing of voting on such matter. Following termination of the formal business of the Meeting and time permitting, the Company will address any appropriate general questions received from shareholders and duly appointed proxyholders regarding the Company. In order to facilitate a respectful and effective Meeting, only questions of general interest to all shareholders will be answered.



To ensure the Meeting is conducted in a manner that is fair to all shareholders, the Chair of the Meeting may exercise broad discretion in responding to questions, including the order in which the questions are answered, the grouping or editing of the questions and the amount of time devoted to any question.

If there are any matters of individual concern to a shareholder and not of general concern to all shareholders, or if a question posed was not otherwise answered, such matters may be raised separately after the meeting by contacting the Company's **General Counsel** by sending an e-mail to: brian.sherman@cannara.ca.

Appointment and Revocation of Proxyholders

The persons whose appointment to act under the proxy form solicited by the management of the Company are directors of the Company. **Every shareholder has the right to appoint some other person or company of their choice (who need not be a shareholder) to attend and act on their behalf at the Meeting, or any adjournment or postponement thereof, MUST submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder AND register that proxyholder online, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a control number that is required to vote at the Meeting.**

A proxy may be revoked at any time by the person giving it to the extent that it has not yet been exercised. Revocation can be effected by an instrument in writing (which includes a Proxy bearing a later date) signed by a shareholder or the shareholder's attorney authorized in writing and in the case of a corporation, duly executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation, and either delivered to our registered office at 200-333 Décarie Blvd., Montréal, Quebec H4N 3M9, attn: Brian Sherman, or to our transfer agent, Computershare Investor Services Inc. by mail to the Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by telephone at 1-866-732-8683 or by going to the website www.investorvote.com at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chair of the Meeting on the day of the Meeting.

If you have followed the process for participating in and voting at the Meeting online, casting your vote online during the Meeting will revoke your previous proxy.

The persons whose names are printed on the proxy form will vote all the shares in respect of which they are appointed to act in accordance with the instructions given on the proxy form. **In the absence of a specified choice in relation to any matter to be voted on at the Meeting, or if more than one choice is indicated, the shares represented by the proxy form will be voted FOR the matter in question.**

Every proxy given to any person in the proxy form that accompanies the notice of meeting (the "**Notice of Meeting**") will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

Voting Procedures

You can vote by proxy ahead of the Meeting using all of the voting channels that have been available in the past; only voting at the Meeting has changed. You can vote online during the Meeting by following the instructions below.



Registered Shareholders

You are a “registered shareholder” if you have a share certificate or direct registration system (DRS) advice issued in your name and as a result, have your name shown on Cannara’s register of shareholders kept by our transfer agent, Computershare (“**Registered Shareholder**”).

If you are a Registered Shareholder, you can vote your shares by completing a ballot online during the Meeting or by appointing someone else as proxyholder to attend the Meeting and vote the Company’s common shares (the “**Common Shares**”) that you hold, as mentioned above.

As a Registered Shareholder, you can choose from three different ways to vote your common shares of the Company by proxy: (a) by mail or delivery in the addressed envelope provided or deposited at the offices of Computershare Investor Services Inc. Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, on behalf of the Company, so as to arrive not later than 11:00 a.m. (Montreal time) on January 28, 2025, or if the Meeting is adjourned, at the latest 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used; (b) by telephone at 1-866-732-8683; or (c) by going to the website www.investorvote.com. The above time limit for deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

Non-Registered Shareholders (Beneficial Owners)

You are a “non-registered shareholder” or “beneficial owner” if your shares are held on your behalf through an intermediary or nominee (for example, a bank, trust company, securities broker, clearing agency or other institution) (“**Non-Registered Shareholder**” or “**Beneficial Owner**”). Non-Registered Shareholders must appoint themselves as proxyholder in order to vote at the Meeting. If you are a Non-Registered Shareholder and do not appoint yourself as proxyholder, you will still be able to participate as a guest.

Under applicable securities legislation, a Beneficial Owner of securities is a “non-objecting Beneficial Owner” (or “**NOBO**”) if such Beneficial Owner has or is deemed to have provided instructions to the intermediary holding the securities on such Beneficial Owner’s behalf not objecting to the intermediary disclosing ownership information about the Beneficial Owner in accordance with said legislation, and a Beneficial Owner is an “objecting Beneficial Owner” (or “**OBO**”) if such Beneficial Owner has or is deemed to have provided instructions objecting to same.

If you are a NOBO, the Company has sent these materials directly to you, and your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities legislation from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The voting instruction form that is sent to NOBOs contains an explanation as to how you can exercise the voting rights attached to your Common Shares, including how to participate in, and vote directly at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are an OBO, you received these materials from your intermediary or its agent (such as Broadridge), and your intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Common Shares. The Company has agreed to pay for intermediaries to deliver to OBOs the proxy-related materials and the relevant voting instruction form. The voting instruction form that is sent to an OBO by the intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your Common Shares, including how to participate in, and vote directly at the Meeting. Please provide your voting instructions to your intermediary as specified in the enclosed voting instruction form.



Voting Shares

Each holder of Common Shares is entitled to one vote per share. As at December 6, 2024, 90,018,952 Common Shares were issued and outstanding. Only persons shown on the register of Common Shares at the close of business on December 6, 2024 (the “**Record Date**”), or their proxyholders, will be entitled to attend the Meeting and vote. Each Common Shares carries the right to one vote on all matters which come before the Meeting. Shareholders of record are entitled to receive notice of, and vote at, the Meeting.

Proxies submitted by mail, fax or Internet must be received by Computershare by 11:00 a.m. (Montréal time) on January 28, 2025. Note that if you are an OBO, your intermediary will need your voting instructions sufficiently in advance of this deadline to enable your intermediary to act on your instructions prior to the deadline. See “Voting Procedures - Non-Registered Shareholders (Beneficial Owners)”.

The list of Shareholders entitled to vote at the Meeting will be available for inspection after January 30, 2025, during usual business hours by contacting the Company’s transfer agent, by contacting Computershare Investor Services Inc. within North America - 1-866-962-0498 or direct, from outside of North America - (514) 982-8716.

Pursuant to the by-laws of the Company, a quorum of Shareholders is present at the Meeting if the holders of not less than 5% of the Shares entitled to vote at the Meeting are present or represented by proxy, and at least two persons entitled to vote at the Meeting are actually present at the Meeting, which for the purposes of the by-laws, includes persons participating in the Meeting by electronic means.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of the Company’s last fiscal year, no proposed nominee of management of the Company for election as a director of the Company, and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and executive officers of Cannara, as of the date of this Circular, no person or corporation beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the issued and outstanding Common Shares, other than:

Name	Number of Shares Owned or Controlled	Percentage of Outstanding Shares
Javaa Private Equity Inc. ⁽¹⁾	24,258,982	26.95%
Olymbec Investments Inc. ⁽²⁾	20,305,797	22.56%

Notes:

- (1) Javaa Private Equity Inc. is owned and controlled by Zohar Krivorot, the Chief Executive Officer and Chairman of the Company.
- (2) 19,929,757 Common Shares are held by Olymbec Investments Inc. (“**Olymbec**”). Derek Stern, a member of the Board, holds a significant interest in Olymbec and exercises control over the Common Shares held by Olymbec. Mr. Stern additionally personally holds 376,040 Common Shares.



BUSINESS TO BE TRANSACTED AT THE MEETING

The following items of business will be presented to the shareholders at the Meeting:

1. Presentation of the Audited Consolidated Financial Statements

The Audited Consolidated Financial Statements of the Company for the fiscal year ended August 31, 2024 (“**Fiscal 2024**” or “**FY 2024**”) and the auditor’s report thereon will be presented at the Meeting but will not be subject to a vote.

2. Election of Directors

Management proposes that the number of directors for the Company be determined at five (5) until the next annual general meeting of Shareholders, as permitted by the articles of the Company and the provisions of the *Business Corporations Act* (British Columbia). As a result, Shareholders will be asked at the Meeting to determine the number of directors of the Company at five (5) and a total of five (5) directors are to be elected to hold office until the close of the next annual meeting of shareholders or until their successor is elected or appointed. Each of the persons presented under “Proposed Nominees for Election as Directors” in this Management Proxy Circular is proposed to be nominated as a director of the Company and each nominee has agreed to serve as a director if elected.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the election as directors of the five persons nominated in this Management Proxy Circular unless shareholders direct otherwise.

3. Appointment of Auditors

The Company’s board of directors (the “**Board of Directors**” or the “**Board**”) recommends that MNP LLP, Chartered Professional Accountants, be appointed as the auditors of the Company (the “**Auditors**”) to hold office until the next annual meeting of shareholders or until their successors are appointed. MNP LLP were first appointed as auditor to the Company on August 8, 2024, following the voluntary resignation of KPMG LLP, the Company’s previous auditor.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the appointment of MNP LLP as auditors and to vote to authorize the directors to fix the remuneration of the auditors unless shareholders direct otherwise.

4. Approval of Stock Option Plan

On January 25, 2024, the shareholders of the Company re-approved the Stock Option Plan. A complete copy of the amended and restated Stock Option Plan is attached as **Appendix B** to this Circular. Please see “Stock Option Plan” for a summary of the Stock Option Plan. Pursuant to the policies of the TSXV, the Stock Option Plan must be approved annually by a majority of shareholders of the Company. The maintenance of the Stock Option Plan is also required for the continuance of the Company’s RSU Plan. At the Meeting, shareholders will be asked to approve, with or without variation, an ordinary resolution approving the adoption by the Company of the Stock Option Plan. The resolution must be approved by a majority of the votes cast by the shareholders present in person or voting by proxy at the Meeting in order for it to be adopted.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the approval of the Stock Option Plan.



5. Approval of RSU Plan

On January 25, 2024, the shareholders of the Company re-approved the RSU Plan. A complete copy of the amended and restated RSU Plan is attached as Schedule “B” to this Circular. Please see “RSU Plan” for a summary of the RSU Plan. Pursuant to the policies of the TSXV, the RSU Plan must be approved annually by a majority of shareholders of the Company. At the Meeting, shareholders will be asked to approve, with or without variation, an ordinary resolution approving the adoption by the Company of the RSU Plan. The resolution must be approved by a majority of the votes cast by the shareholders present in person or voting by proxy at the Meeting in order for it to be adopted.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the approval of the RSU Plan.

6. Other Business to be Transacted at the Meeting

Management of the Company is not aware of any matter to be submitted at the Meeting other than the matters set forth in the Notice of Meeting.

PROPOSED NOMINEES FOR ELECTION AS DIRECTORS

Information on Proposed Nominees

The persons whose names are printed in the proxy form intend to vote FOR the election as directors of each of the proposed nominees set forth below. Each such candidate was proposed based on the recommendation of the Human Resources and Governance Committee (the “**HR/Governance Committee**”) for election as a director. Each director elected will hold office until the next annual meeting of shareholders or until that director’s successor is duly elected or appointed unless the office is earlier vacated.

The tables below identify each of the proposed nominees; their principal occupation; their province or state, and country of residence; their age; the year when the person first became a director of the Company; whether the candidate has been determined by the Board of Directors to be independent of, or related to, the Company; their Board of Directors and Committee memberships and attendance record; other public company board memberships; the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, the number of stock options of the Company (the “**Options**”), restricted share units of the Company (“**RSUs**”) and debentures held by such individual, with all such securities ownership information provided by each of the candidates as at November 25, 2024.



Zohar Krivorot
Chairman and Chief Executive Officer
Québec, Canada

Mr. Krivorot is an entrepreneur who has launched several successful businesses. He has founded, advised and invested in numerous companies including 911ENABLE™ which he led from start-up to its acquisition by West Telecom in 2014. Mr. Krivorot has been recognized as a top leader and innovator by a number of sources, including Deloitte Technology Fast 50™ fastest growing technology companies in Canada. He is also a certified commercial pilot.

Director since: 2018
Status: Non-Independent

Committee Memberships:
None

Other Public Company Directorships:
None

2024 AGM Votes For:	2024 AGM % For:	2024 AGM Votes Withheld:	2024 AGM % Withheld:
45,525,973	99.95%	20,709	0.05%

Securities held as at November 25, 2024

Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares	RSUs	Stock Options	Convertible Debentures	Market Value of Securities ⁽²⁾
24,258,982 ⁽¹⁾	26.95%	1,124,808	375,000	-	\$20,091,856

Options Held

Date Granted	Number of Options	Exercise Price (\$)	Total Options Unexercised
December 6, 2023	375,000	\$1.20	375,000

Notes

- (1) Held of record by Javaa Private Equity Inc., Mr. Krivorot exercises control over the Common Shares held by Javaa Private Equity Inc.
- (2) The closing price of the Common Shares on the TSXV on November 25, 2024, was \$0.78 per Common Share.



Derek Stern
Director
Québec, Canada

Mr. Stern is the Vice President of Olymbec. He owns, operates and manages a diverse portfolio of industrial, retail and residential properties across North America. Olymbec is now one of the largest private industrial real estate holders in Eastern Canada. Mr. Stern played a key role in the company's rapid growth by strategically acquiring and repositioning vacant properties and marketing them to a new client base.

Director since: 2018
Status: Non-Independent

Committee Memberships:
None

Other Public Company Directorships:
None

2024 AGM Votes For:	2024 AGM % For:	2024 AGM Votes Withheld:	2024 AGM % Withheld:
45,544,775	100.00%	1,907	0.00%

Securities held as at November 25, 2024

Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares	RSUs	Stock Options	Convertible Debentures	Market Value of Securities ⁽³⁾
20,305,797 ⁽¹⁾	22.56%	64,375	10,000	\$5,700,000 ⁽²⁾	\$21,596,534

Options Held

Date Granted	Number of Options	Exercise Price (\$)	Total Options Unexercised
December 17, 2018	10,000	\$1.80	10,000

Notes

- (1) 19,929,757 Common Shares are held by Olymbec. Derek Stern, a member of the Board, holds a significant interest in Olymbec and exercises control over the Common Shares held by Olymbec. Mr. Stern also personally holds 376,040 Common Shares.
- (2) At the option of the holder, the convertible debenture may be converted into Common Shares at any time prior to September 30, 2025, at a conversion price of \$1.80 per Common Share, resulting in the potential contingent issuance of 3,166,667 Common Shares in the event of a conversion. For further information relating to the convertible debenture, please refer to the section entitled "Convertible Debenture" of the Company's annual information form dated November 25, 2025, and available on SEDAR+ at www.sedarplus.ca (the "AIF").
- (3) The closing price of the Common Shares on the TSXV on November 25, 2024, was \$0.78 per Common Share.



Donald Olds
Lead Director
Québec, Canada

Mr. Olds is an experienced executive, entrepreneur and director with significant success raising capital for diverse private and public companies with a strong focus in technology and life sciences. Most recently, he was President and CEO of Montréal-based NEOMED Institute, a position he held until the successful closing of a merger with Vancouver-based CDRD. He has held multiple executive positions as CEO, COO and CFO of private and public life companies and began his business career as a commercial, corporate and investment banker working across multiple industry verticals including forest products, technology and manufacturing. Mr. Olds has significant corporate governance experience as a board member and chair of both for profit and not for profit organizations. Mr. Olds served as director and audit and HR/Governance committee chair of Acasti Pharma (NASDAQ: ACST) until October 2023. He is currently lead director and audit committee chair at Goodfood Market Corp. (TSX: FOOD), lead director and audit committee chair at Cannara Biotech (TSXV: LOVE), chair of Aifred Health (private) and director of Response Therapeutics (private). He is past chair of Oxfam Québec and director of Oxfam International, stepping down after his maximum 3 successive terms. He holds an MBA (finance and strategy) and M.Sc. (Agriculture) from McGill University.

Director since: 2020

Status: Independent

Committee Memberships:

Audit Committee
HR / Governance Committee

Other Public Company Directorships:

Goodfood Market Corp. (TSX: FOOD)
Agrinam Acquisition Corp. (TSX: AGRI. U)

2024 AGM Votes For:	2024 AGM % For:	2024 AGM Votes Withheld:	2024 AGM % Withheld:
45,545,123	100.00%	1,559	0.00%

Securities held as at November 25, 2024

Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly ⁽¹⁾	Percentage of Outstanding Shares	RSUs	Stock Options	Convertible Debentures	Market Value of Securities ⁽²⁾
171,337	0.19%	35,000	50,000	-	\$199,943

Options Held

Date Granted	Number of Options	Exercise Price (\$)	Total Options Unexercised
September 29, 2022	12,500	\$1.80	12,500
December 7, 2021	12,500	\$1.80	12,500
November 10, 2020	25,000	\$1.80	25,000

Notes

- (1) 60,137 of the Common Shares are held indirectly by Donald Olds' spouse.
- (2) The closing price of the Common Shares on the TSXV on November 25, 2024, was \$0.78 per Common Share.



Jack. M Kay
Director
Ontario, Canada

Mr. Kay, for 35 years, held various roles at Apotex Inc., including Chief Executive Officer, Chief Operating officer, President and Vice Chairman. He has 55 years' experience in pharmaceutical management and sales. Mr. Kay has served on a number of pharmaceutical and biotech boards, including as the Chairman of Helix Biopharma Corp. and Cangene Corp. and as a director at Barr Pharmaceuticals Inc. He has also served in senior capacities for a number of industry and community organizations, operating in the roles of Chairman of Humber River Regional Hospital (Toronto), International Schizophrenic Society, Canadian Drug Manufacturers Association, Canadian Schizophrenia Foundation and the Canadian Generic Pharmaceutical Association.

Director since: 2019

Status: Independent

Committee Memberships:

Audit Committee
HR / Governance Committee

Other Public Company Directorships:

None

2024 AGM Votes For:

2024 AGM % For:

2024 AGM Votes Withheld:

2024 AGM % Withheld:

45,517,725

99.94%

28,957

0.06%

Securities held as at November 25, 2024

Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares	RSUs	Stock Options	Convertible Debentures	Market Value of Securities ⁽¹⁾
219,000	0.24%	15,000	20,000	-	\$198,120

Options Held

Date Granted	Number of Options	Exercise Price (\$)	Total Options Unexercised
September 29, 2022	5,000	\$1.80	5,000
December 7, 2021	5,000	\$1.80	5,000
May 1, 2019	10,000	\$1.80	10,000

Notes

(1) The closing price of the Common Shares on the TSXV on November 25, 2024, was \$0.78 per Common Share.



Mary Durocher
Director
Ontario, Canada

Ms. Durocher has been involved in the cannabis industry since the infancy of the Marijuana for Medical Purposes Regulations introduction. Mary serves as President of Fox D Consulting, a regulatory consulting firm focusing on the Canadian cannabis industry and offers a diverse range of consulting services for the cannabis industry in Canada, the United States and the European Union. Mary's Regulatory Consulting Firm has licensed over 52 Licensed Producers and worked on over 200 applications in Canada, the US and the European Union. Ms. Durocher continues to forge a respectable name for herself in the cannabis sector in Canada and abroad. Her board experience and industry contacts has enabled her to create a comprehensive foundation in the fundamentals of regulatory compliance within the cannabis industry worldwide.

Director since 2020

Status: Non-Independent ⁽¹⁾

Committee Memberships:

Audit Committee
HR / Governance Committee

Other Public Company Directorships:

None

2024 AGM Votes For:

2024 AGM % For:

2024 AGM Votes Withheld:

2024 AGM % Withheld:

45,545,229

100.00%

1,453

0.00%

Securities held as at November 25, 2024

Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares	RSUs	Stock Options	Convertible Debentures	Market Value of Securities ⁽²⁾
-	0.00%	15,000	25,000	-	\$31,200

Options Held

Date Granted	Number of Options	Exercise Price (\$)	Total Options Unexercised
September 29, 2022	5,000	\$1.80	5,000
December 7, 2021	5,000	\$1.80	5,000
July 24, 2020	15,000	\$1.80	15,000

Notes

(1) Subsequent to year-end, Ms. Durocher ceased to be an independent director. See "Consulting Agreements" below.

(2) The closing price of the Common Shares on the TSXV on November 25, 2024, was \$0.78 per Common Share.



Corporate Cease Trade Orders

None of the nominees for election is, as at the date of this Management Proxy Circular, or has been, within the ten years prior to the date of this Management Proxy Circular, a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity), was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case, for a period of more than 30 consecutive days.

Bankruptcies

No nominees for election to the Board of Directors is, as at the date of this Management Proxy Circular, or has been, within the ten years prior to the date of this Management Proxy Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the nominees for election to the Board of Directors has, within the ten years prior to the date of this Management Proxy 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 such director's assets.

Penalties or Sanctions

None of the nominees for election to the Board of Directors has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

APPROVAL OF AUDITOR

Shareholders will be asked to approve the appointment of MNP LLP, as auditor, to hold office until the next annual meeting of the Shareholders at remuneration to be fixed by the directors.

At the direction and under the supervision of the Company's Audit Committee, the Company recently completed a comprehensive tender process for the selection of a successor external auditor. This process was designed to identify the optimal candidate considering multiple criteria, including capability, value for money and responsiveness. Effective August 8, 2024, the Audit Committee appointed MNP as auditor, following the voluntary resignation of the Company's previous auditor, KPMG LLP ("**KPMG**").

KPMG was initially appointed by the Board on September 7, 2018, and was most recently approved for appointment by the shareholders on January 25, 2024, serving as auditor through to conclusion of the Company's audit for the fiscal year ended August 31, 2024. There were no "reportable events" between the Company and KPMG within the meaning of NI 51-102.

In accordance with Section 4.11 of NI 51-102, a notice of change of auditor (a "**Notice**") was sent to KPMG and subsequently to MNP, each of which provided a letter to the securities regulatory authorities in each province where the Company is a reporting issuer stating that they agree with the statements included in the applicable Notice. Pursuant to NI 51-102, the Company filed a reporting package (the "**Reporting Package**") on SEDAR+ under the Company's profile.



The Reporting Package, which consists of the following is attached as **Appendix A** to this Circular:

- Notice of Change of Auditor filed on August 16, 2024, with respect to KPMG's resignation and MNP's Appointment;
- Letter from KPMG as predecessor auditor filed on August 16, 2024; and
- Letter from MNP as successor auditor filed on August 16, 2024

For more information on the Audit Committee, including aggregate fees billed by our former auditor, KPMG, at the end of Fiscal 2024, financial year, refer to the Audit Committee section in our Annual Information Form for Fiscal 2024.

The ordinary resolution to approve the appointment of MNP, which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

"IT IS RESOLVED THAT:

1. MNP LLP is appointed as the auditor of Cannara Biotech Inc. to hold office until the close of the next annual meeting of the shareholders or until a successor is appointed. The board of directors is hereby authorized to fix the remuneration of the auditor.
2. Any one director or officer of the Company be and is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the approval of the appointment of MNP LLP as auditor of the Company.

APPROVAL OF INCENTIVE PLANS

The Company currently has in place a stock option plan (the "**Stock Option Plan**"), and a restricted share unit compensation plan (the "**RSU Plan**"). The Company is seeking Shareholder approval of the Stock Option Plan and the RSU Plan, which is required on an annual basis due to the "rolling" nature (as described further below) of the plans, in accordance with TSX-V Policy 4.4 – "Security Based Compensation" ("**TSX-V Policy 4.4**"). The TSX-V has provided its conditional acceptance of the Stock Option Plan and the RSU Plan pursuant to TSX-V Policy 4.4, subject to the Company obtaining Shareholder approval for such plans.

On January 23, 2023, the Shareholders approved certain amendments to the Stock Option Plan and the creation of the RSU Plan, whereby the maximum number of Common Shares issuable pursuant to the Stock Option Plan, when combined with all other Common Shares subject to grants made under the Company's other share compensation arrangements (including the RSU Plan) would not exceed 10% of the outstanding Common Shares.



Stock Option Plan

The Stock Option Plan provides for the issuance of stock options (an “**Option**”) to acquire at any time up to a maximum of the lesser of (i) 10% of the Company’s issued and outstanding Common Shares, including previously granted stock options; and (ii) such number of Common Shares as, when combined with all other Common Shares subject to grants made under the Company’s other share compensation arrangements (including the RSU Plan) would not exceed 10% of the outstanding Common Shares. The Stock Option Plan is considered a “rolling” stock option plan as the number of Shares reserved under the Stock Option Plan increases with the number of the Company’s issued and outstanding Shares.

The purpose of the Stock Option Plan is to provide certain directors, officers and key employees of, and certain other persons who provide services to, the Company and its subsidiaries with an opportunity to purchase Shares of the Company and benefit from any appreciation in the value of such Shares. This will provide an increased incentive for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the Shares for the benefit of all the Shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company.

Under the Stock Option Plan, an Option must be exercised within a period of 10 years from the date of grant. Within this 10-year period, the Board may determine a shorter period during which an Option can be exercised. Any amendment to the Stock Option Plan may require Shareholder approval. If ratification of the Plan or a modified version thereof is not obtained, the Company will not proceed to grant Options under the Plan.

The following is a summary of the principal terms of the Stock Option Plan:

Stock Option Plan Provision	Description
Maximum Share Issuance	The Option Plan provides for the issuance of up to the lesser of (i) 10% of the Company’s issued and outstanding Common Shares (including previously granted options) or (ii) the number of shares that, combined with shares under other compensation plans, does not exceed 10% of outstanding shares. This ensures the number of shares reserved for issuance increases as the Company’s shares increase.
Purpose of the Option Plan	The purpose of the Option Plan is to provide directors, officers, key employees, and others who provide services to the Company with an opportunity to purchase shares and benefit from their appreciation in value. This encourages these individuals to contribute to the success and growth of the Company, thereby benefiting all shareholders and enhancing the Company’s ability to attract and retain skilled personnel.
Exercise Period	Options under the Plan must be exercised within a maximum of 10 years from the date of grant. The Board may set a shorter exercise period.
Eligible Participants	The Option Plan allows Options to be granted to the Company’s directors, officers, employees, and consultants, as well as those of its subsidiaries.
Shares Available for Issuance	The Option Plan is a “rolling” and “evergreen” plan where the number of shares available for issue increases with the number of issued and outstanding shares. The maximum number of Common Shares that may be issued is the lesser of 10% of the issued shares or the number of shares that, when combined with other grants under the Company’s compensation plans, would not exceed 10% of outstanding shares. If an Option expires or terminates, the shares reserved for it again become available for future issuance.



Stock Option Plan Provision	Description
Limitation on the Grant of Options	The Board has discretion on who receives Options and in what amounts, subject to various limitations, such as no more than 10% of outstanding shares for insiders, a 5% limit for individual Option holders, and a 2% limit for consultants or investor relations providers within a 12-month period. Options cannot exceed 10 years.
Exercise Price	The exercise price is set in the option certificate and cannot be less than the minimum prescribed by the TSX-V or applicable regulatory authorities.
Expiration	Options must be exercised within 10 years of the grant date, and any unexercised Options after this period will terminate. The expiry date may be shortened based on specific circumstances outlined in the plan, such as resignation, removal, or disqualification of the holder.
Termination	If an Option holder ceases to be an executive, employee, or consultant, the Option expires 90 days after leaving the position, or 30 days for investor relations providers. Different rules apply if termination is due to cause or regulatory order. The Board may allow Options to stay in place if the holder transitions to a different position within the company. Options expire no later than 12 months after an individual ceases to be eligible.
Death	If an Option holder dies, the Options pass to their executor and must be exercised within six months or by the Option expiry date, whichever is earlier.
Disability	If an Option holder is terminated due to disability, their Options are exercisable by the holder or their representative within six months of termination or by the Option expiry date, whichever comes first.
Vesting	Options vest as determined by the Board. The Board may accelerate vesting, but for investor relations providers, Options must vest over at least 12 months, with 25% vesting every three months. This vesting schedule cannot be accelerated without TSX-V approval.
Amendments	The Board may amend the Option Plan or existing Options, subject to regulatory approval. Amendments that materially decrease benefits or increase obligations require the consent of the affected Option holder. Reductions in exercise price for Insiders require approval by disinterested shareholders.
Shareholder Approval	Shareholders must approve the Option Plan and any amendments by a majority vote. Options cannot be granted without such approval.

Shareholder Approval

The resolution respecting the re-approval of the Stock Option Plan, as amended, and the grants of Options thereunder (the “**Option Plan Resolution**”) must be approved by a majority of the votes cast by Shareholders of the Company present or represented by proxy at the Meeting.

The text of the Stock Option Plan Resolution is set out below.



Resolution Approving the Stock Option Plan

The ordinary resolution to approve the Stock Option Plan, as amended, will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

"IT IS RESOLVED THAT:

1. Subject to the Company receiving any other regulatory approvals if so required, the Stock Option Plan as described in the management information circular dated December 16, 2024, and all unallocated entitlements issuable pursuant to the Stock Option Plan are hereby approved and ratified and authorized for issuance, as applicable
2. Any one director or officer of the Company be and is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing."

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the approval of the Stock Option Plan.

APPROVAL OF RESTRICTED SHARE UNIT PLAN

The RSU Plan is designed to provide certain directors, officers, consultants and other key employees (an "Eligible Person") of the Company and its related entities with the opportunity to acquire restricted share units ("RSUs") and/or performance share units ("PSUs") and together with RSUs, collectively "Share Units") of the Company, thereby offering an Eligible Person the potential to receive certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. The RSU Plan is intended to promote a greater alignment of interests between the Shareholders and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company. A copy of the RSU Plan is included as **Appendix B** to this Circular.

The RSU Plan allows the Company to grant Share Units, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a number not exceeding the lesser of (i) such number of Common Shares as is equal to 10% of the aggregate number of Common Shares issued and outstanding from time to time; and (ii) such number of Common Shares as, when combined with all other Common Shares subject to grants made under the Company's other share compensation arrangements (including the Stock Option Plan) would not exceed 10% of the outstanding Common Shares.



The following is a summary of the principal terms of the RSU Plan:

RSU Option Plan Provision	Description
Maximum Share Issuance	The maximum number of Common Shares issuable under the RSU Plan cannot exceed the lesser of (i) 10% of the issued Common Shares on the Grant Date (on a non-diluted basis); and (ii) such number of Common Shares that, when combined with shares under other compensation arrangements (including the Option Plan), would not exceed 10% of issued and outstanding shares.
Purpose of the RSU Plan	The RSU Plan is a long-term incentive plan designed to retain and attract highly qualified directors, officers, consultants, and key employees by providing them with the opportunity to receive RSUs, which align their interests with those of the Company and its shareholders.
Vesting and Trigger Date	RSUs vest on the date set by the Board at the time of grant, which date must not be before the date that is one year following the date of grant, and if no date is set by the Board, then December 1 of the third calendar year commencing after the grant date of the share units in question. The Board may accelerate the Trigger Date, but not to less than one year from issuance unless in connection with death, change of control, takeover bid, or similar events.
Eligible Participants	Directors, officers, consultants, and key employees are eligible to participate in the RSU Plan (“ Recipients ”). The Board has discretion to limit eligibility. Participation does not confer any right to an RSU award.
Resignation, Termination, Leave of Absence, or Death	RSUs are forfeited if a Recipient voluntarily resigns or ceases to be an Eligible Person for reasons other than death or disability. If the Recipient dies or becomes totally disabled, unvested RSUs remain outstanding and vest as if the Recipient were still an Eligible Person unless otherwise decided by the Board.
Payment of Share Units	Vested RSUs will be paid out either in Common Shares or a cash equivalent, no later than December 31 of the fourth calendar year after the grant date (the “ Expiry Date ”). For PSUs, the payout is subject to performance factors, ranging from 0% to 200% depending on performance conditions. Cash may be issued in lieu of shares if share issuance limitations apply.
Forfeiture, Cancellation, and Termination of RSUs	Unvested RSUs that do not vest by the Expiry Date are automatically forfeited. All unvested RSUs are automatically cancelled without compensation if a Recipient ceases to be an employee, consultant, officer, or director unless otherwise determined by the Board. RSUs must expire no later than 12 months after a person ceases to be an Eligible Person.
Adjustments	In case of dividends, stock splits, mergers, or other capital changes, the Board may adjust the number of RSUs and make proportional changes to reflect the impact on share capital.
Limitations under the RSU Plan	Without disinterested shareholder approval, the number of Common Shares issued to any one Recipient under the RSU Plan cannot exceed 5% of the issued shares. Consultants cannot receive more than 2% of the issued shares in any 12-month period. Insider limits also apply, with insiders as a group capped at 10% of issued shares.
Amendment or Termination of the RSU Plan	The Board can amend or terminate the RSU Plan at any time, subject to TSX-V approval. Amendments that adversely affect a Recipient require their consent, unless mandated by law. Termination of the Plan does not accelerate RSU vesting or payout.



At the Meeting, the Company will ask the Shareholders to consider and, if deemed advisable, to approve the following ordinary resolution to approve the RSU Plan (the “**RSU Plan Shareholder Resolution**”):

“IT IS RESOLVED THAT, as an ordinary resolution, with or without variation, subject to the acceptance by the TSX-V:

1. Subject to the Company receiving any other regulatory approvals if so required, the RSU Plan as described in the management information circular dated December 16, 2024, and all unallocated entitlements issuable pursuant to the RSU Plan are hereby approved and ratified and authorized for issuance, as applicable
2. Any one director or officer of the Company be and is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the approval of the RSU Plan.



EXECUTIVE COMPENSATION

The following section describes the significant elements of Cannara's executive compensation program. For the purposes of this circular, a Named Executive Officer ("**NEO**") of the Company means each of the following individuals:

- the Chief Executive Officer ("**CEO**") of the Company;
- the Chief Financial Officer ("**CFO**") of the Company;
- in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs above at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year, as determined in accordance with subsection 1.3(5) of Form 51-102F6V; and
- each individual who would be a named executive officer under the paragraph above but for the fact that the individual was neither an executive officer of the Company, and was not acting in a similar capacity, at the end of the most recently completed financial year.

The following persons were NEOs of Cannara during Fiscal 2024:

- Zohar Krivorot, Chair and Chief Executive Officer;
- Nicholas Sosiak, Chief Financial Officer; and
- Avi Krivorot, Chief Technology Officer;

Overview and HR/Governance Committee

The HR/ Governance Committee is currently comprised of Jack M. Kay, Donald Olds and Mary Durocher. Jack M. Kay and Donald Olds are independent within the meaning of National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**"), whereas Mary Durocher is currently deemed non-independent given that the Company has engaged Ms. Durocher to provide consulting services following the departure of a key employee. Mr. Kay is the chair of the HR/Governance Committee.

The HR/Governance Committee's responsibilities include with respect to compensation, but are not limited to:

- Evaluating and providing recommendations to the Board of Directors regarding the equity-based and incentive compensation plans and programs of the Company;
- Evaluating and providing recommendations to the Board regarding compensation, incentive compensation and equity-based plans and programs for the executive officers and directors of the Company;
- Evaluating and Company recommendations to the Board regarding executive development and succession planning for senior executives of the Company; and
- Evaluating and providing recommendations to the Board concerning employment contracts and/or separation agreements involving the executives of the Company.

All members of the HR/Governance Committee have a working familiarity with corporate governance, human resources and compensation matters. For the skills and experience of each member and proposed member of the HR/Governance Committee relevant to the performance of his or her duties as a member of



the HR/Governance Committee, see “Proposed Nominees for Election as Directors - Information on Proposed Nominees”.

It is the responsibility of the HR/Governance Committee to ensure that the strategic direction of the Company is reviewed annually and that the Board and each of its committees carry out their respective functions in accordance with an appropriate process. The committee is also responsible for assessing the effectiveness of individual directors and the Board as a whole and recruiting and nominating new directors as needed.

In determining compensation for executive officers, the HR/Governance Committee considers industry standards and the Company’s financial situation. In particular, the HR/Governance Committee seeks to accomplish the following goals:

- To recruit and subsequently retain highly qualified executive officers by offering competitive overall compensation;
- To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met;
- To align the interests of executive officers with the long-term interests of Shareholders through participation in the Company’s equity based compensation plans; and
- To reward performance, both on an individual basis and with respect to operations generally.

Director Compensation

The Company has adopted a director remuneration policy with a view to (a) attracting and retaining the services of the most qualified individuals, (b) compensating the directors in a manner that is commensurate with the risks and responsibilities assumed in board and board committee membership, and (c) align the interests of the directors with those of the long-term shareholders. In addition, each independent director, if any, may be entitled to participate in any security based compensation arrangement or other plan adopted by the Company with the approval of the Board and/or Shareholders, as may be required by applicable law or TSX-V policies.

Directors’ and Officers’ Liability Insurance

Directors and officers participate in the Company’s directors’ and officers’ liability insurance program. The Company pays for the entire premium for this policy.

The NEO and director compensation for Fiscal 2024 is summarized hereinafter.



Table of Compensation Excluding Compensation Securities

The following table sets forth a summary of the compensation paid to the NEOs and the directors for the most recently completed financial year. None of the NEOs receives perquisites or personal benefits worth in aggregate 10% or more of their total salary, or any post-retirement benefits (including insurance).

Name	Position	Year	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	Value of all other compensation	Total compensation
Zohar Krivorot	CEO and Chairman of the Board	2024	300,000	Nil	Nil	Nil	Nil	300,000
		2023	300,000	Nil	Nil	Nil	Nil	300,000
Nicholas Sosiak	Chief Financial Officer	2024	300,000	Nil	Nil	Nil	Nil	300,000
		2023	240,000	Nil	Nil	Nil	Nil	240,000
Avi Krivorot	Chief Technology Officer	2024	300,000	Nil	Nil	Nil	Nil	300,000
		2023	300,000	Nil	Nil	Nil	Nil	300,000
Derek Stern	Director	2024	Nil	Nil	25,000	Nil	Nil	25,000
		2023	Nil	Nil	Nil	Nil	Nil	Nil
Donald Olds	Director	2024	Nil	Nil	45,000	Nil	Nil	45,000
		2023	Nil	Nil	32,500	Nil	Nil	32,500
Jack M. Kay	Director	2024	Nil	Nil	30,000	Nil	Nil	30,000
		2023	Nil	Nil	20,000	Nil	Nil	20,000
Mary Durocher	Director	2024	Nil	Nil	30,000	Nil	Nil	30,000
		2023	Nil	Nil	17,500	Nil	Nil	17,500



Table of Compensation Securities

The following table sets out for each NEO and director of the Company, all compensation securities granted or issued to each director and named executive officer by the Company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Name	Position	Type of Compensation Securities	Number of Compensation Securities	Number of Underlying Securities	Percentage of Class	Date of 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	Expiry Date ⁽¹⁾
Zohar Krivorot	CEO and Chairman of the Board	Options ⁽³⁾	375,000	375,000 Common Shares	7.26%	2023-12-06	\$1.20	\$0.85	\$0.68	2030-12-06
		RSUs	375,000	375,000 Common Shares	11.84%	2023-12-06	N/A	\$0.85	\$0.68	-
Nicholas Sosiak	Chief Financial Officer	Options ^{(3 (4))}	250,000	250,000 Common Shares	4.84%	2023-12-06	\$1.20	\$0.85	\$0.68	2030-12-06
		RSUs	250,000	250,000 Common Shares	7.89%	2023-12-06	N/A	\$0.85	\$0.68	-
Avi Krivorot	Chief Technology Officer	Options ^{(5 (6))}	-	-	-	-	-	-	-	-
		RSUs	-	-	-	-	-	-	-	-
Derek Stern	Director	Options ⁽⁷⁾	-	-	-	-	-	-	-	-
		RSUs	25,000	25,000 Common Shares	0.79%	2023-12-06	N/A	\$0.85	\$0.68	-
Donald Olds	Director	Options ^{(9) (10)}	-	-	-	-	-	-	-	-
		RSUs	35,000	35,000 Common Shares	1.11%	2023-12-06	N/A	\$0.85	\$0.68	-
Jack M. Kay	Director	Options ^{(11) (12)}	-	-	-	-	-	-	-	-
		RSUs	15,000	15,000 Common Shares	0.47%	2023-12-06	N/A	\$0.85	\$0.68	-
Mary Durocher	Director	Options ^{(13) (14)}	-	-	-	-	-	-	-	-
		RSUs	15,000	15,000 Common Shares	0.47%	2023-12-06	N/A	\$0.85	\$0.68	-

**Notes:**

- (1) In accordance with the terms of the RSU Plan, RSUs vest on the date set by the Board at the time of grant, which date must not be before the date that is one year following the date of grant, and if no date is set by the Board, then December 1 of the third calendar year commencing after the grant date of the share units in question. As such, no expiry date has been indicated for RSUs.
- (2) As at August 31, 2024, Mr. Zohar Krivorot held 375,000 Options and 1,124,808 RSUs.
- (3) As at August 31, 2024, Mr. Sosiak held 2,850,000 Options and 250,000 RSUs.
- (4) On January 25, 2024, Shareholders of the Corporation approved an ordinary resolution (the "**Option Amendment Resolution**") to extend the term of certain outstanding Options of the Corporation previously granted to directors and officers of the Corporation. Following approval of the Option Amendment Resolution, the term of 1,250,000 Options held by Mr. Sosiak were extended.
- (5) As at August 31, 2024, Mr. Avi Krivorot held 42,500 Options and nil RSUs.
- (6) Following approval of the Option Amendment Resolution, the term of 12,500 Options held by Mr. Avi Krivorot were extended.
- (7) As at August 31, 2024, Mr. Stern held 10,000 Options and 64,375 RSUs.
- (8) Following approval of the Option Amendment Resolution, the term of 10,000 Options held by Mr. Stern were extended.
- (9) As at August 31, 2024, Mr. Olds held 50,000 Options and 35,000 RSUs.
- (10) Following approval of the Option Amendment Resolution, the term of 25,000 Options held by Mr. Olds were extended.
- (11) As at August 31, 2024, Mr. Kay held 20,000 Options and 15,000 RSUs.
- (12) Following approval of the Option Amendment Resolution, the term of 10,000 Options held by Mr. Kay were extended.
- (13) As at August 31, 2024, Ms. Durocher held 25,000 Options and 15,000 RSUs.
- (14) Following approval of the Option Amendment Resolution, the term of 15,000 Options held by Ms. Durocher were extended.



Employment, Consulting and Management agreements

Zohar Krivorot executed an employment agreement with the Company effective as of June 1, 2018. Avi Krivorot executed an employment agreement with the Company effective as of May 11, 2021. Nicholas Sosiak entered into a new employment agreement with the Company effective as of June 15, 2021, when he transitioned into the role of Chief Financial Officer of the Company.

These employment agreements include provisions regarding base salary, eligibility for long-term equity-incentives, benefits, confidentiality, non-solicitation and non-competition covenants, and ownership of intellectual property, among other things.

Subsequent to year-end, Zohar Krivorot, Nicholas Sosiak, and Avi Krivorot's employment agreement were amended and restated to reflect an increase in base salary to \$325,000.

Subsequent to year-end, the Company issued 375,000 RSUs to Zohar Krivorot, and 250,000 RSUs to Nicholas Sosiak, which are subject to an adjustment of 50% to 125% based on certain performance conditions.

The following table summarizes the non-solicitation and non-competition covenants, severance payable on a termination without cause and change of control provisions applicable to the NEOs as at August 31, 2024.

Name	Position	Non-Solicitation Covenant	Non-Competition Covenant	Termination without cause	Termination following a change of control
Zohar Krivorot	CEO and Chairman of the Board	During employment and 12 months following termination.	During employment and 18 months following termination.	12 months of base salary, plus one additional month for each year served after the first anniversary of commencement of employment.	No change of control provision.
Nicholas Sosiak	Chief Financial Officer	During employment and 12 months following termination.	During employment and 18 months following termination.	12 months of base salary	No change of control provision.
Avi Krivorot	Chief Technology Officer	During employment and 12 months following termination.	During employment and 18 months following termination.	12 weeks of base salary	No change of control provision.



The table below shows the incremental payments that would be made to the Company's NEOs upon certain events of termination, assuming the termination event took place on August 31, 2024.

Name and Position	Event	Severance (\$) ⁽¹⁾	Total (\$)
Zohar Krivorot CEO and Chairman of the Board	Resignation	-	-
	Termination for a serious reason	-	-
	Termination other than for a serious reason or resignation for a good reason	425,000	425,000
	Termination following a change of control	-	-
	Death, retirement or permanent disability	-	-
Nicholas Sosiak Chief Financial Officer	Resignation	-	-
	Termination for a serious reason	-	-
	Termination other than for a serious reason or resignation for a good reason	300,000	300,000
	Termination following a change of control	-	-
	Death, retirement or permanent disability	-	-
Avi Krivorot Chief Technology Officer	Resignation	-	-
	Termination for a serious reason	-	-
	Termination other than for a serious reason or resignation for a good reason	75,000	75,000
	Termination following a change of control	-	-
	Death, retirement or permanent disability	-	-

Notes:

- (1) Amounts reflect base salary in effect as at August 31, 2024. Zohar Krivorot is entitled to 12 months of base salary, plus one additional month for each year served after the first anniversary of commencement of employment, representing 5 years as of August 31, 2024. Mr. Sosiak is entitled to 12 months of base salary. Avi Krivorot is entitled to 12 weeks of base salary.



Consulting Agreements

Subsequent to year-end, following the departure of a key employee, the Company engaged Ms. Durocher to provide consulting services related to licensing and regulatory compliance on an as-needed basis (the “**Consulting Services**”) pursuant to a services agreement dated November 11, 2024. The agreement has an initial term of three months and may be terminated by the Company at its sole discretion. As compensation for Consulting Services, Ms. Durocher is entitled to an hourly rate at a customary fee, based on the scope of work performed. There are no incremental payments that are triggered by or resulting from the termination of the services agreement between the Company and Ms. Durocher. As of the date of this Circular, no payments have been made to Ms. Durocher for Consulting Services rendered.

EQUITY COMPENSATION PLAN INFORMATION

The following table indicates the total number of Common Shares to be issued upon the exercise of outstanding Options under all of Cannara’s equity-based compensation plans, their weighted average exercise price, and the number of Common Shares available for future issuance as at November 25, 2024.

Plan Category ⁽¹⁾	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽²⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining for future issuance under equity compensation plan (excluding securities reflected in the first column)
<i>Equity compensation plans approved by securityholders</i>			
Option-Based Awards	5,166,600	1.59	2,354,691
RSU-Based Awards	2,219,183	Nil	
<i>Equity compensation plans not approved by securityholders</i>			
	Nil	Nil	Nil
Total	7,385,783	-	2,354,691

Notes:

- (1) Calculated on the date of grant of each Option or RSU. All of the Common Shares covered by exercised, expired, cancelled or forfeited Options and by vested, cancelled or forfeited RSUs shall become available Common Shares for the purposes of Options or RSUs that may be subsequently granted under the Stock Option Plan and RSU Plan. See “Stock Option Plan” and “RSU Plan”.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of the date hereof, Javaa Private Equity Inc. and Olymbec are the only shareholders known to the Company that own greater than 10 percent (10%) of the Common Shares of the Company. Javaa Private Equity Inc. is owned and controlled by Zohar Krivorot and holds approximately 26.95% of the total Common Shares outstanding of the Company. Derek Stern, a director of the Company, holds a significant interest in Olymbec, which holds approximately 22.56% of the total Common Shares outstanding of the Company. To the Company’s knowledge, there are no material interests, direct or indirect, of (a) any director or executive officer of the Company, (b) any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company’s outstanding securities, or (c) any associate or affiliate of any of the foregoing, in any transactions within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.



INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of the date of this Circular, none of our directors, executive officers, employees, former directors, former executive officers or former employees, and none of their associates, is indebted to us or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by us, except for routine indebtedness as defined under applicable securities legislation.

STATEMENT OF CORPORATE GOVERNANCE

Cannara is committed to high standards of corporate governance and recognizes that good corporate governance plays an important role in its overall success, enhancing shareholder value.

Accordingly, Cannara has adopted certain corporate governance policies and practices which are reflective of the recommended corporate governance guidelines issued by the Canadian Securities Administrators pursuant to National Policy 58-101 – Corporate Governance Guidelines (“**NP 58-101**”) together with certain related disclosure requirements pursuant to NI 58-101. The corporate governance guidelines set forth in NP 58-101 are recommended as “best practices” for issuers to follow.

Set out below is the disclosure required by NI 58-101 which describes Cannara’s approach to corporate governance in relation to the corporate governance guidelines set forth in Form 58-101F2 - Corporate Governance Disclosure (Venture Issuers).

Board of Directors

Board Size and Independence of the Board of Directors

The Board is currently comprised of five (5) directors, two (2) of whom are independent for the purposes of NI 58-101. A director is independent for the purposes of NI 58-101 if he or she is independent within the meaning of National Instrument 52-110 – Audit Committees (“**NI 52-110**”). Subject to certain exceptions, a director is “independent” within the meaning of NI 52-110 if he or she has no direct or indirect material relationship with the issuer. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

It is the Board’s determination that all current directors are independent other than Zohar Krivorot by reason of the fact that he is the Chair and Chief Executive Officer of the Company, Mary Durocher, as subsequent to year-end, Company has engaged Ms. Durocher to provide consulting services following the departure of a key employee on a temporary basis and is therefore receiving remuneration from the Company other than her remuneration for acting as a director or member of a committee, and Derek Stern is not independent by virtue of his significant interest in Olymbec Investments Inc., a “control person” of the Company.

The Board determines annually whether each member of the Board is independent pursuant to applicable securities legislation by ascertaining, among other matters, whether they were engaged as an executive officer or employee of Cannara, they have any immediate family member engaged as an executive officer or employee of Cannara, they received remuneration from Cannara other than remuneration for acting as a director or a member of any committee of the Board, or they or an immediate family member benefited from a business relationship with Cannara that could reasonably be perceived to materially interfere with their independent judgment. For additional information regarding the directors of Cannara, see “Proposed Nominees for Election as directors - Information on Proposed Nominees”.

Meetings of Independent Directors

The Board of Directors holds regularly scheduled quarterly meetings as well as ad hoc meetings from time to time. See “Attendance and Board and Committee Meetings”.



If a director or officer holds an interest in a transaction or agreement under consideration at a Board meeting or a Board committee meeting, that director or officer shall not be present at the time the Board or Board committee deliberates such transaction or agreement and shall abstain from voting on the matter, subject to certain limited exceptions provided for in the Company's laws of incorporation.

Chair of the Board

Zohar Krivorot, the Chair and Chief Executive Officer of the Company, is the Chair of the Board of Directors, and in such role, he is principally responsible for overseeing the operations and affairs of the Board.

Lead Director

As the Chair of the Board is an Executive Officer, the directors have appointed Donald Olds, an independent director, as the lead director of Cannara (the "**Lead Director**"). The Lead Director is responsible for ensuring that the Board of Directors discharges its responsibilities, that the Board of Directors evaluates performance of management objectively, that the Board of Directors understands the boundaries between the responsibilities of the Board of Directors and of management and managing any conflicts of interest between the Board of Directors and management.

Board of Directors Mandate

The mandate of the Board of Directors describes, *inter alia*, the Board's role and overall responsibility to supervise the management of the business and affairs of Cannara. The Board, directly and through its Board committees and the Chair of the Board (or the Lead Director in the event the Chair of the Board has a conflict of interest), provides direction to the Executive Officers. The Board has overall responsibility for the Company's strategic planning, risk management, human resources management, corporate governance, and communications with Cannara's shareholders and the market. The text of the Board of Directors Mandate is reproduced in its entirety in **Appendix D** attached to this Management Proxy Circular.

Committees of the Board

In addition to the Audit Committee (the "Audit Committee"), the Board has established the HR/Governance Committee (As the context may require, the term "Committee" shall refer to the Audit Committee or the HR/Governance Committee and collectively, "Committees"), which is currently comprised of Donald Olds, Jack M. Kay and Mary Durocher, all of whom aside from Ms. Durocher are independent within the meaning of NI 58-101. Ms. Durocher is currently not deemed to be independent as subsequent to year-end, the Company has engaged Ms. Durocher to provide consulting services following the departure of a key employee on a temporary basis. Mr. Kay is the Chair of the HR/Governance Committee. For more information on the Audit Committee, including the text of its terms of reference, refer to the Audit Committee section in our annual information form for Fiscal 2024.

Orientation and Continuing Education

The HR/Governance Committee reviews, monitors and makes recommendations with respect to director orientation. Upon election or appointment of new directors, the HR/Governance Committee will provide new directors with an information package of the Company, including, among other things, its policies, procedures and disclosures. Generally, the Company expects that the board members have a familiarity with the business of cannabis. Professional advisors may be invited to attend Board meetings, as needed. The Company also relies on the relatively straightforward nature of its business and the established qualifications and expertise of its board members.

Given the size of the Company, directors do not receive a formal continuing education program. However, directors are regularly briefed by the Chair and Chief Executive Officer and the Chief Financial Officer on



the strategic issues affecting the Company as well as the competitive landscape and other developments that could materially affect the business. In addition, the HR/Governance Committee intends to periodically review, monitor and make recommendation with respect to the sufficiency of director continuing education opportunities available to the Company's directors.

Ethical Business Conduct

Committed to maintaining and instilling a strong ethical culture, the Board and the Company's management adopted codes and policies to provide a framework for ethical behaviour based on our values, applicable laws and regulations. This section summarizes key significant corporate-wide policies.

Code of Conduct

The Board of Directors has adopted a written Code of Conduct applicable to all employees, executive officers and directors of Cannara.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of a company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, if a director of a company also serves as a director or officer of another company engaged in similar business activities to the first company, that director must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest.

Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors that evoke such a conflict.

Monitoring Compliance with the Code of Conduct

The Audit Committee monitors adherence to the Code of Conduct by receiving reports from management as to any actual or alleged violations, as appropriate. In accordance with the provisions of the Code and applicable corporate law, any director or executive officer who holds a material interest in a proposed transaction or agreement involving the Company will be required to disclose that interest to the Audit Committee and abstain from voting on approval of such transactions as appropriate.

Requirement for Directors and Officers to Disclose Interest in a Contract or Transaction

In accordance with the Company's laws of incorporation, directors and officers must disclose the nature and value of any interest he or she has in a material contract or material transaction whether made or proposed with the Company. Such disclosure is also required for any contract or transaction to which Cannara is a party and an entity in which the director or officer is a director or officer or an individual acting in a similar capacity, or an entity in which the director or officer has a material interest. Subject to certain limited exceptions under the Company's laws of incorporation, no director may vote on a resolution to approve a material contract or material transaction which is subject to such disclosure requirement.

The HR/Governance Committee monitors conflicts of interest (actual or perceived) of both the directors and officers in accordance with the Code of Conduct, including compliance with all applicable corporate and securities law disclosure obligations, and restrictions on voting or participating in deliberations with respect to contracts or transactions in which a director or officer of Cannara has an interest.



Nomination of Directors

The HR/Governance Committee, in consultation with the Chair and Chief Executive Officer, annually or as required, recruits and identifies, and recommends to the Board for nomination, individuals qualified to become new Board members, as well as recommend individual directors to serve on the various Board committees. In making its recommendations, the HR/Governance Committee considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The Committee also considers the amount of time and resources that nominees have available to fulfill their duties as a Board member.

The Chair of the HR/Governance Committee is an independent director and will lead the nominating process in accordance with and pursuant to the criteria for Board membership as set forth in the Charter of the HR/Governance Committee.

Complaints

The Audit Committee has established a “Whistleblower Policy” which outlines procedures for the confidential, anonymous submission by employees regarding the Company’s compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matter relating to fraud against shareholders (the “**Accounting Concerns**”), without fear of retaliation of any kind. If an applicable individual has any concerns about any of the Accounting Concerns which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing, by telephone or e-mail and forward it to the Chairman of the Audit Committee. All submissions will be treated on a confidential and anonymous basis, except when the Accounting Concerns refer to violation of any applicable law, rule or regulation that relates to the corporate reporting and disclosure, and to violation of the Company’s Code, when the person making the submission must be identified for purposes of performing the investigation. Further, the Company will not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any person who submits in good faith an Accounting Concern.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions. The “Whistleblower Policy” is to be reviewed by the Audit Committee on an annual basis.



Diversity

The Company's senior management and the members of the Board of Directors have diverse backgrounds and expertise and were selected on the belief that the Company and its stakeholders would benefit from such a broad range of talent and experiences. Cannara's Board and senior management are committed to achieving and maintaining a culture of diversity and inclusion.

The Board of Directors considers merit as the key requirement for board and executive appointments. The Board of Directors will actively search for diverse board members who will bring skill sets to increase and add to the existing Board of Directors. The Company has not adopted any specific targets with respect to representation of Indigenous peoples, persons with disabilities or members of visible minorities on the Board of Directors or as part of senior management.

ESG Considerations and Oversight

Supply Chain Transparency and Ethical Sourcing Policy

Cannara is committed to upholding the highest ethical standards in its operations and supply chain. In compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Bill S-211), on May 17, 2024, the Company adopted a Supply Chain Transparency and Ethical Sourcing Policy, aimed at preventing and mitigating the risks of forced labor and child labor throughout its supply chain. This policy applies to all Cannara operations, employees, suppliers, contractors, and business partners involved in the production, procurement, and distribution of cannabis products and accessories.

The Company's policy is centred on the following key principles:

- **Supplier Code of Conduct:** Cannara will require all suppliers to adhere to its forthcoming Supplier Code of Conduct, which will prohibit forced labor and child labor. All suppliers will be required to acknowledge and sign the Code as a condition of engaging in business with the Company.
- **Risk Assessment and Auditing:** Cannara will conduct regular risk assessments to identify potential risks associated with forced and child labor, focusing on high-risk regions. The Company plans to perform periodic audits, including third-party audits when necessary, to ensure supplier compliance with these standards.
- **Reporting and Transparency:** To ensure transparency, Cannara will publish an annual report outlining its efforts to prevent forced labor and child labor in its supply chains. This report will be made publicly available in accordance with Bill S-211 and will provide detailed information on the Company's structure, policies, risk assessments, remediation efforts, and training initiatives.



- **Remediation Measures:** Should instances of forced labor or child labor be identified, Cannara will take immediate action. This may include working with the supplier to address the issue or terminating relationships with non-compliant suppliers.
- **Training and Capacity Building:** Cannara plans to provide ongoing training to its employees, suppliers, and business partners to raise awareness of the risks related to forced labor and child labor, promoting compliance with ethical labor practices.
- **Continuous Improvement:** The Company is committed to continuously improving its policies and practices related to forced labor and child labor. Cannara will review and update its policies periodically to ensure they remain aligned with evolving legal requirements and best practices in the industry.

Governance

Director Term Limits

The Company does not have a policy that limits the term of the directors on its Board of Directors and has not provided other mechanisms of board renewal. At this time, the Board of Directors does not believe that it is in the best interest of the Company to establish a term limit of the director's mandate or the mandatory retirement age. The Board of Directors is of the opinion that term limits may disadvantage the Company through the loss of beneficial contributions of directors who have developed increasing knowledge of the Company, its operation and the industry over a period of time. Furthermore, the HR/Governance Committee periodically reviews the composition of the Board of Directors and its committees, to determine "relatedness" as well as the profile of the Board of Directors (such as age, disciplines, geographical representation, etc.) so as to ensure that the Board of Directors is comprised of members who facilitate effective decision-making.

SHAREHOLDER PROPOSALS AND DIRECTOR NOMINATIONS

In accordance with the provisions of the BCBCA, shareholder proposals must be received at least 3 months before the anniversary of the previous year's annual reference date, being by October 30, 2025, to be considered for inclusion in the management information circular for the Company's next annual meeting of shareholders. Shareholders may submit proposals for the Company's next annual meeting by sending an e-mail to brian.sherman@cannara.ca.

Shareholders may submit director nominations for the Company's next annual meeting by sending notice to the **General Counsel** of the Company at the head office of the Company located at 333, boulevard Decarie, Suite 200, Ville Saint-Laurent QC, H4N 3M9.

ADDITIONAL INFORMATION

Additional information relating to Cannara may be found on SEDAR+ at www.sedarplus.ca and on the Company's website at www.cannara.ca. Additional financial information is provided in the Audited Consolidated Financial Statements and Management's Discussion & Analysis ("MD&A") of the Company for its fiscal year ended August 31, 2024.

You can also obtain a copy of the Company's audited consolidated financial statements and MD&A by visiting the Investors section on the Company's website at www.cannara.ca, by consulting the Company's SEDAR+ profile or by contacting us by mail or e-mail:

Investor Relations

333, boulevard Decarie, Suite 200, Ville Saint-Laurent QC, H4N 3M9
nick@cannara.ca



APPROVAL BY THE DIRECTORS

The Board of Directors of the Company has approved the content and delivery of this Management Proxy Circular.

DATED this December 16, 2024.

(s) Zohar Krivorot

Zohar Krivorot

Chairman and Chief

Executive Officer

APPENDIX A
CHANGE OF AUDITOR REPORTING PACKAGE

**CANNARA BIOTECH INC.
NOTICE OF CHANGE OF AUDITOR
Dated: August 8th, 2024**

Cannara Biotech Inc. (the "**Corporation**") hereby gives notice pursuant to subsection 4.11(7) of National Instrument 51-102 - Continuous Disclosure Obligations ("**NI 51-102**") of the following change in auditor:

- 1. Termination/Resignation of Former Auditor:**
 - The Corporation announces that KPMG LLP ("**KPMG**") will resign as the auditor of the Corporation upon completion of the Corporation's 2024 year end audit. KPMG's decision to resign was on its own initiative.
- 2. No Reportable Events:**
 - There were no reportable disagreements, consultations, or unresolved issues between KPMG and the Corporation on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure during the two most recent fiscal years and the subsequent period up to the date of resignation.
- 3. No Reservations:**
 - KPMG's report on the financial statements of the Corporation during its two most recently completed financial years and up to the date of resignation did not include any reservations.
- 4. Approval by the Audit Committee and Board of Directors:**
 - The change of auditor has been reviewed and approved by the Audit Committee and the Board of Directors of the Corporation.
- 5. Successor Auditor:**
 - The Corporation has appointed MNP LLP ("**MNP**") as the successor auditor. MNP will assume the role of auditor following KPMG's completion of the Corporation's 2024 year end audit.
- 6. Letters from Former and Successor Auditors:**
 - A letter from KPMG addressed to the securities regulatory authority stating whether they agree with the statements made by the Corporation, along with a letter from MNP confirming their acceptance of the appointment, have been filed in accordance with NI 51-102 requirements.

For further information, please contact:

Cannara Biotech Inc.
Nicholas Sosiak
Chief Financial Officer
514-688-0007
nicholas.sosiak@cannara.ca



KPMG LLP
600 de Maisonneuve Blvd West
Suite 1500, Tour KPMG
Montréal (Québec) H3A 0A3
Tel. 514-840-2100
Fax. 514-840-2187
www.kpmg.ca

To: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers

August 12, 2024

Dear Sir/Madam

Re: Notice of Change of Auditors of Cannara Biotech Inc.

We have read the Notice of Cannara Biotech Inc dated August 8, 2024 and are in agreement with the statements contained in such Notice, except that we are not in a position to agree or disagree with items 4 and 5 detailed in the Company's Notice.

Yours very truly,

KPMG LLP

August 12, 2024

TO: British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
Autorité des marchés financiers

Dear Sirs/Mesdames:

**RE: Cannara Biotech Inc.
Notice of Change of Auditor**

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, we have reviewed the information contained in the Notice of Change of Auditor of the Company dated August 8, 2024 (“the Notice”) and, based on our knowledge of such information at this time, we agree with the statements made in the Notice pertaining to our firm. We advise that we have no basis to agree or disagree with the comments in the Notice relating to KPMG LLP.

We understand that a copy of the Notice and this letter will be provided to the shareholders of the Corporation.

Your truly,



MNP LLP

**APPENDIX B
STOCK OPTION PLAN**



CANNARA BIOTECH INC.

**2024 AMENDED AND RESTATED STOCK OPTION
PLAN**

Approved by Board of Directors on January 29th, 2024

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2024 AMENDED AND RESTATED STOCK OPTION PLAN

SECTION 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) "**Administrator**" means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the committee itself.
- (b) "**Associate**" means, where used to indicate a relationship with any person:
 - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
 - (ii) any partner, other than a limited partner, of that person;
 - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
 - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) "**Black-Out**" means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) "**Board**" means the board of directors of the Company.
- (e) "**Change of Control**" means an occurrence when either:
 - (i) a Person or Entity, other than the current "control person" of the Company (as that term is defined in the *Securities Act*), becomes a "control person" of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (f) "**Committee**" means a committee of the Board appointed in accordance with this Plan or if no such committee is appointed, the Board itself.
- (g) "**Company**" means Cannara Biotech Inc.
- (h) "**Consultant**" means an individual who:

- (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a "distribution" (as that term is described in the *Securities Act*);
- (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);
- (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 any Subsidiary; and
- (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a "**Consultant Entity**"); or
 - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (i) "**Disability**" means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- (j) "**Employee**" means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum of 20 hours per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (iii) a corporation wholly-owned by such individual; and
 - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (k) "**Executive**" means an individual who is a director or officer of the Company or a Subsidiary, and includes:

- (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (l) "**Exercise Notice**" means the written notice of the exercise of an Option, in the form set out as Schedule "B" hereto, duly executed by the Option Holder.
- (m) "**Exercise Period**" means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that the Option has vested pursuant to the terms and conditions of this Plan and that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (n) "**Exercise Price**" means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (o) "**Expiry Date**" means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (p) "**Expiry Time**" means the time the Option expires on the Expiry Date, which is 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (q) "**Grant Date**" means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (r) "**Insider**" means an insider as that term is defined in the *Securities Act*;
- (s) "**Investor Relations Activities**" means any activities, by or on behalf of the Company or shareholders of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
 - (i) to promote the sale of products or services of the Company, or
 - (ii) to raise public awareness of the Company, that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
 - (b) activities or communications necessary to comply with the requirements of:
 - (i) applicable Securities Laws;
 - (ii) by-laws, rules or other regulatory instruments of any self regulatory body or exchange having jurisdiction over the Company;
 - (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:

- (i) the communication is only through the newspaper, magazine or publication, and
 - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by the TSX-V.
- (t) "**Option**" means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (u) "**Option Certificate**" means the agreement, in substantially the form set out as Schedule "A" hereto, evidencing the Option.
- (v) "**Option Holder**" means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (w) "**Outstanding Issue**" means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (x) "**Person or Entity**" means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (y) "**Personal Representative**" means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (z) "**Plan**" means this stock option plan as from time to time amended.
- (aa) "**Regulatory Approvals**" means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (bb) "**Regulatory Authorities**" means the TSX-V and any other organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (cc) "**Regulatory Rules**" means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (dd) "**Securities Act**" means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.

- (ee) **"Share"** or **"Shares"** means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (ff) **"Subsidiary"** means a wholly-owned or controlled subsidiary corporation of the Company.
- (gg) **"Triggering Event"** means:
 - (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (hh) **"TSX-V"** means the TSX Venture Exchange
- (ii) **"vest"** or **"vested"** or **"Vesting"** means that portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws in any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2 GRANT OF OPTIONS

2.1 Grant of Options

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

2.2 Record of Option Grants

The Administrator shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants, to incent such individuals to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants, if any, to whom Options are to be granted.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) The maximum number of Shares reserved for issuance under Options granted to Insiders (as a group) at any point in time shall be 10% of the Company's issued and outstanding Shares when combined with all other grants made to Insiders under the Company's other share compensation arrangements (including the Company's share unit plan) would not exceed 10% of the outstanding Shares of the Company;

- (b) The aggregate number of Options granted to Insiders (as a group) in any 12-month period must not exceed 10% of the Company's issued and outstanding Shares when combined with all other grants made to Insiders under the Company's other share compensation arrangements (including the Company's share unit plan), calculated at the date the Option is granted to any such Insider;
- (c) The aggregate number of Options granted to any one Option Holder in any 12-month period must not exceed 5% of the Company's issued and outstanding Shares when combined with all other grants made to such Option Holder under the Company's other share compensation arrangements (including the Company's share unit plan), calculated at the date the Option is granted to the Option Holder;
- (d) The aggregate number of Options granted to any one Consultant in any 12-month period must not exceed 2% of the Company's issued and outstanding Shares, calculated at the date the Option is granted to the Consultant; when combined with all other grants made to such Consultant under the Company's other share compensation arrangements (including the Company's share unit plan);
- (e) The aggregate number of Options granted to all Persons retained to provide Investor Relations Activities in any 12-month period must not exceed 2% of the Company's issued and outstanding Shares, calculated at the date an Option is granted to any such Person; and
- (f) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;

and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

3.6 Limitation on Service

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options granted under this Plan.

3.8 **Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 **Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 **Representation to TSX-V**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the TSX-V as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4 NUMBER OF SHARES UNDER PLAN

4.1 **Number of Shares**

Subject to adjustment as provided for herein, the aggregate number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan will not exceed (i) 10% of the number of Shares which are issued and outstanding on the particular Grant Date, and (ii) such number of Shares as, when combined with all other Shares subject to grants made under the Company's other share compensation arrangements (including the Company's share unit plan) would not exceed 10% of the outstanding Shares of the Company.. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

4.2 **Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5
TERMS AND CONDITIONS OF OPTIONS

5.1 **Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option.

5.2 **Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 **Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the price determined in accordance with TSX-V policies while the Company's Shares are listed on the TSX-V.

5.4 **Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time. The Expiry Date of an Option shall be the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate or, if no such date is set out in for the Option Certificate the applicable circumstances, the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise expressly provided for in the Option Certificate, the 90th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
 - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order; in which case
the Expiry Date shall be the date the Option Holder ceases to hold such position; OR
- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant, other than an Option Holder who is engaged in Investor Relations Activities, and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise expressly provided for in the

Option Certificate, the 90th day following the date the Option Holder ceases to hold such position, or, in the case of an Option Holder that is engaged in Investor Relations Activities, the 30th day after the date such Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:

- (i) termination for cause;
- (ii) resigning or terminating his or her position; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order; in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the earlier of (a) the Expiry Date of the Option, or (b) 12 months following the date on which the Participant ceases to be eligible to receive Options.

5.5 Vesting of Option and Acceleration

- (a) The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan, subject to the limitation under subsection 3.3.
- (b) Notwithstanding subsection (a) above, Options granted to any Option Holder engaged in Investor Relations Activities must vest in stages over a period of not less than 12 months such that:
 - (i) no more than 1/4 of the Options vest no sooner than three months after the Options were granted;
 - (ii) no more than another 1/4 of the Options vest no sooner than six months after the Options were granted;
 - (iii) no more than another 1/4 of the Options vest no sooner than nine months after the Options were granted;
 - (iv) the remainder of the Options vest no sooner than 12 months after the Options were granted; and
 - (v) the vesting of such Options may not be accelerated except with the prior approval of the TSX-V.

5.6 **Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 **TRANSFERABILITY OF OPTIONS**

6.1 **Non-transferable**

Except as provided otherwise in this Section 6, Options are non-assignable and non-transferable.

6.2 **Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of six months following the date of death and the applicable Expiry Date.

6.3 **Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of six months following the termination of employment, engagement or appointment as an Employee, Consultant, director or officer and the applicable Expiry Date.

6.4 **Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within six months after the termination of such engagement, any vested Options at the time an Option Holder ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary which remains exercisable may be exercised in accordance with its terms by the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of six months following the death of such Option Holder and the applicable Expiry Date.

6.5 **Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7 EXERCISE OF OPTION

7.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during Black-Out unless the Committee determines otherwise. Notwithstanding any other provision of this Plan, the Exercise Period of Options that would expire during a Black-Out shall be extended to the date that is 10 business days following the expiry of the applicable Black-Out.

7.2 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate (or DRS) for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Share certificate (or DRS).

7.3 No Rights as Shareholder

Until the date of the issuance of the certificate (or DRS) for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificate (or DRS), the decision of the Committee shall be final, conclusive and binding.

7.4 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to

exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

SECTION 8 ADMINISTRATION

8.1 Board or Committee

The Plan shall be administered by the Board, by a Committee of the Board appointed in accordance with section 8.2 below, or by an Administrator appointed in accordance with subsection 8.4(b).

8.2 Appointment of Committee

The Board may at any time appoint a Committee, consisting of not less than two of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

8.3 Quorum and Voting

A majority of the members of the Committee shall constitute a quorum and, subject to the limitations in this Section 8, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of Options pursuant to the Plan, except that no such member shall act upon the granting of an Option to himself or herself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to the granting of Options to that member). The Committee may approve matters by written resolution signed by a majority of the quorum.

8.4 Powers of Committee

The Committee (or the Board if no Committee is in place) shall have the authority to do the following:

- (a) administer the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;

- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Dates, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted; and
 - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted, subject always to the limitation in subsections 3.3 and 5.5(b); and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.5 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.6 Interpretation

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

**SECTION 9
APPROVALS AND AMENDMENT**

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Company or by a majority of votes cast by disinterested shareholders at a meeting of shareholders of the Company. Any Options granted under this Plan will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder;

then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company. Disinterested shareholder approval must also be obtained if the Committee wishes to extend the Expiry Date of any Insider Options.

**SECTION 10
CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES**

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificate (or DRS) representing such Shares accordingly.

10.2 Obligation to Obtain Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11 ADJUSTMENTS AND TERMINATION

11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan.

11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, subject to obtaining any required Regulatory Approvals including prior acceptance by the Regulatory Authorities when required, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company.

Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of Section 9.2 of this Plan.

11.4 Triggering Events

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this Section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SCHEDULE "A"

[Any applicable securities law resale restrictions to be added hereto.]

CANNARA BIOTECH INC. STOCK OPTION AGREEMENT

THIS AGREEMENT made as of the ◆ day of ◆, 202◆.

BETWEEN:

◆, of [Address] «Address»

(the “**Optionee**”)

AND:

Cannara Biotech Inc., a company validly existing under the laws of British Columbia and having its head office at 333, boul. Décarie, Suite 200, Montréal, Québec, H4N 3M9

(the “**Company**”)

WHEREAS:

- A. The common shares of the Company are listed on the TSX Venture Exchange (the “**TSX-V**”) and the Company is a reporting issuer in, among other provincial jurisdictions in Canada, the provinces of British Columbia and Ontario Securities Commissions (the “**Commissions**”);
- B. In accordance with the Company’s Stock Option Plan (the “**Plan**”), the Directors of the Company have authorized the grant of options to purchase shares in the capital stock of the Company to the Optionee;
- C. This Agreement is made and entered into pursuant to and in accordance with the Plan.

NOW THEREFORE THIS AGREEMENT WITNESSES:

DEFINITION

1. In this Agreement, all terms used herein and which are defined in the Plan will have the same meanings as assigned to them in the Plan.

GRANTING OF OPTION

2. The Company hereby grants to the Optionee a non-assignable, non-transferable option to purchase ◆ Shares (the “**Option**”) at a price of \$◆ per Share (the “**Option Price**”).

EXERCISE OF OPTION

3. The Option, or any part thereof, may be exercised by the Optionee at any time and from time to time, until and including ◆, 20◆, by notice in writing to the Company to that effect, provided that the Option will only vest, and therefore may only be exercised over time, in accordance with the following vesting schedule:

Date	Number of Shares Vesting	Total number of Shares Vested
◆, 202◆	◆	◆
◆, 202◆	◆	◆
◆, 202◆	◆	◆
◆, 202◆	◆	◆

4. Any such notice given to the Company (an “Exercise Notice”) will specify the number of Shares with respect to which the Option is then being exercised and will be accompanied by a certified cheque, bank draft or money order in favour of the Company in full payment of the Option Price for the number of Shares then being purchased.

DELIVERY OF SHARE CERTIFICATE

5. The Company will, within three (3) business days after receipt of an Exercise Notice, deliver to the Optionee a certificate (or DRS) representing the number of Shares with respect to which the Option was exercised and issued as of the date of the Exercise Notice.
6. An Exercise Notice will be deemed to have been given, if delivered, on the date of delivery, or if mailed, on the third (3rd) day after the date of mailing in any post office in Canada. A mailed Exercise Notice will be sent by prepaid registered mail addressed to the Company at its head office from time to time.

OPTION ONLY

7. Nothing herein contained or done pursuant hereto will obligate the Optionee to purchase and/or pay for any Shares, except those Shares in respect of which the Optionee has exercised all or any part of the Option granted hereunder.
8. The Optionee will not have any rights whatsoever as a shareholder of the Company or the holder of any of the Shares optioned hereunder other than in respect of optioned Shares for which the Optionee has exercised all or any part of the Option granted hereunder and which have been taken up and paid for in full.

INCORPORATION OF TERMS AND CONDITIONS OF PLAN

9. The Option has been granted in accordance with and subject to the terms and conditions of the Plan, all of which are incorporated herein by reference as fully as if each and every such term and condition were set forth in this agreement.

TIME OF THE ESSENCE

10. Time is and will be of the essence of this agreement.

SUCCESSORS

11. This agreement will ensure to the benefit of and be binding upon the heirs, executors and administrators of the Optionee and the successors and assigns of the Company.

IN WITNESS WHEREOF this Option Agreement has been executed by the parties hereto on the day and year first above written.

SIGNED, SEALED and DELIVERED by)
«Name» in the presence of:)
)
_____)
Name)
)
_____)
Address)
)
_____)
)
_____)
Occupation)

_____)
«Name»

CANNARA BIOTECH INC.

Per:

_____)
Authorized Signatory

SCHEDULE "B"

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan
 Cannara Biotech Inc. (the "**Company**")
 333, boul. Décarie, Suite 200
 Montréal, Québec
 H4N 3M9

The undersigned hereby irrevocably gives notice, pursuant to the Company's Stock Option Plan (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (a) all of the Common Shares; or
- (b) _____ of the Common Shares;

which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft payable to "**Cannara Biotech Inc.**" in an amount equal to the aggregate Exercise Price of the aforesaid Common Shares exercised and directs the Company to issue the certificate (or DRS) evidencing said Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

By executing this Notice of Exercise of Option the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Notice of Exercise of Option shall have the meanings given to them under the Plan.

DATED the _____ day of _____, 202◆.

Signature of Option Holder

APPENDIX C
RSU PLAN

**CANNARA BIOTECH INC.
RESTRICTED SHARE UNIT PLAN**

- 1.1. The Company hereby establishes a share unit plan known as the “Share Unit Plan”.
- 1.2. The purpose of this Plan is to allow for certain discretionary bonuses and similar awards as an incentive and reward for selected Eligible Persons related to the achievement of long-term financial and strategic objectives of the Company and the resulting increases in shareholder value. This Plan is intended to promote a greater alignment of interests between the shareholders of the Company and the selected Eligible Persons by providing an opportunity to participate in increases in the value of the Company.

Definitions

- 1.3. As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:
- a) **Applicable Withholding Tax** has the meaning set forth in §3.10;
 - b) **Award** means an agreement evidencing the grant of a Share Unit;
 - c) **Award Payout** means the applicable Share issuance or cash payment in respect of a vested Share Unit pursuant and subject to the terms and conditions of this Plan and the applicable Award;
 - d) **Board** means the Board of Directors of the Company;
 - e) **Change of Control** in respect of any Recipient has the meaning ascribed to such term (in a relevant context) in the Recipient’s then existing employment agreement with the Company or, if no meaning is so ascribed, means the acquisition by any person or by any person and its joint actors (as such term is defined in the Securities Act), whether directly or indirectly, of voting securities (as such term is defined in Securities Act) of the Company which, when added to all of the voting securities of the Company at the time held by such person and its joint actors, totals for the first time not less than 50% of the outstanding voting securities of the Company;
 - f) **Committee** means a committee of the Board appointed in accordance with this Plan or if no such committee is appointed, the Board itself;
 - g) **Consultant** means an individual who:
 - i. Is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or any Related Entity, other than services provided in relation to a "distribution" (as that term is described in the *Securities Act*);
 - ii. provides the services under a written contract between the Company or any Related Entity and the individual or a Consultant Entity (as defined in clause (g)(v) below), as the case may be;
 - 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 any Related Entity; and
 - iv. has a relationship with the Company or any Related Entity that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable regulatory rules to be granted security based incentive awards as a Consultant or as an equivalent thereof,and includes:
 - v. a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a "**Consultant Entity**"); or
 - vi. an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
 - h) **Company** means Cannara Biotech Inc., and includes any successor company thereto;
 - i) **Director** means an individual who is a member of the Board or the board of directors of a Related Entity, as

the case may be;

- j) **Eligible Person** means any person who is an Employee, Officer, or Director of the Company, and any Consultant who performs services for the Company, but excluding a person engaged in Investor Relations Activities (as defined in TSX-V Policy 1.1). For greater certainty, it is the responsibility of the Company and the Recipient to ensure that the Eligible Person is a bona fide Employee, Officer, Director, or Consultant of the Company, as the case may be.;
- k) **Employee** means an employee of the Company or of a Related Entity;
- l) **Expiry Date** means December 31 of the fourth calendar year commencing after the Grant Date, or such earlier date as may be established by the Board in respect of an Award at the time of grant of the Award, however in any event no later than 12 months following the date of the Recipient's Termination;
- m) **Fair Market Value** means, as at a particular date, for the purpose of calculating the applicable Vesting Date Value and Award Payout, the volume weighted average price per Share traded on the TSX-V over the last five trading days preceding that date.
- n) **Grant Date** means the date of grant of any Share Unit;
- g) **Insider** shall have the meaning ascribed thereto in the Securities Act;
- h) **Investor Relations Activities** has the meaning ascribed thereto in TSX-V Policy 1.1.
- i) **Officer** means an individual who is an officer of the Company or of a Related Entity as an appointee of the Board or the board of directors of the Related Entity, as the case may be;
- j) **Payout Factor** means, for any Share Unit, the percentage, ranging from 0% to 200% (or within such other range as the Board may determine from time to time), quantifying the performance achievement realized as of the applicable date of vesting of such Share Unit, as determined in accordance with the performance conditions or measures and other terms of such Share Unit;
- k) **Performance Conditions** has the meaning set forth in §2.3;
- l) **Performance Share Unit** means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan as more particularly described in §3.1 and, if applicable, multiplied by a Payout Factor, that generally becomes vested, if at all, subject to the attainment of certain Performance Conditions and satisfaction of other such conditions to vesting, if any, as may be determined by the Board or Committee from time to time;
- m) **Plan** means this Share Unit Plan, as amended from time to time;
- n) **Recipient** means an Eligible Person who may be granted Share Units from time to time under this Plan;
- o) **Related Entity** means a person that is controlled by the Company. For the purposes of this Plan, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
 - i. ownership of or direction over voting securities in the second person,
 - ii. a written agreement or indenture,
 - iii. being the general partner or controlling the general partner of the second person, or
 - iv. being a trustee of the second person;
- p) **Restricted Share Unit** means a right granted under this Plan to receive the Award Payout on the terms contained in this Plan as more particularly described in §3.1 and, if applicable, that generally becomes vested, if at all, following a period of continuous employment of the Recipient with the Company and satisfaction of other such conditions to vesting, if any, as may be determined by the Board or Committee from time to time;

- q) **Retirement** means, with respect to a Recipient, the early or normal retirement of the Recipient within the meaning of the pension plan of the Company for salaried employees, whether or not such Recipient is a member of that pension plan, or, if the Company does not have such a plan, the date on which the Recipient reaches age 65;
- r) **Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418 as amended from time to time;
- s) **Share** means a common share in the capital of the Company as from time to time constituted;
- t) **Share Unit** means a Restricted Share Unit or Performance Share Unit, as the case may be;
- u) **Termination** means, with respect to a Recipient, that the Recipient has ceased to be an Eligible Person, and has ceased to fulfil any other role as employee or officer of the Company or any Related Entity, including as a result of termination of employment, resignation from employment, removal as an officer, death or Total Disability;
- v) **Total Disability** means, means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- w) **Trigger Date** means, with respect to a Share Unit, the date set by the Board at the time of grant, which date must not be before the date that is one year following the date of grant, and if no date is set by the Board, then December 1 of the third calendar year commencing after the Grant Date of the Share Unit, as such may be amended in accordance with §2.6;
- x) **TSX-V** means The TSX Venture Exchange; and
- y) **Vesting Date Value** means the notional value, as at a particular date, of the Fair Market Value of one Share.

Choice of Law

1.2. The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws in any other jurisdiction. The Company and each Recipient hereby attorn to the jurisdiction of the Courts of British Columbia.

Administration

1.3. The Board will, in its sole and absolute discretion, but taking into account relevant corporate, securities and tax laws,

- a) interpret and administer this Plan;
- b) establish, amend and rescind any rules and regulations relating to this Plan; and
- c) make any other determinations that the Board deems necessary or appropriate for the administration of this Plan.

Any decision of the Board in the interpretation and administration of this Plan will be final, conclusive and binding on all parties concerned. All expenses of administration of this Plan will be borne by the Company.

Delegation to Committee

1.4. All of the powers exercisable hereunder by the Board may, to the extent to the extent permitted by law and as determined by a resolution of the Board, be delegated to a Committee including, without limiting the generality of the foregoing, those referred to under §1.3.

Incorporation of Terms of Plan

1.5. Subject to specific variations approved by the Board all terms and conditions set out herein will be incorporated into and form part of each Share Unit granted under this Plan.

Effective Date

1.6. This Plan was effective on January 29th, 2024. The Board may, in its discretion, at any time, and from time to time, issue Share Units to Eligible Persons as it determines appropriate under this Plan. However, any such issued Share Units may not be paid out in Shares in any event until receipt of the necessary approvals from shareholders of the Company, the TSX-V and any other regulatory bodies.

Maximum Number of Shares

1.7. The aggregate number of Shares available for issuance from treasury under this Plan, subject to adjustment pursuant to §2.8, shall not exceed the lesser of (i) such number of Shares as is equal to 10% of the aggregate number of Shares issued and outstanding as at the date of grant; and (ii) such number of Shares as, when combined with all other Shares subject to grants made under the Company's other share compensation arrangements (including the Company's stock option plan) would not exceed 10% of the outstanding Shares of the Company. Any Shares subject to a Share Unit which has been granted under the Plan and which is cancelled or terminated in accordance with the terms of the Plan without being paid out as provided for in Part 3 shall again be available under the Plan. In addition to the foregoing, the number of Shares (i) issuable to Insiders (as a group) of the Company, at any time, under the Plan, or when combined with all of the Company's other security based compensation arrangements, shall not exceed 10% of the total issued and outstanding Shares as at the date of grant, (ii) issuable to any one Recipient at any time, under the Plan, or when combined with all of the Company's other security based compensation arrangements, shall not exceed 5% of the total issued and outstanding Shares, calculated as at the date of the grant to such Recipient and (iii) issuable to any one Consultant at any time, under the Plan, or when combined with all of the Company's other security based compensation arrangements, shall not exceed 2% of the total issued and outstanding Shares, calculated as at the date of the grant to such Consultant. In addition, the maximum number of Shares issuable to Consultants hereunder in any 12-month period shall not exceed 2% of the issued and outstanding shares of the Company, and the maximum number of Shares issuable to any one Recipient hereunder in any 12-month period shall not exceed 5% of the issued and outstanding shares of the Company, each calculated as at the date of a given grant.

2. AWARDS UNDER THIS PLAN

Recipients

2.1. Only Eligible Persons are eligible to participate in this Plan and receive one or more Share Units. Share Units that may be granted hereunder to a particular Eligible Person in a calendar year will (subject to any applicable terms and conditions) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or a Related Entity, as the case may be, in the Company's or the Related Entity's fiscal year ending in, or coincident with, such calendar year, as determined by the Board in its discretion. Any Share Units granted pursuant to this Plan shall be subject to the provisions of any clawback policy of the Company in effect from time to time. For greater certainty, any clawback policy implemented by the Company shall be subject to prior acceptance by the TSX-V

Grant

2.2. The Board may, in its discretion, at any time, and from time to time, grant Share Units to Eligible Persons as it determines is appropriate, subject to the limitations set out in this Plan. The vesting criteria, if any, of any Share Units granted hereunder shall be as follows:

- (i) with respect to Restricted Share Units, based upon a period of continuous employment of the Recipient with the Company; or
- (ii) with respect to Performance Share Units, based upon the satisfaction of Performance Conditions, and in either case, subject to the terms of the Award and the satisfaction of such other conditions for vesting, if any, as may be determined by the Board or Committee from time to time, in its sole discretion but subject to §2.4(iv) below.

Performance Conditions

2.3. At the time a grant of a Performance Share Unit is made, the Board may, in its sole discretion, establish such performance conditions for the vesting of Performance Share Units as may be specified by the Committee in the Award (the “**Performance Conditions**”). The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any Performance Conditions and may exercise its discretion to reduce the amounts payable under any Award subject to Performance Conditions. The Board may determine that an Award shall vest in whole or in part upon achievement of any one Performance Condition or that two or more Performance Conditions must be achieved prior to the vesting of an Award. Performance Conditions may differ for Awards granted to any one Recipient or to different Recipients.

Vesting

2.4. Except as provided in this Plan or any Award, Share Units issued under this Plan will vest on the later of:

- (i) the Trigger Date; and
- (ii) the date upon which the relevant Performance Condition or other vesting condition or conditions set out in the Award have been satisfied,

provided that:

- (iii) Performance Share Units shall only vest on the Trigger Date to the extent that the Performance Conditions or other vesting conditions set out in an Award have been satisfied on or before the Trigger Date; and
- (iv) no Share Unit will remain outstanding for any period which exceeds the Expiry Date of such Share Unit.

Forfeiture and Cancellation Upon Expiry Date

2.5. Share Units which do not vest on or before the Expiry Date of such Share Unit will be automatically forfeited, without further act or formality and without compensation.

Amendment of Trigger Date

2.6. The Board may, at any time after a grant of a Share Unit, accelerate the Trigger Date of such Share Unit. Notwithstanding anything to the contrary, the Trigger Date of a given Share Unit may not be accelerated to less than one year from the date of issuance unless such acceleration is in connection with the death of a Recipient, or a change of control, take-over bid, RTO, or other similar transaction of the Company.

Account

2.7. Share Units issued pursuant to this Plan (including fractional Share Units, computed to three decimals) will be credited to a notional account maintained for each Recipient by the Company for the purposes of facilitating the determination of amounts that may become payable hereunder. A written confirmation of the balance in each Recipient’s account will be sent by the Company to the Recipient upon request of the Recipient.

Adjustments and Reorganizations

- 2.8. In the event of any dividend paid in Shares, Share subdivision, combination or exchange of Shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting Shares, the Board, subject to obtaining the prior acceptance from the TSX-V, will make, with respect to the number of Share Units outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

Notice and Acknowledgement

- 2.9. No certificates will be issued with respect to the Share Units issued under this Plan. Each Eligible Person will, prior to being granted any Share Units, deliver to the Company a signed acknowledgement substantially in the form of Schedule "A" to this Plan.

3. PAYMENTS UNDER THIS PLAN

Payment of Share Units

- 3.1. Subject to the terms of this Plan and, in particular, §3.10 of this Plan, the Company will pay out vested Share Units issued under this Plan and credited to the account of a Recipient by paying or issuing (net of any Applicable Withholding Tax) to such Recipient, on or subsequent to the Trigger Date but no later than the Expiry Date of such vested Share Unit, an Award Payout of either:
 - a) one Share (subject to adjustment in accordance with §2.8) for such whole vested Share Unit. Fractional Shares shall not be issued, and where a Recipient would be entitled to receive a fractional Share in respect of any fractional vested Share Unit, the Company shall pay to such Recipient, in lieu of such fractional Share, cash equal to the Vesting Date Value as at the Trigger Date of such fractional Share. Each Share issued by the Company pursuant to this Plan shall be issued as fully paid and non-assessable, or
 - b) a cash amount equal to the Vesting Date Value as at the Trigger Date of such vested Share Unit,
 - c) and in the case of Performance Share Units, the number of Shares to be issued or cash to be paid as an Award Payout shall be determined by multiplying the result of (a) or (b) of §3.1 by the Payout Factor (the "**Multiplier Obligation**"). For greater certainty, shares issued to satisfy the Multiplier Obligation shall be included in the granted limits as set out in §1.7 and §3.2, and the Company may make payment in cash in lieu of shares where shares cannot be issued due to the grant/issuance limitations as set forth hereunder.
 - d) In the event of an Early Trigger Date in accordance with §3.9, in the case of Performance Share Units, unless the Board determines otherwise, the Payout Factor will be calculated based on (x) in the case of any performance measurement periods that are complete on or prior to the Early Trigger Date, the actual performance, and (y) in the case of any performance measurement periods that are not complete on or prior to the Early Trigger Date, the actual performance achieved during the measurement period up to the time of the Early Trigger Date.

Limitation on Issuance of Shares to Insiders

- 3.2. Notwithstanding anything in this Plan, the Company shall not issue Shares under this Plan to any Eligible Person who is an Insider of the Company where such issuance would result in:
 - a) the total number of Shares issuable at any time under this Plan to Insiders, or when combined with all other Shares issuable to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis; or

- b) the total number of Shares that may be issued to Insiders during any one year period under this Plan, or when combined with all other Shares issued to Insiders under any other equity compensation arrangements then in place, exceeding 10% of the total number of issued and outstanding equity securities of the Company on a non-diluted basis.

Where the Company is precluded by this §3.2 from issuing Shares to an Insider of the Company, the Company will pay to the relevant Insider a cash Award Payout in an amount equal to the Vesting Date Value as at the Trigger Date of the Share Unit.

Consultants and Advisors

- 3.3. The Board may engage such consultants and advisors as it considers appropriate, including compensation or human resources consultants or advisors, to provide advice and assistance in determining the amounts to be paid under this Plan and other amounts and values to be determined hereunder or in respect of this Plan including, without limitation, those related to a particular Fair Market Value.

Cancellation on Ceasing to be Employed or Engaged

- 3.4. Subject to §3.8 and §3.9 of this Plan, unless the Board at any time otherwise determines, all unvested Share Units held by any Employee or Consultant and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of such employee or consultant ceasing to be employed or engaged by the Company or a Related Entity. Notwithstanding anything to the contrary, any Share Unit shall expire within a reasonable period (not to exceed 12 months) following the date on which the participant ceases to be an Eligible Person.

Cancellation on Ceasing to Hold Office

- 3.5. Subject to §3.8 and §3.9 of this Plan, unless the Board at any time otherwise determines, all unvested Share Units held by an Officer or Director and all rights in respect thereof will be automatically forfeited, without further act or formality and without compensation, immediately in the event that the Officer or Director ceases to hold such position other than by reason of death or Total Disability. Notwithstanding anything to the contrary, any Share Unit shall expire within a reasonable period (not to exceed 12 months) following the date on which the participant ceases to be an Eligible Person.

Total Disability, Death

- 3.6. If a Recipient ceases to be an Eligible Person due to the death or Total Disability of a Recipient, unvested Share Units will not be cancelled but will remain outstanding and vest in accordance with the terms of this Plan as if such person was an Eligible Person: Notwithstanding anything to the contrary, any Share Unit shall expire within a reasonable period (not to exceed 12 months) following the date on which the participant ceases to be an Eligible Person.

Cancellation on Resignation

- 3.7. Subject to §3.9 of this Plan, unless the Board at any time otherwise determines, all Share Units held by a Recipient for which the Performance Conditions or other vesting conditions set out in the Award have not been met and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a Termination arising from the resignation of employment by the Recipient, and all Share Units for which the Performance Conditions or other vesting conditions set out in the Award have been met shall continue to vest in accordance with the terms of this Plan as if such person were an Eligible Person. Notwithstanding anything to the contrary, any Share Unit shall expire within a reasonable period (not to exceed 12 months) following the date on which the participant ceases to be an Eligible Person.

Change of Control

- 3.8. Subject to the Company obtaining any necessary regulatory approvals and notwithstanding any other provisions of this Plan, the Committee may, without the consent of the Recipient in question, cause all or a portion of any of the Share Units granted under the Plan to be exchanged for incentive stock options

of another corporation upon the occurrence of a Change of Control in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

- 3.9. Notwithstanding anything else in this Plan, all unvested Share Units held by any Recipient will automatically vest, without further act or formality, immediately in the event of a Termination without cause or a Termination arising from the resignation or cessation of employment or service by the Recipient based on a material reduction or change in position, duties or remuneration of the Recipient at any time within 12 months after the occurrence of a Change of Control (the “**Early Trigger Date**”).

Upon the occurrence of an Early Trigger Date of this Plan, the Company will pay out on such vested Share Units issued under this Plan and credited to the account of such Recipient by paying (net of any Applicable Withholding Tax) to such Recipient on or subsequent to the Early Trigger Date, but no later than 10 days after the Early Trigger Date, an Award Payout in an amount equal to the Vesting Date Value as at the Early Trigger Date of such Share Unit. Payments in respect of Share Units credited to the accounts of persons who are deceased will be made to or for the benefit of the legal representative of such person in accordance with §3.1.

Tax Matters and Applicable Withholding Tax

- 3.10. The Company does not assume any responsibility for or in respect of the tax consequences of the receipt by Recipients of Share Units, or payments received by Recipients pursuant to this Plan. The Company or relevant Related Entity, as applicable, is authorized to deduct such taxes and other amounts as it may be required or permitted by law to withhold (“**Applicable Withholding Tax**”), in such manner (including, without limitation, by selling Shares otherwise issuable to Recipients, on such terms as the Company determines) as it determines so as to ensure that it will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions, or the remittance of tax or other obligations. The Company or relevant Related Entity, as applicable, may require Recipients, as a condition of receiving amounts to be paid to them under this Plan, to deliver undertakings to, or indemnities in favour of, the Company or Related Entity, as applicable, respecting the payment by such Recipients of applicable income or other taxes.

4. MISCELLANEOUS

Compliance with Applicable Laws

- 4.1. The issuance by the Company of any Share Units and its obligation to make any payments hereunder is subject to compliance with all applicable laws. As a condition of participating in this Plan, each Recipient agrees to comply with all such applicable laws and agrees to furnish to the Company all information and undertakings as may be required to permit compliance with such applicable laws. The Company will have no obligation under this Plan, or otherwise, to grant any Share Unit or make any payment under this Plan in violation of any applicable laws.

Non-Transferability

- 4.2. Share Units and all other rights, benefits or interests in this Plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Recipient dies the legal representatives of the Recipient will be entitled to receive the amount of any payment otherwise payable to the Recipient hereunder in accordance with the provisions hereof. Notwithstanding the foregoing, the period in which a legal representative of a Recipient can make a claim to receive the amount of any payment otherwise payable to the Recipient hereunder must not exceed one year from the Participant’s death.

No Right to Service

- 4.3. Neither participation in this Plan nor any action under this Plan will be construed to give any Eligible Person or Recipient a right to be retained in the service or to continue in the employment of the Company or any Related Entity, or affect in any way the right of the Company or any Related Entity to terminate his or her employment at any time.

Successors and Assigns

4.4. This Plan will ensure to the benefit of and be binding upon the respective legal representatives of the Eligible Person.

Plan Amendment

4.5. The Board may from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of this Plan and/or any Award, including, without limitation:

- (i) amendments of a house keeping nature; and
- (ii) changes to the Expiry Date of any Share Units,

provided that notwithstanding the foregoing, the Company shall obtain requisite regulatory and/or shareholder approval in respect of amendments to this Plan, to the extent such approvals are required by any applicable laws or regulations.

However, other than as set out above, any amendment, modification or change to the provisions of this Plan which would:

- a) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to this Plan other than by virtue of §2.8 of this Plan;
- b) reduce the range of amendments requiring shareholder approval contemplated in this Section;
- c) change Insider participation limits which would result in shareholder approval being required on a disinterested basis;
- d) materially modify the eligibility requirements for participation in this Plan; or
- e) modify §3.2 of this Plan,

shall only be effective on such amendment, modification or change being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of this Plan shall be subject to the approval, if required, by any stock exchange having jurisdiction over the securities of the Company.

Plan Termination

4.6. The Board may terminate this Plan at any time, but no termination will, without the consent of the Recipient or unless required by law, adversely affect the rights of a Recipient with respect to Share Units to which the Recipient is then entitled under this Plan. In no event will a termination of this Plan accelerate the vesting of Share Units or the time at which a Recipient would otherwise be entitled to receive any payment in respect of Share Units hereunder.

Governing Law

4.7. This Plan and all matters to which reference is made in this Plan will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein.

Reorganization of the Company

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

No Shareholder Rights

- 4.9. Share Units are not considered to be Shares or securities of the Company, and a Recipient who is issued Share Units will not, as such, be entitled to receive notice of or to attend any shareholders' meeting of the Company, nor entitled to exercise voting rights or any other rights attaching to the ownership of Shares or other securities of the Company, and will not be considered the owner of Shares by virtue of such issuance of Share Units.

No Other Benefit

- 4.10. No amount will be paid to, or in respect of, a Recipient under this Plan to compensate for a downward fluctuation in the Fair Market Value or price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Recipient for such purpose.

Unfunded Plan

- 4.11. For greater certainty, this Plan will be an unfunded plan, including for tax purposes and for purposes of the *Employee Retirement Income Security Act* (United States). Any Recipient to which Share Units are credited to his or her account or holding Share Units or related accruals under this Plan will have the status of a general unsecured creditor of the Company with respect to any relevant rights that may arise thereunder.

SHARE UNIT GRANT

Cannara Biotech Inc. (the “**Company**”) hereby confirms the grant to the undersigned Recipient of **[Restricted/Performance]** Share Units (“**Units**”) described in the table below pursuant to the Company’s Share Unit Plan (the “**Plan**”), a copy of which Plan has been provided to the undersigned Recipient.

No. of Units	Trigger Date	Expiry Date

[In the case of Performance Share Units, add: The Units are subject to the Performance Conditions and the Payout Factor(s) outlined in Schedule I]

DATED _____, 20 .

Cannara Biotech Inc.

Per: _____
Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Recipient under the Plan, agrees to be bound by the provisions thereof and agrees that the Plan will be effective as an agreement between the Company and the undersigned with respect to the Units granted or otherwise issued to it.

DATED _____, 20 .

Witness (Signature)

Name (please print)

Recipient’s Signature

Address

Occupation

APPENDIX D
BOARD OF DIRECTORS MANDATE



Board of Directors Mandate

CANNARA BIOTECH INC.

BOARD OF DIRECTORS MANDATE

I APPOINTMENT AND COMPOSITION

Directors of Cannara Biotech Inc. (“Cannara” or the “Company”) are elected annually by shareholders and, together with those appointed to fill vacancies or appointed as additional directors throughout the year, collectively constitute the Cannara Board of Directors (the “**Board**”). The Board elects a Chair of the Board (the “**Chair**”). The composition of the Board, including the qualification of its members, shall comply with the applicable requirements of the *Canada Business Corporations Act*, the Canadian Securities Exchange (“CSE”), TSX Venture Exchange (“**TSXV**”), and applicable securities regulatory authorities, as adopted or in force or amended from time to time. In this regard, at least 25% of the directors must be “resident Canadian” as defined by the *Canada Business Corporations Act* and at least a majority of members of the Board must qualify as “independent” directors in accordance with the rules of applicable securities regulators and stock exchanges (collectively, the “**Independence Rules**” and references herein to “independent” shall satisfy the meaning given to the term in all applicable Independence Rules).

II ACCOUNTABILITY AND MANDATE

The Board has the statutory power and obligation to supervise the management of Cannara. The Board’s relationship with Cannara is guided by a fiduciary principle that requires each director to act honestly and in good faith with a view to the best interests of the Company. In exercising their powers and discharging their duties, every director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board’s primary role is one of stewardship. The Board oversees the operations of Cannara and supervises its management, which is responsible for the day-to-day conduct of the business. The Board establishes Cannara’s policies, monitors its strategic direction and evaluates, on an ongoing basis, whether resources are being managed in a manner consistent with the enhancement of shareholder value, ethical considerations and corporate social responsibility. The Board also discharges its responsibilities through standing committees which currently include the following committees: Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee. The charter of each standing committee prescribes its duties and responsibilities and is reviewed periodically by the Board.

In carrying out its responsibilities, the Board focuses on the following specific matters:

- (a) ensuring the protection and advancement of shareholder value;
- (b) setting Cannara’s moral and ethical norms and satisfying itself, to the extent feasible, as to the integrity of the President and Chief Executive Officer (the “**CEO**”) and other executive officers and that the CEO and other executive officers create a culture of

integrity throughout Cannara.

- (c) following review and assessment by, and receipt of recommendations of, the Nominating and Corporate Governance Committee, approving changes to the Audit Committee Charter, the Compensation Committee Charter, the Nominating and Corporate Governance Committee Charter, the Code of Business Conduct and Ethics (the “Code”) and Whistleblower Protection Policy on Financial Matters;
- (d) monitoring compliance with Code and taking the appropriate action with respect to requests for waivers thereto, including approving any waivers to the Code;
- (e) approving the annual corporate compensation plan and guidelines, including compensation for the CEO, senior management and for individual directors, with recommendations from the Compensation Committee;
- (f) succession planning, including appointing, training, monitoring and terminating senior management pursuant to the recommendations of the Compensation Committee;
- (g) oversight of strategic direction and development and review of ongoing results of operations and approving, on an annual basis, a strategic plan which takes into account the opportunities and risks of the business;
- (h) overseeing internal control and management information systems;
- (i) identifying the principal risks of business and ensuring the implementation of appropriate systems to monitor and manage those risks;
- (j) oversight of investor relations and public relations activities and Cannara’s disclosure policy, with primary emphasis on communication with shareholders, receipt of shareholder feedback and responses to shareholder concern;
- (k) approving annual and interim financial results, MD&A, annual information form, management proxy circulars and their publication;
- (l) overseeing all matters relating to Cannara’s legal, regulatory and financial integrity; and
- (m) adopting, pursuant to the recommendation of the Nominating and Corporate Governance Committee, a system of corporate governance policies and practices, including an annual review.

III MEETINGS AND EXECUTIVE SESSIONS

The Board must meet on at least a quarterly basis. In order to encourage and enhance communication, the independent members of the Board must hold regularly scheduled executive sessions at which only the independent directors are present. It is contemplated that executive sessions will occur at least twice a year, and perhaps more frequently if necessary to fulfill their responsibilities.

IV SELECTION OF DIRECTORS

- The Board is responsible for approving new nominees to the Board and for assessing directors based upon the recommendations of the Nominating and Corporate Governance Committee.
- As part of the process of approval and assessment of directors, the Board will (i) assess the competencies, skills and personal qualities required of directors of the Company in light of the Company's circumstances, business strategies and applicable regulatory requirements; and (ii) review the competencies, skills and personal qualities of, and contributions made by, each existing director of the Company in light of the Company's circumstances, business strategies and applicable regulatory requirements.
- The Board will consider the appropriate size of the Board, with a view to facilitating effective decision-making.

V INDIVIDUAL DIRECTORS

The Board seeks directors from diverse professional and personal backgrounds with both a broad spectrum of experience and expertise and a reputation for business acumen and integrity. Potential new directors are assessed on their individual qualifications as well as skill, age and experience in the context of the needs of the Board. Individual directors are also expected to:

- prepare for each Board and committee meeting and maintain an excellent Board and committee meeting attendance record;
- participate fully and frankly in Board deliberations and discussions and demonstrate a willingness to listen to others' opinions and consider them;
- think, speak and act independently and be willing to raise tough questions in a manner that encourages open discussion;
- focus inquiries on issues related to strategy, policy and results rather than day-to-day issues of corporate management;
- participate on committees and become knowledgeable about the duties, purpose and goals of each committee;
- become knowledgeable about Cannara's business and the industry in which it operates, including the regulatory, legislative, business, social and political environments;
- participate in director orientation and development programs;
- become acquainted with senior managers;
- visit Cannara offices when appropriate; and
- annually review the Board Mandate and any other documents used by the Board in fulfilling its responsibilities.

VI MEASURES FOR RECEIVING SHAREHOLDER FEEDBACK

Cannara has developed a Corporate Disclosure and Confidentiality Policy (the “**Disclosure Policy**”) to facilitate consistent disclosure practices aimed at informative, timely and broad dissemination of material information to the market in compliance with applicable securities laws and the rules and policies of the CSE and TSXV. The Disclosure Committee established under the Disclosure Policy is responsible for overseeing and monitoring communications with, and responses to inquiries from, both institutional and individual investors and the financial community consistent with the Policy’s objectives.

Cannara’s spokespersons as appointed by the Disclosure Committee from time to time are available to shareholders by telephone, fax and e-mail and the Company maintains extensive material of interest to shareholders and investors on the Company’s web site at **www.Cannara.ca**

VII GENERAL

The Board shall review and assess the adequacy of the mandate of the Board annually.

Nothing in this mandate is intended, or is to be construed, to impose on any member of the Board a standard of care or diligence that is in any way more onerous or extensive than the standard required by law.