

HERITAGE CANNABIS HOLDINGS CORP.
(the “Company”)

Form 51-102F6V

STATEMENT OF EXECUTIVE COMPENSATION
(for financial years ended October 31, 2018 and October 31, 2017)

GENERAL

The following information, dated as of April 29, 2019, is provided as required under Form 51-102F6V for Venture Issuers (the “Form”), as such term is set out in National Instrument 51-102 *Continuous Disclosure Obligations*.

For the purposes of this Statement of Executive Compensation:

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**NEO**” or “**named executive officer**” means each of the following individuals:

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

“**plan**” includes any plans, contract, authorization or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons; and

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

The Company was incorporated under the laws of the Province of British Columbia on October 25, 2007 as "Trijet Mining Corp." Effective March 8, 2013, the Company changed its name to "Umbral Energy Corp.". On January 9, 2018, the Company completed a fundamental “change of “business” pursuant to the policies of the Canadian Securities Exchange. Effective January 10, 2018, the Company changed its name to its present name, "Heritage Cannabis Holdings Corp.".

The Common Shares are listed on the Canadian Securities Exchange under the trading symbol "CANN" and on the OTC PK under the symbol "HERTF".

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company for the two completed financial years ended October 31, 2018 and October 31, 2017.

Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” of this Form.

During financial year ended October 31, 2018, based on the definition above, the NEOs of the Company were: Jagdip Bal, President and Chief Executive Officer and director and Kristina Khersonski, Chief Financial Officer and Corporate Secretary and Clinton Sharples, Interim President and Chief Executive Officer.

Jagdip Bal served as Chief Executive Officer and President and as a Director of the Company from December 14, 2012 to September 4, 2018.

Kristina Khersonski served as Chief Financial Officer and Corporate Secretary of the Company from May 24, 2013 to February 7, 2019.

Clinton Sharples served as Interim President and Chief Executive Officer of the Company from September 4, 2018 to February 4, 2019.

Clinton Sharples was appointed Chief Executive Officer and President of the Company on February 8, 2019.

The directors of the Company who were not NEOs during financial year ended October 31, 2018 were directors, Clinton Sharples, Chairman/Non Executive Director, Bradley T. Culver and Debra Senger. Debra Senger was appointed a director of the Company on September 4, 2018. Bradley T. Culver resigned as a director of the Company on December 14, 2018. Clinton Sharples served as Chairman/Non Executive Director of the Company from April 28, 2016 to February 8, 2019.

During financial year ended October 31, 2017, based on the definition above, the NEOs of the Company were: Jagdip Bal, President and Chief Executive Officer and director and Kristina Khersonski, Chief Financial Officer and Corporate Secretary. The directors of the Company who were not NEOs during financial year ended October 31, 2017 were Clinton Sharples, Chairman/Non-Executive director, and director Bradley T. Culver.

Table of Compensation, Excluding Compensation Securities in Financial Years ended October 31, 2018 and October 31, 2017

The following table sets forth all direct and indirect compensation paid, payable, given or otherwise provided, directly or indirectly, by the Company to each NEO and each director of the Company:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Clinton Sharples, Chief Executive Officer and President	2018	90,000 ⁽¹⁾	nil	nil	nil	nil	90,000
	2017	49,910 ⁽²⁾	nil	nil	nil	nil	49,910

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jagdip Bal, former Chief Executive Officer, President and Director	2018 2017	172,000 ⁽³⁾ 115,890 ⁽⁴⁾	nil nil	nil nil	nil nil	nil nil	172,000 115,890
Kristina Khersonski, former Chief Financial Officer and Corporate Secretary	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
Debra Senger, Director	2018 2017	114,286 ⁽⁵⁾ nil	nil nil	nil nil	nil nil	nil nil	114,286 nil
Bradley T. Culver, former Director	2018 2017	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil

Notes:

- (1) \$90,000 was paid to Clinton Sharples/Equival Inc., of which Clinton Sharples is a director in common.
- (2) \$49,910 was paid to Equival Inc., of which Clinton Sharples is a director in common.
- (3) \$172,000 was paid to Jagdip Bal /Infinity Alliance Corp., of which Jagdip Bal, a former director in common.
- (4) \$115,890 was paid to Infinity Alliance Corp., of which Jagdip Bal, a former director in common.
- (5) \$114,286 was paid to Debra Senger /J Hamel Transport, of which Debra is a director in common.

Stock Options Plans and Other Incentive Plans

10% “rolling” Share Option Plan (Option-Based Awards)

The Company has in place, a 10% rolling stock option plan dated for reference October 23, 2014 (the “**Stock Option Plan**”), pursuant to which the board of directors (the “**Board**”) can grant stock options to directors, officers, employees, management and others who provide services to the Company. The stock option plan provides compensation to participants and an additional incentive to work toward long-term Company performance. The Stock Option Plan was approved by the shareholders of the Company at the Company’s annual general meeting held on April 28, 2016. A copy of the Company’s Stock Option Plan is attached to the Company’s Information Circular dated March 29, 2016 for the Company’s April 28, 2016 annual general meeting.

The purpose of the Stock Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

The Board is responsible for administering compensation policies related to the Company’s executive management, including with respect to option-based awards.

The following information is intended to be a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan:

- (a) the Stock Option Plan provides that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue, less any common shares reserved for issuance under any other share compensation arrangement. The options are non-assignable and may be granted for a term

not exceeding ten years.

- (b) the exercise price shall not be lower than the greater of the closing market price of the common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.
- (c) the terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.
- (d) the maximum number of options which may be granted to any one option holder under the Stock Option Plan within any 12 month period shall be 5% of the outstanding issue on the date of grant (unless the Company has obtained disinterested shareholder approval, if required by Regulatory Rules);
- (e) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued shares;
- (f) the maximum number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the outstanding Issue; and
- (g) the maximum number of options which may be granted within any 12 month period to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.

Fixed Restricted Share Unit Plan (Share-Based Awards)

The Company has in place, a fixed restricted share unit plan dated for reference August 4, 2017 (the “**RSU Plan**”). The RSU Plan was approved by the shareholders of the Company at the Company’s annual general meeting held on August 20, 2018. A copy of the RSU Plan is attached to the Company’s Information Circular dated June 28, 2018 for the Company’s August 20, 2018 annual general meeting.

The RSU Plan was designed to provide certain directors, employees, officers, other key employees and consultants of the Company and its related entities with the opportunity to acquire restricted share units (“**RSUs**”) of the Company in order to enable them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the Shareholders.

The Board (or a Committee delegated by the Board) is responsible for administering the RSU Plan.

The purpose of the RSU Plan is to further promote a greater alignment of the interests of directors, officers, employees and consultants of the Company with the interests of the Company’s shareholders. The Board (or such other committee the Board may appoint) is responsible for administering the RSU Plan.

RSUs will vest on terms established by the Board, or any Board committee appointed for such purpose.

Maximum Number of Common Shares Issuable under RSU Plan

The RSU Plan allows the Company to grant RSUs, under and subject to the terms and conditions of the RSU Plan, which may be exercised to purchase up to a fixed maximum number of 6,000,000 Common Shares.

The RSU Plan provides that the maximum number of Common Shares issuable pursuant to the RSU Plan, together with any common shares issuable pursuant to any other Security Based Compensation Arrangement outside of the RSU Plan (namely the Stock Option Plan described above), will not exceed an aggregate of 10% of the total number of issued and outstanding Common Shares at any time. RSUs to a maximum of 10% of the outstanding Common Shares of the Company may be granted to any one Eligible Person under the RSU Plan; and, in aggregate, a maximum of 5% of the outstanding Common Shares of the Company may be granted to any one Eligible Person in any 12 month period calculated on the grant date.

Capitalized terms used below are not defined below and shall have the meanings ascribed thereto in the RSU Plan.

Benefits of the RSU Plan

The RSU Plan is designed to be a long-term incentive for the directors, officers, employees and consultants of the Company. RSUs provide the Board (or a Board committee) with an additional compensation tool that can be used to help retain and attract highly qualified directors, officers and employees and further align the interests of directors, officers, employees and consultants of the Company with the interest of the Shareholders. The RSU Plan is intended to promote a greater alignment of interests between the Shareholders of the Company and the directors, officers, employees and consultants of the Company by providing an opportunity to participate in any increases to the value of the Company.

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.

Nature and Administration of the RSU Plan

All Directors, Officers, Employees and Consultants (as defined in the RSU Plan) of the Company and its related entities ("**Eligible Persons**") are eligible to participate in the RSU Plan (as "**RSU Plan Recipients**"), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board (or a Committee delegated by the Board), may, from time to time, award RSUs to Eligible Persons. All RSUs awarded will be credited to an account maintained for each RSU Plan Recipient on the books of the Company as of each award date. The number of RSUs to be credited to each RSU Plan Recipient's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) (each a "**Vesting Date**") that is the later of the Trigger Date (defined below) and the date upon which the relevant performance condition or other vesting condition set out in the award has been satisfied, subject to the requirements of the RSU Plan. Rights and obligations under the RSU Plan can be assigned by the Company to a successor in the business of the Company, any company resulting from any amalgamation, reorganization, combination, merger or arrangement of the Company, or any corporation acquiring all or substantially all of the assets or business of the Company.

Payment of RSUs

Under the RSU Plan, the Company, in its discretion and as may be determined by the Board, will pay out vested RSU's by paying or issuing (net of any applicable withholding taxes) to a RSU Plan Recipient, on or subsequent to the Trigger Date and before the Expiry Date (as defined below) an award payout of either: (a) one Common Share for each whole vested RSU; and (b) a cash amount equal the fair market value of one Common Share (as determined in accordance with the RSU Plan) as at the Trigger Date (the "**Vesting Date Value**") of each whole vested RSU.

Fractional Common Shares will not be issued pursuant to the RSU Plan, and where a RSU Plan Recipient would be entitled to receive a fractional Common Share in respect of a fractional vested RSU, the Company shall pay to such RSU Plan Recipient, in lieu of such fractional Common Share, cash value equal to the Vesting Date Value of such fractional Common Share.

Resignation, Termination, Leave of Absence or Death

Generally, if an RSU Plan Recipient's employment or service is terminated, or if the RSU Plan Recipient resigns from employment with the Company, then any RSUs credited to him or her under the RSU Plan which have not vested on or before the separation date for the RSU Plan Recipient are forfeited, cancelled and terminated without payment.

In the event an RSU Plan Recipient is terminated without cause, all unvested RSUs credited to such terminated RSU Plan Recipient will immediately vest on the date of termination. If an RSU Plan Recipient's employment or service is terminated (otherwise than without cause), or the RSU Plan Recipient enters Retirement (as defined in the RSU Plan), dies, or suffers Total Disability (as defined in the RSU Plan), all unvested RSUs will automatically be cancelled without compensation.

The number of Common Shares available for reserve under the RSU Plan is a fixed number, therefore when RSUs are terminated or cancelled under the Plan, the Common Shares reserved for the exercise of such RSUs are also terminated and cancelled and no longer available for reserve under the RSU Plan.

Change of Control

In the event of a Change of Control (as defined in the RSU Plan), all RSUs credited to an RSU Plan Recipient vest on the date on which the Change of Control occurs. Within thirty (30) days after the date on which the Change of Control Occurs, the RSU Plan Recipient must receive a payment equal to the number of RSUs that vested on the date of the Change of Control, multiplied by the Fair Market Value on that date.

Adjustments

In the event of any dividend paid in Common Shares, any subdivision of the Common Shares, any combination or exchange of the Common Shares, merger, consolidation, spin-off or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting the common shares, the Board will make adjustments with respect to the number of RSUs outstanding and any proportional adjustments as the Board, in its discretion, considers appropriate to reflect that change.

Vesting

The Board has the discretion to grant RSUs to Eligible Persons as the Board determines is appropriate, and can impose conditions on vesting as it sees fit in addition to the Performance Conditions (as defined in the RSU Plan) if any. RSUs vest on the date that is the later of (a) the date set by the Board at the time of the grant or if no date is set then September 1 of the third calendar year following the date of the grant (the "Trigger Date"), and (b) the date upon which the relevant Performance Condition or other vesting condition has been satisfied, subject to the limitations of the RSU Plan.

RSUs only vest on the Trigger Date to the extent that the Performance Conditions have been satisfied on or before the Trigger Date, and no RSU will remain outstanding for any period which exceeds the expiry date (which shall be December 31 of the third calendar year after the date of grant, or such earlier date as may be established by the Board (the "Expiry Date").

The Board may accelerate the Trigger Date of any RSU at its election.

Limitations under the RSU Plan

Unless disinterested Shareholder Approval is obtained, or unless permitted otherwise by the policies of the Canadian Securities Exchange:

- (a) the maximum number of Common Shares which may be reserved for issuance to Insiders, as a group, under the RSU Plan together with any other Share Compensation Arrangement (as defined in the RSU Plan), may not exceed 10% of the outstanding Common Shares;
- (b) the maximum number of RSUs that may be granted to Insiders, as a group, under the Plan together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 10% of the outstanding Common Shares calculated on the date of the grant of the RSUs; and
- (c) the maximum number of RSUs that can be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, cannot exceed 5% of the outstanding Common Shares calculated on the date of the grant of the RSUs.

Amendment or Termination of RSU Plan

Subject to the requirements of applicable laws, the Board may amend or terminate the RSU Plan at any time, but the consent of the RSU Plan Recipient is required for any such amendment that adversely affects the rights of the RSU Plan Recipient, unless the amendment or termination is required by law. A termination of the RSU Plan will not accelerate the vesting of RSUs or the time in which a RSU Plan Recipient would otherwise be entitled to receive payment in respect of the RSUs.

As indicated above, the Board adopted and shareholders approved the 10% “rolling” share option plan (defined above as the “**Stock Option Plan**”) under which convertible securities can be issued as an additional mechanism to encourage equity participation in the Company by directors, officers, employees and other service providers, which for the purposes of the RSU Plan is considered a Share Compensation Arrangement. Any grants under the Stock Option Plan would be considered in the limitations under the RSU Plan.

Stock Options and Other Compensation Securities

Outstanding Compensation Securities

Financial year ended October 31, 2018

The following table sets forth all compensation securities (both option-based and share-based) granted or issued to each NEO and director by the Company or any subsidiary thereof during financial year ended October 31, 2018:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant M-D-Y	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 M-D-Y
Clinton Sharples, Chief Executive Officer and President	Options	1,000,000	11-15-17	0.14	0.14	0.24	11-15-22
		280,500	03-19-18	0.54	0.54	0.24	03-19-23
		0.62%					
	RSUs	700,000	02-20-18	nil	0.60	0.24	nil
		11.6%					
Jagdeep Bal, former Chief Executive Officer, President and Director	Options	1,500,00	11-15-17	0.14	0.14	0.24	11-15-22
		250,000	01-22-18	0.59	0.59	0.24	01-22-23
		280,500	03-19-18	0.54	0.54	0.24	03-19-23
	RSUs	900,000	02-20-18	nil	0.60	0.24	nil
		15%					
Kristina Khersonski, former Chief Financial Officer and Corporate Secretary	Options	200,000	11-15-17	0.14	0.14	0.24	11-15-17
	RSUs	nil	nil	nil	nil	nil	nil

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant M-D-Y	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 M-D-Y
Debra Senger, Director	Options	nil	nil	nil	nil	nil	nil
	RSUs	nil	nil	nil	nil	nil	nil
Bradley T. Culver, former Director	Options	200,000 0.09%	11-15-17	0.14	0.14	0.24	11-15-17
	RSUs	50,000 0.83%	02-20-18	nil	0.60	0.24	nil

Exercise of Compensation Securities by NEOs and Directors

Financial Year Ended October 31, 2018

The following table sets forth incentive stock options (option-based awards) and restricted share units (share-based awards) that were exercised during the year ended October 31, 2018 by NEOs and directors of the Company:

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise M-D-Y	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total Value on exercise date (\$) M-D-Y
Clinton Sharples, Chief Executive Officer and President	Options	1,000,000	0.14	01-17-18	0.63	0.49	\$490,000
	RSUs	700,000	nil	08-18-18	0.245	0.245	\$171,500
Jagdeep Bal, Former Chief Executive Officer, President and Director	Options	200,000	0.065	01-19-18	0.59	0.525	\$105,000
		600,000	0.065	02-01-18	0.62	0.555	\$333,000
		1,500,000	0.14	09-12-18	0.30	0.16	\$240,000
		900,000	nil	08-18-18	0.245	0.245	\$220,500

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise M-D-Y	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total Value on exercise date (\$) M-D-Y
Kristina Khersonski, former Chief Financial Officer and Corporate Secretary	Options	200,000	0.14	01-15-18	0.72	0.58	\$116,000
	RSUs	nil	nil	nil	nil	nil	nil
Debra Senger, Director	Options	nil	nil	nil	nil	nil	nil
	RSUs	2,400,000	nil	08-18-18	0.245	0.245	\$588,000
Bradley T. Culver, former Director	Options	400,000	0.080	05-17-18	0.31	0.23	\$92,000
	RSUs	50,000	nil	08-18-18	0.245	0.245	\$12,250

Employment, Consulting and Management Agreements

The Company did not have any employment, consulting or management agreements or arrangements with any of the Company's current NEOs or directors in financial years ending October 31, 2018.

Director Compensation

There are no arrangements under which directors were compensated by the Company during the two most recently completed financial years ended October 31, 2018 and October 31, 2017 for their services in their capacity as directors.

Oversight and Description of Director and Named Executive Officer Compensation

The Company does not have a compensation program. The compensation of the executive officers is determined by the Board, based in part on recommendations from the Chief Executive Officer. The Board recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility. The objectives of the Company's compensation policies and practices are:

1. to reward individual contributions in light of the Company's performance;
2. to be competitive with companies with whom the Company competes for talent;
3. to align the interests of the executives with the interests of the shareholders; and
4. to attract and retain executives who could help the Company achieve its objectives.

The basic component of executive compensation has consisted of only a consulting fee component and going forward, the Company may include performance-based variable incentive compensation, which may be comprised of cash bonuses or stock option grants or restricted share unit awards. The allocation of value to these different compensation elements will not be based on a formula, but rather will be intended to reflect market practices as well as the Board's discretionary assessment of an executive officer's past contribution and the ability to contribute to future short and long-term business results. Specifically, the objectives of consulting fees

are to recognize market pay and acknowledge the competencies and skills of individuals. The rate established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by a compensation committee that may be formed in future. In deciding on the consulting fee portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage Cannabis company and does not generate any material revenue and must rely exclusively on funds raised from equity financings. In the future, the objectives of incentive bonuses in the form of cash payments will be designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. The objectives of stock options or restricted share units will be to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. The Company has no other forms of compensation, other than payments made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company, to the best of its ability, at competitive industry rates for work of a similar nature by reputable arm's length service providers. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities, as well as the financial condition of the Company.

The Board evaluates individual executive performance with the goal of setting compensation at levels that it believes is comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, members of the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies in the industry while also taking into account the Company's relative performance and strategic goals. The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy of the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

In the course of its deliberations, the Board considered the implications of the risks associated with adopting the compensation practices currently in place. The Board does not believe that its current compensation practices creates a material risk that the NEOs or any director or employee of the Company would be encouraged to take as being inappropriate or excessive. The Board will continue to include this consideration in its deliberations and believes that it would detect actions of management and employees of the Company that constitute or would lead to inappropriate or excessive risks.

Base Salary or Consulting Fees

Base salary ranges for executive officers are determined upon a review of companies within the cannabis-based industry, which are of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the Board considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the cannabis-based industry which are of similar in size as the Company;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Company; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Financial Year ended October 31, 2018

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments.

During the financial year ended October 31, 2018:

- (a) The Company incurred \$172,000 for management and consulting fees to Jag Bal and Infinity Alliance Corp., of which Jag Bal is a director in common. Jagdip Bal served as Chief Executive Officer, President and a director of the Company from December 14, 2012 to September 4, 2018.
- (b) The Company incurred \$90,000 for management and consulting fees to Clinton Sharples and Equival Inc., of which Clinton Sharples is a director in common.
- (c) The Company incurred \$114,286 for management and consulting fees to Debra Senger and J Hamel Transport, of which Debra is a director in common.
- (d) As of the year end October 31st, 2018 the company had a payable due Clinton Sharples and Equival Inc., of which Clinton Sharples is a director in common in the amount of \$44,808.

Financial Year ended October 31, 2017

During the financial year ended October 31, 2017:

- (a) The Company incurred \$115,890 for management and consulting fees to Jag Bal and Infinity Alliance Corp., of which Jag Bal is a director in common.
- (b) The Company incurred \$49,910 for management and consulting fees to Clinton Sharples and Equival Inc., of which Clinton Sharples is a director in common.

Compensation Review Process

The Board conducts reviews with regard to directors' compensation once a year. To make its recommendation on directors' compensation, the Board takes into account the types of compensation and the amounts paid to directors of comparable publicly traded Canadian companies and aligns the interests of directors with the return to shareholders. The Board decides the compensation of the Company's officers, based on industry standards and the Company's financial situation.

Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and will ascertain if sufficient cash resources are available for the grant of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Chief Executive Officer. Such recommendations are generally based on information provided by companies that are similar in size and scope to the Company's operations.

Equity Participation

Equity participation is accomplished through the Company's stock option plan and restricted share unit plan. The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Stock options and restricted share units are granted to executives and employees taking into account a number of factors, including the amount and term of options or restricted share units previously granted, base salary and bonuses and competitive factors. The amounts and terms of options and restricted share units granted are determined by the directors of the Company based on recommendations put forward by the Chief Executive Officer. The Company emphasizes the provisions of option and restricted share units grants to maintain executive motivation.

Risks Associated with the Company's Compensation Program

The Board has not proceeded in a formal evaluation of the considered implications of the risks associated with the Company's compensation policies and practices. The Board and the CEO are responsible for setting and overseeing the Company's compensation policies and practices.

Executive compensation is comprised of short-term compensation in the form of a consulting fees and long-term

ownership through the Company's stock option plan and restricted share unit plan. This structure ensures that a significant portion of executive compensation (stock options and restricted share units) are both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited.

The Company does not use any specific practices to identify and mitigate compensation policies that could encourage an officer or individual to take inappropriate or excessive risks. These matters are dealt with on a case-by-case basis. The Company currently believes that none of its policies encourage its officers to take such risks. The Company has not identified any risks arising from its compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Benefits and Perquisites

The Company does not, as of the date of this Form, offer any benefits or perquisites to its NEOS other than entitlement to incentive stock options and restricted share units or as otherwise disclosed and discussed herein.

Hedging by Directors or NEOs

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. The Company is not, however, aware of any directors or officers having entered into this type of transaction.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs, directors or employees at, following, or in connection with retirement.