

**TAAT LIFESTLYE & WELLNESS LTD.  
(Formerly Molori Energy Inc.)**

**Annual General & Special Meeting  
to be held on August 14, 2020**

**Notice of Annual General & Special Meeting  
and Information Circular**

**July 15, 2020**

**TAAT LIFESTYLE & WELLNESS LTD.**

Suite 810, 789 W. Pender Street,  
Vancouver, British Columbia  
V6C 1H2

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

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the shareholders of TAAT Lifestyle & Wellness Ltd. (the “**Company**”) will be held at **Suite 810 – 789 West Pender Street, Vancouver, British Columbia** on **Friday, August 14, 2020** at **10:00 a.m.** (Vancouver, British Columbia time).

At the Meeting, the shareholders will receive the financial statements for the year ended October 31, 2019, together with the auditor’s report thereon, and consider resolutions to:

1. elect directors for the ensuing year;
2. appoint Dale, Matheson, Carr-Hilton, LaBonte LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
3. to consider and, if thought fit, pass an ordinary resolution to affirm, ratify and approve the Company’s 2020 Stock Option Incentive Plan, which is more particularly described in the attached Information Circular; and
4. transact such other business as may properly be put before the Meeting.

The accompanying management information circular (the “**Information Circular**”) provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice are (i) Forms of Proxy or Voting Instruction Form, and (ii) Financial Statement Request Form. Any adjournment of the Meeting will be held at a time and place to be specified at the Meeting.

Only shareholders of record at the close of business on **July 15, 2020**, will be entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy indicating your voting instructions. A proxy will not be valid unless it is deposited with the Company’s transfer agent, National Securities Administrators Ltd., (“**National**”) located at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, (Fax: 604-559-8908) not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournments thereof. If you are not a registered shareholder, please refer to the accompanying Information Circular for information on how to vote your shares.

In view of the current and rapidly evolving COVID-19 outbreak, the Company asks that, in considering whether to attend the Meeting in person, shareholders follow the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>). The Company encourages Shareholders not to attend the Meeting in person if experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. The Company may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak. As always, the Company encourages shareholders to vote prior to the Meeting. Shareholders are encouraged to vote on the matters before the Meeting by proxy and to join the Meeting by teleconference. To access the Meeting by teleconference, dial toll free at **1-800-319-7310**, Participation Code: **77783**.

DATED at Vancouver, British Columbia, the **15<sup>th</sup>** day of **July 2020**.

*“Joel Dumaresq”*

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Joel Dumaresq  
Chief Executive Officer and Director

**TAAT LIFESTYLE & WELLNESS LTD.**

Suite 810, 789 West Pender Street  
Vancouver, British Columbia V6C 1H9

**INFORMATION CIRCULAR**  
(as at July 15, 2020 except as otherwise indicated)**SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by Management of TAAT Lifestyle & Wellness Ltd. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general and special meeting of the shareholders of the Company to be held on **Friday, August 14, 2020** (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

**COVID-19**

In view of the current and rapidly evolving COVID-19 outbreak, the Company asks that, in considering whether to attend the Meeting in person, shareholders follow the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>). The Company encourages Shareholders not to attend the Meeting in person if experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. The Company may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak. As always, the Company encourages shareholders to vote prior to the Meeting. Shareholders are encouraged to vote on the matters before the meeting by proxy and to join the Meeting by teleconference. To access the Meeting by teleconference, dial toll free at **1-800-319-7310**, Participation Code: **77783**.

**APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to National Securities Administrators Ltd., (“**National**”) located at 702 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, by **10:00 a.m.** (local time in Vancouver, British Columbia) on **Wednesday, August 12, 2020**, or prior to 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- a) signing a proxy with a later date and delivering it at the time and place noted above;
- b) signing and dating a written notice of revocation and delivering it to National, or by transmitting a revocation by telephonic or electronic means, to National, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chair of the Meeting on the day of the Meeting or adjournment of it; or

- c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

### **Provisions Relating to Voting of Proxies**

The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company (the “**Management**”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance**

**of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

Pursuant to the provisions of NI 54-101, the Company is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. As a result, if you are a non-registered owner of the securities, you can expect to receive a scannable VIF from National. Please complete and return the VIF to National in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. National will tabulate the results of the VIFs received from the Company’s NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as the NOBO’s proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 10:00 a.m. (Vancouver, British Columbia time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, National, unless specifically stated otherwise.

## Financial Statements

The audited financial statements of the Company for the Company's fiscal year ending October 31, 2019, the report of the auditor thereon and the related management's discussion and analysis were filed on SEDAR at [www.sedar.com](http://www.sedar.com) on February 28, 2020 and will be tabled at the Meeting and will be available at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at **July 15, 2020**, the Company's authorized share capital consists of an unlimited number of common shares of which **68,640,700** common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote

Shareholders registered as at **July 15, 2020**, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company only the following person or company beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying 10% or more of the voting rights attached to all voting securities of the Company as at the date hereof:

Name	Number of Common Shares	Percentage
CDS & Co.	34,287,494	49.95%
Joseph Deighan	10,000,000	14.359%

## ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors for the ensuing year at **four**.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Occupation, Business, or Employment <sup>(1)</sup>	Served as director of the Company since	Shares Beneficially Owned or Controlled at present <sup>(1)</sup>
Joel Dumaresq <sup>(2)(5)</sup> British Columbia, Canada <b>Chief Executive Officer and Director</b>	Joel Dumaresq has 30 years of experience in the financial sector, has Forestry as well as Oil and Gas executive management experience, and for the last 6 years he has been a principal in the Vancouver-based private equity firm Pashleth Merchant Capital.	December 9, 2010	305,750 Common shares Nil Warrants
John Cumming <sup>(3)(5)(6)</sup> British Columbia, Canada <b>Director</b>	Mr. Cumming is a barrister and solicitor practicing in the jurisdiction of British Columbia with over 39 years' experience in the public company sector.	April 5, 2016	82,125 Common shares Nil Warrants
Kevin Ma <sup>(4)(5)(6)</sup> British Columbia, Canada <b>Director</b>	Mr. Ma is the principal of Skanderbeg Financial Advisory Inc., which provides corporate finance, strategic advisory, and CFO services to public and private enterprises.	April 5, 2016	Nil Common shares Nil Warrants
Joseph Deighan <sup>(7)</sup> British Columbia, Canada <b>Director</b>	Mr. Deighan founded TAAT International and is a successful entrepreneur with extensive experience in the hemp, tobacco, and vapor industries. Mr. Deighan holds a bachelor's degree in business administration with an emphasis in entrepreneurship from the Utah Valley University.	April 6, 2020	10,000,000 Common shares Nil Warrants

## Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees and from insider reports available at [www.sedi.ca](http://www.sedi.ca). Each nominee has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years. All references herein to the securities are on a post-consolidation basis unless indicated otherwise.
- (2) Mr. Dumaresq currently holds 37,500 incentive stock options at an exercise price of \$0.80 expiring on February 15, 2021; and 31,250 incentive stock options at an exercise price of \$1.04 expiring on June 21, 2021; and 500,000 incentive stock options at an exercise price of \$0.25 expiring on June 16, 2025.
- (3) Mr. Cumming currently holds 25,000 incentive stock options at an exercise price of \$0.80 expiring on February 15, 2021; and 12,500 incentive stock options at an exercise price of \$1.04 expiring on June 21, 2021; and 100,000 incentive stock options at an exercise price of \$0.25 expiring on June 16, 2025.
- (4) Mr. Ma currently holds 25,000 stock options at an exercise price of \$0.80 expiring on February 15, 2021; and 12,500 incentive stock options at an exercise price of \$1.04 expiring on June 21, 2021; and 100,000 incentive stock options at an exercise price of \$0.25 expiring on June 16, 2025.
- (5) Member of the Audit Committee.
- (6) Member of the Compensation Committee.
- (7) Mr. Deighan currently holds 1,000,000 incentive stock options at an exercise price of \$0.25 expiring on June 16, 2025. Mr. Deighan holds 10,000,000 Common shares, which are held in escrow.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

## **Director Biographies**

### **Joel Dumaresq (Age 54) – Chief Executive Officer and Director**

Mr. Dumaresq obtained a Bachelor of Arts degree in Economics and Psychology from the University of British Columbia. Mr. Dumaresq has a background in finance and investment banking and formerly worked for 10 years for RBC Dominion Securities, a division of the Royal Bank of Canada. Mr. Dumaresq was formerly the President of Greenwater Forest Products, a diversified forest products Company located on the coast of British Columbia.

Mr. Dumaresq is a director of the following reporting issuers: ArcWest Exploration Inc., Christina Lake Cannabis Corp., Black Isle Resources Corporation, Major Precious Metals Corp., TAAT Lifestyle and Wellness and Organic Flower Investments Group Inc. and is an officer of the following reporting issuers Christina Lake Cannabis Corp., Major Precious Metals Corp., Orion Nutraceuticals Inc. and Organic Flower Investments Group Inc. Mr. Dumaresq has acted in an operating capacity for a range of companies in the forestry, medical and oil and mining spaces and has assisted many of these companies in securing financing from the public and private market sources.

Mr. Dumaresq, in his capacity as the Chief Executive Officer and Director of the Company, is an independent contractor, providing his services on a part-time basis, is not subject to the terms of a formal engagement agreement with the Company, and is not subject to any non-competition or non-disclosure agreement. Mr. Dumaresq will devote 20% of his time and expertise to the Company.

### **John Cumming (Age 69) – Director**

Mr. Cumming is a barrister and solicitor practicing in the jurisdiction of British Columbia with over 39 years' experience in the public company sector. Mr. Cumming graduated from Kings College, University of London with a Masters of Law specializing in Corporate and Commercial Law and practiced exclusively as a corporate, securities and mining lawyer. He has also been active in the Canadian securities markets and resource exploration sector since 1978. Until 1992, Mr. Cumming was the senior securities and mining law partner at a mid-sized Vancouver law firm. Mr. Cumming is currently a Director, Vice-President and Corporate Secretary of Stellar AfricaGold Inc.

### **Kevin Ma (Age 41) – Director**

Mr. Ma is the principal of Skanderbeg Financial Advisory Inc., which provides corporate finance, strategic advisory, and CFO services to public and private enterprises. Mr. Ma is a Chartered Accountant certified by the Institute of Chartered Accountants of British Columbia, and holds a Diploma in Accounting and a Bachelor of Arts degree from the University of British Columbia.

### **Joseph Deighan (Age 32) – Director**

Mr. Deighan founded TAAT International LLC and is a successful entrepreneur with extensive experience in the hemp, tobacco, and vapor industries. While working for America Juice Co., Mr. Deighan created the first ever hemp cigarette brand, Wild Hemp, and successfully built and scaled sales and operations of America Juice Co. Mr. Deighan resigned as CEO of America Juice Co., (owner of the "Wild Hemp" brand of hemp cigarette) in June of 2019 in search of a new opportunity in the herbal cigarette market, specifically.

Mr. Deighan holds a bachelor's degree in business administration with an emphasis in entrepreneurship from the Utah Valley University.

### **Corporate Cease Trade Orders or Bankruptcies**

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- a. was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- b. was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- c. 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.

### **Individual Bankruptcies**

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, have entered into a settlement agreement with a securities regulatory authority or have been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

## **EXECUTIVE COMPENSATION**

The following *Statement of Executive Compensation* is prepared in accordance with applicable securities legislation, and its purpose is to provide disclosure of all compensation earned by certain executive officers and directors in connection with their position as an officer of or consultant to the Company.

### **GENERAL**

For the purpose of this Statement of Executive Compensation:

“**Company**” means TAAT Lifestyle & Wellness Ltd.;

**“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; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

**“external management company”** includes a subsidiary, affiliate or associate of the external management company;

**“plan”** includes any plan, 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;

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

Based on the foregoing definition, during the financial year ended October 31, 2019, the Company had two Named Executive Officers (**“NEOs”**) being, Joel Dumaresq, the Chief Executive Officer (**“CEO”**) and Theo van der Linde, the Chief Financial Officer (**“CFO”**).

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation Discussion and Analysis**

The Board’s compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total 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. At this time, the Company has determined to compensate its executives through salaries or consulting fees, the grant of incentive stock options and discretionary bonuses. The discretionary bonuses are designed to add a variable component of compensation based on corporate and individual performances for executive officer and employees.

Neither the Board nor the compensation committee of the Company (the **“Compensation Committee”**) has

proceeded to a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board and the Compensation Committee does not believe that the Company's compensation program results in unnecessary or inappropriate risk-taking including risks that are likely to have a material adverse effect on the Company.

The Company's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### **Share-Based and Option-Based Awards**

The Company does not grant share-based awards. Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. The Company awards stock options to its NEOs based upon the recommendation of the Board. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Company's board.

### **Compensation Governance**

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Company. The Compensation Committee currently consists of two members; namely, John Cumming and Kevin Ma. All members of the Compensation Committee are considered independent.

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to NEO compensation:

- (a) to review and approve corporate goals and objectives relevant to NEO compensation, including the evaluation and performance of the CEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to NEO compensation levels (including the award of any cash bonuses or share ownership opportunities);
- (b) to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- (c) to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programs. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members

combined experience in the resource sector provides them with the understanding of the Company's success factors and risks, which is very important when determining metrics for measuring success.

## SUMMARY COMPENSATION TABLE

### NAMED EXECUTIVE OFFICER COMPENSATION

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)			All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans	Pension value (\$)		
Joel Dumaresq <sup>(1)</sup> <i>CEO and Director</i>	2019	240,000	N/A	Nil	N/A	N/A	N/A	Nil	240,000
	2018	240,000	N/A	Nil	N/A	N/A	N/A	Nil	240,000
Theo van der Linde <sup>(2)</sup> <i>CFO and Corporate Secretary</i>	2019	180,000	N/A	Nil	N/A	N/A	N/A	Nil	180,000
	2018	180,000	N/A	Nil	N/A	N/A	N/A	Nil	180,000

Notes:

(1) Joel Dumaresq was appointed CEO on April 11, 2013 and Director on April 5, 2016.

(2) Theo van der Linde was appointed CFO on April 5, 2016 and Corporate Secretary on October 9, 2014.

### DIRECTOR COMPENSATION

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

Except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based Awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Cumming <sup>(1)</sup> <b>Director</b>	2019	Nil	Nil	Nil	N/A	N/A	Nil	Nil
	2018	Nil	Nil	Nil	N/A	N/A	Nil	Nil
Kevin Ma <sup>(1)</sup> <b>Director</b>	2019	Nil	Nil	Nil	N/A	N/A	Nil	Nil
	2018	Nil	Nil	Nil	N/A	N/A	Nil	Nil

Notes:

(1) Messrs. Cumming and Ma were appointed as directors of the Company effective April 5, 2016.

## STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

The Board of Directors of the Company adopted a stock option plan on April 25, 2013 (the “**2013 Plan**”) and confirmed the plan on July 26, 2018 at the Company’s last Annual General Meeting (the “**Stock Option Plan**”). The Stock Option Plan stipulates that the maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the outstanding shares at the time Plan Shares are reserved for issuance. The Stock Option Plan was approved by Disinterested Shareholders (defined in the 2013 Plan) of the Company on July 26, 2018, and by the TSX Venture Exchange (the “**Exchange**”) on August 3, 2018.

The Stock Option Plan is administered by the Board of Directors and enables the Company and provides for grants of options to directors, executive officers, employees of and consultants to the Company at the discretion of the Board. The term of any options granted under the Stock Option Plan is fixed by the Board of Directors and may not exceed ten (10) years. The exercise price of options granted under the Stock Option Plan will be determined by the Board of Directors, but the exercise price must not be less than the lowest price permitted by the Exchange. Any options granted pursuant to the Stock Option Plan will terminate at the end of the period of time (to be determined in each instance by the Board of Directors at the time of grant, such period of time to not be in excess of one year after the option holder ceasing to act as a director, executive officer, employee or consultant of the Company or any of its affiliates, unless such cessation is on account of death, disability or termination of employment with cause). If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately. The Stock Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Company’s shares. The directors of the Company may, at its discretion at the time of any grant, impose a schedule over which period of time the option will vest and become exercisable by the optionee.

Subject to the approval of any stock exchange on which the Company’s securities are listed, the Board may terminate, suspend or amend the terms of the Stock Option Plan, provided that the Board may not do any of the following without obtaining, within twelve (12) months either before or after the Board’s adoption of a resolution authorizing such action, shareholder approval, and, where required, Disinterested Shareholder approval, or by the written consent of the holders of a majority of the outstanding securities of the Company entitled to vote:

1. increase the aggregate number of common shares which may be issued under the Stock Option Plan;

2. materially modify the requirements as to the eligibility for participation in the Stock Option Plan which would have the potential of broadening or increasing Insider participation;
3. add any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the Stock Option Plan;
4. add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Stock Option Plan reserve; and
5. materially increase the benefits accruing to participants under the Stock Option Plan.

However, the Board may amend the terms of the Stock Option Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

1. amendments to the Stock Option Plan of a housekeeping nature;
2. a change to the vesting provisions of a security or the Stock Option Plan; and
3. a change to the termination provisions of a security or the Stock Option Plan which does not entail an extension beyond the original expiry date.

The Company's 2013 Plan was adopted by the Company on April 25, 2013. At the Meeting, shareholders are being asked to approve the 2020 Stock Option Plan (the "**2020 Plan**"). See "**APPROVAL OF 2020 STOCK OPTION INCENTIVE PLAN**".

### **EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights<sup>(1)(a)</sup></b>	<b>Weighted-average exercise price of outstanding options, warrants and rights<sup>(b)</sup></b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column<sup>(a)(c)</sup></b>
Equity compensation plans approved by the securityholders	Nil	N/A	Nil
Equity compensation plans not approved by the securityholders	Nil	N/A	Nil
Total	Nil	N/A	Nil

(1) Warrants and rights do not form part of the Company's equity compensation

## Incentive Plan Awards – *Named Executive Officers*

### Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a NEO. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

<b>Option-based Awards - NEOs</b>				
<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price<sup>(1)</sup> \$</b>	<b>Option expiration date</b>	<b>Value of unexercised in- the-money options<sup>(1)</sup></b>
Joel Dumaresq	37,500	\$0.80	2021-02-15	Nil
<b>CEO</b>	31,250	\$1.04	2021-06-21	Nil
Theo van der Linde	37,500	\$0.80	2021-02-15	Nil
<b>CFO</b>	31,250	\$1.04	2021-06-21	Nil

Notes:

<sup>(1)</sup> “In-the-Money Options” means the excess of the market value of the Company’s shares on October 31, 2019 over the exercise price of the options. The market price for the Company’s common shares on October 31, 2019 was \$0.35.

## Incentive Plan Awards – *Directors*

### Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year.

<b>Option-based Awards - Directors</b>				
<b>Name</b>	<b>Number of securities underlying unexercised options(#)</b>	<b>Option exercise price(\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in- the-money options(\$)<sup>(1)</sup></b>
John Cumming <sup>(2)</sup>	25,000	\$0.80	2021-02-15	Nil
	12,500	\$1.04	2021-06-21	Nil
Kevin Ma <sup>(2)</sup>	25,000	\$0.80	2021-02-15	Nil
	12,500	\$1.04	2021-06-21	Nil

Notes:

<sup>(1)</sup> “In-the-Money Options” means the excess of the market value of the Company’s shares on October 31, 2019 over the exercise price of the options. The market price for the Company’s common shares on October 31, 2019 was \$0.35.

<sup>(2)</sup> Messrs. Cumming and Ma were appointed as directors of the Company on April 5, 2016.

### **Indebtedness of Directors and Executive Officers**

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the last completed financial year of the Company.

### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

### **Interest of Informed Persons in Material Transactions**

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

## **EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS**

The Company entered into a Management Consulting Services Agreement with Executive Management Solutions Limited effective October 1, 2014 (the "**EMSL Agreement**") to allow the provision of services of Theo van der Linde (the "**Contractor**") as Corporate Controller and Secretary of the Company. The EMSL Agreement is for an indefinite term, unless earlier terminated, and is reviewed and approved annually by the Board. Pursuant to the EMSL Agreement, the Company has agreed to pay the Contractor a monthly fee of CAD\$15,000 as compensation for services as CFO; and when the Contractor is required to travel outside Canada, an additional daily fee of CAD\$300 shall be paid for each full day worked by the Contractor. The Contractor is also entitled to share purchase options to acquire common shares of the Company, fully vested and additional options to be granted subject to the approval of the Compensation Committee of the Board of Directors along with the rules of the applicable stock exchange. Theo van der Linde was appointed CFO of the Company on April 5, 2016. Other than the change in title, the Contract remained unchanged.

The Company entered into a management agreement (the "**Management Contract**") with Partum Advisory Services Corp. ("**Partum**") on April 1, 2019, to provide certain corporate, accounting and administrative services to the Company in accordance with the terms of the Management Contract for a monthly fee of \$5,000 plus applicable taxes and reimbursement of all out-of-pocket expenses incurred on behalf of the Company. The Management Contract is for an initial term of 12 months, to be automatically renewed for further 12-month periods, unless either party gives 90 days' notice of non-renewal, in which case the Management Contract will terminate. The Management Contract can be terminated by either party on 90 days' written notice. It can also be terminated by the Company for cause without prior notice or upon the mutual consent in writing of both parties. If there is a take-over or change of control of the Company resulting in the termination of the Management Agreement, Partum is entitled to receive an amount equal to six months of fees payable as a lump sum payment due on the day after the termination date.

Partum was not indebted to the Company during the Company's last completed financial year, and the Management Contract remains in effect.

### **OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

The Company does not have a formal compensation program. The Board of Directors (the "**Board**") is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations with respect to the compensation of the Company's executive officers. The Board is responsible for all matters relating to the compensation of the directors and executive officers of the Company with respect to: (i) general compensation goals and guidelines and the criteria by which bonuses and stock compensation awards are determined; (ii) amendments to any equity compensation plans adopted by the Board and changes in the number of shares reserved for issuance thereunder; and (iii) other plans that are proposed for adoption or adopted by the Company for the provision of compensation. The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; (c) provide a compensation package that is commensurate with other health technology companies to enable the Company to attract and retain talent; and (d) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a technology company without a history of earnings.

### **PENSION BENEFITS**

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

### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Other than as disclosed herein, the Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in an NEOs responsibilities.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the last completed financial year of the Company.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the board of directors of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

## APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be asked to pass a resolution appointing Dale, Matheson, Carr-Hilton, LaBonte LLP, Chartered Professional Accountants ("**DMCL**"), as the auditor of the Company, to hold office until the next annual meeting of Shareholders and to authorize the Board to fix the remuneration to be paid thereto. DMCL was appointed as the Company's auditor effective September 14, 2016 following the resignation of Davidson & Company LLP, Chartered Accountants, at the Company's request.

## AUDIT COMMITTEE

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. The Company's current audit committee consists of Messrs. Dumaresq, Cumming and Ma.

### **Audit Committee Charter**

The text of the audit committee's charter is attached as Schedule "A" to this Circular.

### **Composition of Audit Committee and Independence**

The Company's current audit committee consists of Joel Dumaresq, John Cumming and Kevin Ma.

National Instrument 52-110 *Audit Committees*, ("**NI 52-110**") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current audit committee members, John Cumming and Kevin Ma are "independent" within the meaning of NI 52-110. Joel Dumaresq is not "independent" as he is the Chief Executive Officer of the Company.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally

comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. All of the members of the Audit Committee are "financially literate" as that term is defined. The following sets out the Audit Committee members' education and experience that is relevant to the performance of his responsibilities as an audit committee member.

### Relevant Education and Experience

The relevant education and/or experience of each member of the Audit Committee is as follows:

**Joel Dumaresq:** Mr. Dumaresq has a background in finance and investment banking and formerly worked for RBC Dominion Securities, a division of the Royal Bank of Canada, for 10 years.

**John Cumming:** Mr. Cumming is a barrister and solicitor with over 39 years' experience in the public company sector.

**Kevin Ma:** Mr. Ma is a Chartered Accountant certified by the Institute of Chartered Accountants of British Columbia, and holds a Diploma in Accounting and a Bachelor of Arts degree from the University of British Columbia.

### Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

### Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

### Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to DMCL for services rendered in the financial year ended October 31, 2019.

	2019	2018
	(\$)	(\$)
Audit fees <sup>(1)</sup>	21,000	24,000
Audit Related Fees <sup>(2)</sup>	256	293
Tax Fees <sup>(3)</sup>	1,000	1,000
All Other Fees <sup>(4)</sup>	-	-
<b>Total</b>	<b>22,256</b>	<b>25,293</b>

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

### **Exemption in Section 6.1**

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101, *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and senior management of the Company consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating four individuals to the Company’s Board, all of which are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. Of current members of the Board, Joseph Deighan, John Cumming and Kevin Ma are considered “independent” within the meaning of NI 52-110 and Joel Dumaresq who is the CEO of the Company, is not considered to be “independent” within the meaning of NI 52-110.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and Compensation Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the Audit Committee mandates, duties and responsibilities, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the CEO, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

### **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated below:

- Joel Dumaresq is a director of Orion Nutraceuticals Inc., ArcWest Exploration Inc., Major Precious Metals Corp., Christina Lake Cannabis Corp., Organic Flower Investments Group Inc. and Black Isle Resources Corporation;
- John Cumming is a director of Stellar AfricaGold Inc., Cooper North Mining Corp. and Mosaic Minerals Corp.; and
- Kevin Ma is a director of Link Global Technologies Inc., E36 Capital Corp., Netcoins Holdings Inc. and Carl Data Solutions Inc.

### **Orientation and Continuing Education**

New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, Management of the Company makes itself available for discussion with all Board members.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

## **Compensation Committee**

The Compensation Committee is a committee comprised of two directors whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's management and directors (including annual retainer, meeting fees, bonuses and option grants) including any severance packages. A majority of the members shall not be officers or employees of the Company and shall be unrelated, independent directors.

Members of the Compensation Committee shall be appointed or reappointed at the meeting of the Board following the Company's annual general and special meeting and from among the appointees to the Compensation Committee, the Board shall appoint a chairperson (the "**Compensation Committee Chairperson**"). The duties of the Compensation Committee Chairperson include overseeing the proper functioning of the Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long-term success of the Company. Compensation generally includes the three (3) following components: base salary, annual bonus based on performance and grant of stock options. The Compensation Committee takes into account the North American context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

The Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report. Minutes of Compensation Committee meetings will be available for review by any member of the Board on request to the Compensation Committee Chairperson.

The members of the Compensation Committee are John Cumming and Kevin Ma.

## **Other Board Committees**

The Board has no committees, other than the Audit Committee and Compensation Committee

## **Assessments**

Due to the minimal size of the Company's board of directors, no formal policy has been established to monitor effectiveness of the directors, the Board and its committees.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Approval of 2020 Stock Option Incentive Plan**

The Board of Directors of the Company adopted a stock option plan on April 25, 2013 (the "**2013 Plan**") and confirmed the plan on July 26, 2018 at the Company's last Annual General Meeting (the "**Stock Option Plan**"). The Stock Option Plan stipulates that the maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the outstanding shares at the time Plan Shares are reserved

for issuance. The Stock Option Plan was approved by Disinterested Shareholders (defined in the 2013 Plan) of the Company on July 26, 2018, and by the TSX Venture Exchange (the “**Exchange**”) on August 3, 2018.

Shareholders are being asked to approve the adoption of a 20% rolling stock option plan (the “**2020 Plan**”) at the Company’s annual general and special meeting to be held on Friday August 14, 2020, and remains subject to shareholder approval to replace the Stock Option Plan. The number of common shares proposed to be granted under the 2020 Plan is a maximum of 20% of the issued and outstanding common shares at the time of grant.

Accordingly, at the Meeting, shareholders will be asked to consider, and if thought fit, to pass an ordinary resolution approving the adoption by the Company of said 2020 Plan. See “*Approval Requirements*” below.

The 2020 Plan is administered by the Board of Directors of the Company that in its sole discretion, will determine all options to be granted pursuant to the 2020 Plan, the exercise price therefore, and any special terms or vesting provisions applicable thereto. The Board will comply with all regulatory requirements in granting options and otherwise administering the 2020 Plan.

The 2020 Plan was established to provide incentive to directors, officers and employees and consultants. The purpose of the 2020 Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of common shares of the Company. The Board is of the view that the 2020 Plan provides the Company with the ability to attract and maintain the services of directors, executives, employees and other service providers in compensation with other companies in the industry.

To be eligible to receive a grant of options under the 2020 Plan, regulatory authorities require an optionee to be either a director, officer, employee, consultant or an employee of a Company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

The following is a summary of the material terms of the 2020 Plan.

- the total number of common shares (either issued directly or issuable on exercise of options or other convertible securities of the Company) provided as compensation to Investor Relations Persons (as such term is defined in the 2020 Plan) may not exceed in aggregate 1% of the issued and outstanding common shares of the Company in any 12 month period; and
- approval by shareholders other than directors and senior officers of the Company and shareholders who beneficially own or control, directly or indirectly, common shares carrying more than 10% of the voting rights attached to all common shares of the Company, must all be obtained for any grants of options to a director or executive officer of, or of a related entity to, the Company (each a “**Related Person**”) if, after the grant:

the total number of common shares (either issued directly or issuable on exercise of options or the number of securities, calculated on a fully diluted basis, reserves for issuance under options granted to:

- i. Related Persons, exceeds 10% of the outstanding securities of the Company; or
- ii. a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company; or

the number of securities, calculated on a fully diluted basis, issued within 12 months to:

- iii. Related Persons, exceeds 10% of the outstanding securities of the Company; or

- iv. a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company.

Subject to any required approvals of the CSE or any other applicable stock exchange, the Board may amend, suspend or terminate the 2020 Plan or any portion thereof at any time, but an amendment may not be made without shareholder approval if such approval is necessary to comply with any applicable regulatory requirement. Further, subject to any required approvals of the CSE or any other applicable stock exchange, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, shareholder approval, and, where required, approval by Disinterested Shareholders, or by the written consent of the holders of a majority of the securities of the Company entitled to vote:

1. increase the aggregate number of common shares which may be issued under the 2020 Plan;
2. materially modify the requirements as to the eligibility for participation in the 2020 Plan that would have the potential of broadening or increasing insider participation;
3. add any form of financial assistance or any amendment to a financial assistance provision which is more favourable to participants under the 2020 Plan;
4. add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the 2020 Plan reserve; and
5. materially increase the benefits accruing to participants under the 2020 Plan.

However, the Board may amend the terms of the 2020 Plan to comply with the requirements of any applicable regulatory authority without obtaining shareholder approval, including:

- amendments to the 2020 Plan of a housekeeping nature;
- change the vesting provisions of an option granted under the stock option plan, if applicable;
- change to the vesting provisions of a security or the 2020 Plan;
- change to the termination provisions of a security or the 2020 Plan that does not entail an extension beyond the original expiry date;
- make such amendments to the stock option plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- make such amendments as may otherwise be permitted by regulatory authorities;
- if the Company becomes listed or quoted on a stock exchange or stock market senior to the CSE, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- amend the stock option plan to reduce the benefits that may be granted to Employees, Management Company Employees or Consultants.

### **Approval Requirements**

As in certain circumstances, approval of the 2020 Plan by Disinterested Shareholders (as hereafter defined) may be required, we believe it prudent to seek Disinterested Shareholder approval of the 2020 Plan at the Meeting.

Shareholders who are not Related Persons (as defined above) entitled to benefit under the 2020 Plan (the “**Disinterested Shareholders**”) will be asked at the Meeting to approve implementation of the 2020 Plan. As at the date of this Information Circular and based on the information available to us, votes attaching to an aggregate 11,153,875 common shares held by the directors and officers of the Company entitled to benefit under the 2020 Plan are not eligible to vote on the resolution to approve implementation of the 2020 Plan.

Disinterested Shareholders will be asked at the Meeting to pass as an ordinary resolution approving the following:

**“RESOLVED THAT:**

1. The 2020 Plan of the Company, in the form attached to the Information Circular as Schedule "B", be and the same is hereby confirmed and approved subject to applicable regulatory approval;
2. The form of the 2020 Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;
3. All options outstanding under the 2020 Plan or any previous form of stock option plan shall remain valid and outstanding and be governed by the terms of the applicable previous form of stock option plan as it existed when they were granted;
4. Any director or officer is authorized to execute and deliver all such deeds, documents and other writings and perform such acts as may be necessary in order to give effect to the 2020 Plan, and the Board of Directors of the Company is authorized to grant options in the capital stock of the Company pursuant to and in accordance with the provisions of the 2020 Plan so adopted; and
5. Notwithstanding the approval of the shareholders of the Company as herein provided, the Board of Directors may, in its sole discretion, at any time suspend or terminate the 2020 Plan or revoke this resolution before it is acted upon, without further approval of the shareholders of the Company.

**Recommendation**

We believe the 2020 Plan will enable the Company to better align the interests of its directors, executive officers and employees with those of its shareholders and will reduce the cash compensation the Company would otherwise have to pay. Management recommends that shareholders vote in favour of the resolution approving implementation of the 2020 Plan. **Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the resolution approving implementation of the 2020 Plan.**

**General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

**ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements to **October 31, 2019** a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at 810 – 789 West Pender Street, Vancouver, BC V6C 1H2 or by telephone at 604-687-2038.

**BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the **15<sup>th</sup>** day of **July, 2020**.

**ON BEHALF OF THE BOARD**

*“Joel Dumaresq”*

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Joel Dumaresq  
Chief Executive Officer and Director

## TAAT LIFESTYLE & WELLNESS LTD.

### Schedule "A" Audit Committee Charter

#### 1. PURPOSE

- 1.1 The primary functions of the Audit Committee of TAAT Lifestyle & Wellness Ltd. (the "Company") are to fulfill its responsibilities in relation to reviewing the integrity of the Company's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with legal and regulatory requirements; selecting the external auditors for shareholder approval; and reviewing the qualifications, independence and performance of the external auditors.

#### 2. MEMBERSHIP AND ORGANIZATION

- 2.1 **Composition** - Subject to paragraph 2.6, the Audit Committee shall consist of not less than three independent members of the Board. At the invitation of the Audit Committee, members of the Company's management and others may attend Audit Committee meetings as the Audit Committee considers necessary or desirable.
- 2.2 **Appointment and Removal of Audit Committee Members** - Each member of the Audit Committee shall be appointed by the Board on an annual basis and shall serve at the pleasure of the Board, or until the earlier of (a) the close of the next annual meeting of shareholders of the Company at which the member's term of office expires, (b) the death of the member or (c) the resignation, disqualification or removal of the member from the Audit Committee or from the Board. The Board may fill a vacancy in the membership of the Audit Committee.
- 2.3 **Chair** - At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this mandate, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.
- 2.4 **Independence** - Subject to paragraph 2.6, each member of the Audit Committee shall be an "independent" (as such term is used in National Instrument 52-110 - Audit Committees ("NI 52-110")).
- 2.5 **Financial Literacy** - Subject to paragraph 2.6, members of the Audit Committee shall be financially literate or agree to become financially literate within a reasonable period of time following the member's appointment. An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- 2.6 **Venture Issuer** - For so long as the Company is a "venture issuer" as defined in NI 52-110, it is not required to comply with the provisions of paragraph 2.1 "Composition", 2.4 "Independence" or 2.4 "Financial Literacy" above. In the event the Company cannot comply with all or a part of these provisions, then the Committee shall be comprised of not less than three members of the

Board, a majority of whom are not officers or employees of the Company or a subsidiary of the Company.

### 3. MEETINGS

- 3.1 **Meetings** - The members of the Audit Committee shall hold meetings as are required to carry out this mandate, and in any case no less than four meetings annually. The external auditors are entitled to attend and be heard at each Audit Committee meeting. The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board or the President and Chief Executive Officer may call a meeting of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a Chair from their number for a meeting.
- 3.2 **Secretary and Minutes** - The Corporate Secretary, his or her designate or any other person the Audit Committee requests, shall act as secretary at Audit Committee meetings. Minutes of Audit Committee meetings shall be recorded and maintained by the Corporate Secretary and subsequently presented to the Audit Committee for approval.
- 3.3 **Quorum** - A majority of the members of the Audit Committee shall constitute a quorum. If a quorum cannot be obtained for an Audit Committee meeting, members of the Board who would qualify as members of the Audit Committee may, at the request of the Chair or the Chairman of the Board, serve as members of the Audit Committee for that meeting.
- 3.4 **Access to Management and Outside Advisors** - The Audit Committee shall have unrestricted access to management and employees of the Company, and, from time to time may hold meetings with the external auditor, the Chief Financial Officer or the President and Chief Executive Officer. The Audit Committee shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any officer of the Company. The Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors.
- 3.5 **Meetings Without Management** - The Audit Committee shall hold unscheduled or regularly scheduled meetings, or portions of regularly scheduled meetings, at which management is not present.

### 4. FUNCTIONS AND RESPONSIBILITIES

The Audit Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Audit Committee by the Board. In addition to these functions and responsibilities, the Audit Committee shall perform the duties required of an audit committee by applicable corporate securities laws, the binding requirements of the stock exchanges on which the securities of the Company are listed, and all other applicable laws.

#### 4.1 Financial Reports

- (a) **General** - The Audit Committee is responsible for reviewing the integrity of the Company's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The external auditors are responsible for auditing the Company's annual consolidated financial statements and, if requested by the Company, for reviewing the Company's unaudited interim financial statements.
- (b) **Review of Annual Financial Reports** – The Audit Committee shall review the annual consolidated audited financial statements (“**financial statements**”) of the Company, the external auditors' report thereon and the related management's discussion and analysis (“**MD&A**”) of the Company's financial condition and results of operation to determine whether they present fairly, in all material respects in accordance with International Financial Reporting Standards (“**IFRS**”), or any other generally accepted accounting principles in which the financial statements of the Company are prepared from time to time, the financial condition, results of operations and cash flows of the Company. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.
- (c) **Review of Interim Financial Reports** – The Audit Committee shall review the interim financial statements of the Company, the external auditors review report thereon, if applicable, and the related MD&A to determine whether they present fairly, in all material respects, in accordance with International Accounting Standards (“**IAS**”) 34 *Interim Financial Reporting*, the financial condition, results of operations and cash flows of the Company. After completing its review, if advisable, the Audit Committee shall, if so authorized by the Board, approve the interim financial statements and the related MD&A, or if not authorized by the Board, then approve and recommend for Board approval.
- (d) **Review Considerations** – In conducting its review of the annual financial statements of the interim financial statements, the Audit Committee shall:
  - (i) meet with management and the external auditors to discuss the financial statements and MD&A;
  - (ii) review the disclosures in the financial statements;
  - (iii) review the audit report or review report prepared by the external auditors;
  - (iv) discuss with management, the external auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
  - (v) review critical accounting and other significant estimates and judgments underlying the financial statements as presented by management;
  - (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management;

- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review results of the Company's whistleblowing program; and
- (x) review any other matters, related to the financial statements, that are brought forward by the external auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or applicable law.

4.2 **Approval of Other Financial Disclosures** – The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing financial results of the Company and any other material financial disclosure, including in Management Information Circulars and Annual Information Forms.

#### 4.3 **External Auditors**

- (a) **General** - The Audit Committee shall be responsible for oversight of the work of the external auditors in auditing and reviewing the Company's financial statements and internal controls over financial reporting.
- (b) **Appointment and Compensation** – The Audit Committee shall review and, if advisable, select and recommend (i) for shareholder approval, the appointment of the external auditors and (ii) for shareholder or Board approval, as applicable, the compensation of the external auditors
- (c) **Annual Review Report** – At least annually, the Audit Committee shall obtain and review a report by the external auditors describing: (i) their internal quality-control procedures and (ii) any material issues raised by their most recent internal quality-control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any of these issues.
- (d) **Audit Plan** – At least annually, the Audit Committee shall review a summary of the external auditors' annual audit plan. The Audit Committee shall consider and review with the external auditors any material changes to the scope of the plan.
- (e) **Quarterly Review Report** – If the external auditors review the Company's unaudited interim financial statements, then the Audit Committee shall review a quarterly review report prepared by the external auditors in respect of each of the interim financial statements of the Company.
- (f) **Independence of External Auditors** – At least annually, and before the external auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the external auditors a formal written statement describing all relationships

between the external auditors and the Company, discuss with the external auditors any disclosed relationships or services that may affect the objectivity and independence of the external auditors, and obtain written confirmation from the external auditors that they are objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which it belongs.

- (g) **Evaluation and Rotation of Lead Partner** – At least annually, the Audit Committee shall review the qualifications and performance of the lead partners of the external auditors. The Audit Committee shall obtain a report from the external auditors annually verifying that the lead partner of the external auditors has served in that capacity for no more than five fiscal years of the Company and that the engagement team collectively possesses the experience and competence to perform an appropriate audit.
- (h) **Pre-Approval of Non-Audit Services** – The Audit Committee shall pre-approve any retainer of the external auditors for any non-audit service to the Company in accordance with applicable law and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.
- (i) **Hiring Practices** – The Audit Committee shall review and approve guidelines regarding the hiring of employees or former employees of the external auditors.

#### 4.4 **Internal Controls**

- (a) **General** – The Audit Committee shall monitor the system of internal control.
- (b) **Establishment, Review and Approval** – The Audit Committee shall require management to implement and maintain appropriate systems of internal control in accordance with applicable laws, regulations and guidance, including internal control over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the external auditors:
  - (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company’s internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management’s conclusions;
  - (ii) any significant changes of internal control over financial reporting that are disclosed, or considered for disclosure, including those in the Company’s periodic regulatory filings;
  - (iii) any material issues raised by any inquiry or investigation by the Company’s regulators;

- (iv) any related significant issues and recommendations of the external auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.
- 4.5 **Whistleblowing Procedures** – The Audit Committee shall review and approve the establishment by management of procedures for the receipt, retention and treatment of complaints received by the Company from employees or others, regarding accounting, internal accounting controls, or auditing matters.
- 4.6 **Succession Planning** – In consultation with the Board, the Audit Committee shall review succession plans for the Chief Financial Officer and the Chief Accountant or Controller of the Company. The Audit Committee shall review candidates for the position of Chief Financial Officer of the Company and make recommendations to the Board with respect to the appointment of a Chief Financial Officer.
- 4.7 **Adverse Investments and Transaction** – The Audit Committee shall review any investments and transactions that could adversely affect the well-being of the Company.
- 4.8 **Audit Committee Disclosure** – The Audit Committee shall review and approve any audit committee disclosures required by securities regulators in the Company's disclosure documents.
- 4.9 **Assessment of Regulatory Compliance** – The Audit Committee shall review management's assessment of compliance with laws and regulations as they pertain to responsibilities under this mandate, report its findings to the Board and recommend changes it considers appropriate.
- 4.10 **Delegation** – The Audit Committee may designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

## 5. REPORTING TO THE BOARD

- 5.1 The Chair shall report to the Board, as required by applicable law or as deemed necessary by the Audit Committee or as requested by the Board, on matters arising at Audit Committee meetings and, where applicable, shall present the Audit Committee's recommendation to the Board for its approval.

*Approved and adopted by the Board effective September 26, 2012.*

**TAAT LIFESTYLE & WELLNESS LTD.**

**Schedule "B"  
20% Rolling Stock Option Plan**

**PART 1  
INTERPRETATION**

1.01 Definitions. In this Plan the following words and phrases shall have the following meanings, namely:

- (a) "**Associate**" means, where used to indicate a relationship with any person:
  - (i) a partner, other than a limited partner, of that person;
  - (ii) a trust or estate in which that person has a substantial beneficial interest or for which that person serves as trustee or in a similar capacity;
  - (iii) a company in respect of which that 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 company; or
  - (iv) a relative, including the spouse or child, of that person or a relative of that person's spouse, where the relative has the same home as that person;

and for the purpose of this definition, "**spouse**" includes an individual who is living with another individual in a marriage-like relationship.

- (b) "**Board**" means the Board of Directors of the Company or, if applicable, the Committee.
- (c) "**Committee**" means a committee of the Board appointed in accordance with this Plan or, if no such committee is appointed, the Board itself.
- (d) "**Company**" means TAAT Lifestyle & Wellness Ltd.
- (e) "**Consultant**" means, in relation to the Company, an individual (or a company wholly-owned by an individual) who:
  - (i) provides ongoing consulting services to the Company or an affiliate of the Company under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Company or an affiliate of the Company;
  - (iii) spends a significant amount of time and attention on the business and affairs of the Company or an affiliate of the Company; and

- (iv) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
  
- (f) "**Director**" means any director of the Company or of any of its subsidiaries.
  
- (g) "**Disinterested Shareholder Approval**" means that the proposal must be approved by a majority of the votes cast at the shareholders' meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval.
  
- (h) "**Employee**" means:
  - (i) an individual who is considered an employee of the Company or any of its subsidiaries under the *Income Tax Act* (i.e. for whom deductions (income tax, UIC and CPP) must be made at source);
  
  - (ii) an individual who is a full-time (i.e. 35 - 40 hours per week) dependent contractor, that is one who works full-time for the Company or any of its subsidiaries providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the detail and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source; or
  
  - (iii) a part-time dependent contractor, that is an individual who works for the Company or any of its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and is subject to the same control and direction by the Company or its subsidiary over the details and methods of work as an employee of the Company or its subsidiary, but for whom income tax deductions are not made at source;

and includes Management Company Employees and Consultants.

- (i) "**Exchange**" means the Canadian Securities Exchange.
  
- (j) "**Insider**" means:
  - (i) a director or senior officer of the Company;
  
  - (ii) a director or senior officer of a person that is itself an insider or subsidiary of the Company; or
  
  - (iii) a person that 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 Company; or
  
  - (iv) the Company itself if it holds any of its own securities.

- (k) **"Management Company Employee"** means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a person engaged in investor relations activities.
  - (l) **"Market Price"** means, subject to the exceptions prescribed by the Exchange from time to time, the last closing price of the Company's shares before the issuance of the required news release disclosing the grant of options (but, if the policies of the Exchange provide an exception to such news release, then the last closing price of the Company's shares before the grant of options).
  - (m) **"Officer"** means any senior officer of the Company or of any of its subsidiaries as defined in the *Securities Act* (British Columbia).
  - (n) **"Plan"** means this stock option plan as from time to time amended.
  - (o) **"Shares"** means common shares without par value in the capital of the Company.
  - (p) **"Tier 1 Issuer"** and **"Tier 2 Issuer"** have the meanings prescribed by the Canadian Securities Exchange.
- 1.02 Gender. Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

## **PART 2**

### **PURPOSE OF PLAN**

- 2.01 Purpose. The purpose of this Plan is to attract and retain Employees, Officers and Directors and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares. The Plan is expected to benefit the Company's shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering to them an opportunity to share in any increase in the value of the Shares to which they have contributed.

## **PART 3**

### **GRANTING OR AMENDING OF OPTIONS**

- 3.01 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (consisting of not less than two (2) of its members) appointed by the Board. Any Committee shall 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 either appoint new members in their place or decrease the size of the Committee, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, 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 (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 granting options to him).

- 3.02 Committee's Recommendations. The Board may accept all or any part of the recommendations of the Committee or may refer all or any part thereof back to the Committee for further consideration and recommendation. Such recommendations may include, but not be limited to, the following:
- (a) resolution of questions arising in respect of the administration, interpretation and application of the Plan;
  - (b) reconciliation of any inconsistency or defect in the Plan in such manner and to such extent as shall reasonably be deemed necessary or advisable to carry out the purpose of the Plan;
  - (c) determination of the Employees, Officers and Directors (or their wholly-owned corporations) to whom, and when, options should be granted, as well as the number of Shares subject to each option;
  - (d) determination of the terms and conditions of the option agreement to be entered into with any optionee, consistent with this Plan; and
  - (e) determination of the duration and purpose of leaves of absence from employment which may be granted to optionees without constituting a termination of employment for purposes of the Plan.
- 3.03 Grant by Resolution. The Board, on its own initiative or, if a Committee of the Board shall have been appointed for the purpose of administering this Plan, upon the recommendation of such Committee, may by resolution designate those Employees, Officers and Directors to whom options should be granted (unless the Committee has been authorized by the Board to pass such resolution in which case they may do as so authorized).
- 3.04 Terms of Options. The resolution of the Board, or the Committee if applicable, shall specify the number of Shares that should be placed under option to each optionee, the price per Share to be paid upon exercise of the options, and the period during which such options may be exercised.
- 3.05 Written Agreements. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the optionee and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.
- 3.06 Regulatory Approvals. The Board shall obtain all necessary regulatory approvals, which may be required under applicable securities laws or the rules or policies of the Exchange. The Board shall also take reasonable steps to ensure that no options granted under the Plan, or the exercise thereof, shall violate the securities laws of the jurisdiction in which any optionee resides.

- 3.07 Amendment of Options. Options may also be amended under this Plan, whether granted under this Plan or otherwise, and the terms of this Plan shall apply mutatis mutandis.

**PART 4**  
**CONDITIONS GOVERNING THE GRANTING**  
**AND EXERCISING OF OPTIONS**

- 4.01 Exercise Price. The exercise price of an option granted under this Plan shall not be less than the Discounted Market Price, provided that:

- (a) if options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those options will be the greater of the Discounted Market Price and the per share price paid by the public investors for Shares acquired under the distribution;
- (b) the 90-day period begins on the date a final receipt is issued for the prospectus;
- (c) for unit offerings, the minimum option exercise price will be the ‘base’ (or imputed) price of the shares included in the unit; and
- (d) for all other financings, the minimum exercise price will be the average price paid by the public investors.

- 4.02 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not exceed 10 years from the day the option is granted.

- 4.03 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting options under this Plan, specify different time periods following the dates of granting the options during which the optionees may exercise their options to purchase Shares and may designate different exercise prices and numbers of Shares in respect of which each optionee may exercise his option during each respective time period.

- 4.04 Number of Shares. The number of Shares reserved for issuance to any one person pursuant to options granted under this Plan, together with any Shares reserved for issuance pursuant to options granted to that person during the previous 12 months in the case that the Company is a Tier 2 Issuer, shall not exceed 5% of the issued and outstanding Shares at the time of granting of the options, provided that the aggregate number of options granted to each of the following categories of optionee:

- (a) Consultants; and
- (b) all persons employed in investor relations activities on behalf of the Company;

must not exceed an aggregate 2% of the issued Shares at the time of grant in any 12-month period.

- 4.05 Death of Optionee. If an optionee dies prior to the expiry of his option, his legal representatives may, by the earlier of:

- (a) one year from the date of the optionee’s death (or such lesser period as may be

specified by the Board at the time of granting the option); and

(b) the expiry date of the option; exercise any portion of such option.

- 4.06 Expiry on Termination or Cessation. If an optionee ceases to be a Director, Officer or Employee for any reason other than death, his option shall terminate as specified by the Board at the time of granting the option (provided however that, if the Company is a Tier 2 Issuer, his option shall terminate 90 days (but for optionees employed in investor relations activities, 30 days) after the optionee's last active working day, or such lesser period as may be specified by the Board at the time of granting the option), and all rights to purchase Shares under such option shall cease and expire and be of no further force or effect.
- 4.07 Leave of Absence. Employment shall be deemed to continue intact during any 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 optionee's right to reemployment is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the optionee's reemployment is not so guaranteed, then his employment shall be deemed to have terminated on the ninety-first day of such leave.
- 4.08 Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to him hereunder to a trust or similar legal entity established by such optionee.
- 4.09 Notice. Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company at its principal place of business.
- 4.10 Payment. Subject to any vesting requirements described in each individual option agreement, options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an optionee on exercise of an option shall be paid by cash in full at the time of their purchase (i.e. concurrently with the giving of the requisite notice).
- 4.11 Share Certificate. As soon as practicable after due exercise of an option, the Company shall issue a share certificate evidencing the Shares with respect to which the option has been exercised. Until the issuance of such share certificate, 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. No adjustment will be made for a dividend or other right for which the record date is prior to the date the share certificate is issued, except as provided in Part 6 hereof.
- 4.12 Vesting. Subject to the discretion of the Board, the options granted to an optionee under this Plan shall fully vest on the date of grant of such options. In accordance with the policies of the Exchange, and subject to their approval to the contrary, options issued to Consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than  $\frac{1}{4}$  of the options vesting in any 3-month period.
- 4.13 Hold Period. In addition to any resale restrictions under applicable legislation, all options

granted hereunder and all Shares issued on the exercise of such options will, if applicable under the policies of the Exchange, be subject to a four month Canadian Securities Exchange hold period from the date the options are granted, and the stock option agreements and the certificates representing such Shares will bear the following legend:

*"Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the Canadian Securities Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date]."*

- 4.14 Individuals. Options may be granted only to an individual or to a company that is wholly-owned by an individual who is eligible for an option grant. Only individuals who are Directors, Officers, Consultants, Employees or Management Company Employees may be granted stock options. If the optionee is a Consultant, Employee or Management Company Employee, the Company must represent that the optionee is a bona fide Consultant, Employee or Management Company Employee, as the case may be. If the optionee is a company, it must agree not to effect or permit any transfer of ownership or option of shares of the company or to issue further shares of any class in the company to any other individual or entity as long as the incentive stock option remains outstanding, except with the written consent of the Exchange.

## **PART 5** **RESERVE OF SHARES FOR OPTIONS**

- 5.01 Maximum Number of Shares Reserved Under Plan. The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall not exceed the equivalent of 20% of the issued and outstanding Shares of the Company from time to time. In addition, all options granted outside of this Plan, which are in existence on the effective date of this Plan, shall be counted as if granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing options.
- 5.02 Sufficient Authorized Shares to be Reserved. Whenever the Memorandum or Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan or otherwise. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.
- 5.03 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result in or allow at any time:
- (a) the number of Shares reserved for issuance pursuant to options granted to Insiders exceeding 10% of the outstanding Shares at the time of granting the options;
  - (b) the issuance to Insiders, within a one-year period, of a number of Shares exceeding 10% of the outstanding Shares at the time of granting the options; or

- (c) except in the case of a Tier 1 Issuer (or equivalent), the issuance to any one Insider and such Insider's Associates, within a one-year period, of a number of Shares exceeding 5% of the outstanding Shares at the time of granting the options; or
- (d) any reduction in the exercise price of options granted to any person who is an Insider at the time of the proposed reduction.

**PART 6**  
**CHANGES IN SHARES**

- 6.01 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.
- 6.02 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.
- 6.03 Reorganization. Subject to any required action by its shareholders, if the Company shall be a party to an reorganization, merger, dissolution or sale or lease of all or substantially all of its assets, whether or not the Company is the surviving entity, the option shall be adjusted so as to apply to the securities to which the holder of the number of shares of capital stock of the Company subject to the option would have been entitled by reason of such reorganization, merger or sale or lease of all or substantially all of its assets, provided however that the Company may satisfy any obligations to an optionee hereunder by paying to the said optionee in cash the difference between the exercise price of all unexercised options granted hereunder and the fair market value of the securities to which the optionee would be entitled upon exercise of all unexercised options, regardless of whether all conditions of exercise relating to continuous employment have been satisfied.

Adjustments under this paragraph or any determinations as to the fair market value of any securities shall be made by the Board, or any committee thereof specifically designated by the Board to be responsible therefor, and any reasonable determination made by the said Board or committee thereof shall be binding and conclusive.

- 6.04 Rights Offering. If at any time the Company grants to the holders of its capital stock rights to subscribe for and purchase pro rata additional securities of the Company or of any other corporation or entity, there shall be no adjustments made to the number of shares or other securities subject to the option in consequence thereof and the said stock option of the optionee shall remain unaffected.

**PART 7**  
**EXCHANGE'S RULES AND POLICIES APPLY**

- 7.01 Exchange's Rules and Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities

commission having jurisdiction and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

**PART 8**  
**AMENDMENT OF PLAN**

- 8.01 Board May Amend. Subject to Part 5 the Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.
- 8.02 Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until accepted for filing by the Exchange.

**PART 9**  
**MISCELLANEOUS PROVISIONS**

- 9.01 Other Plans Not Affected. This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers and Employees.
- 9.02 Effective Date of Plan. This Plan shall become effective upon the date on which the Company's shares are listed and posted for trading on the Exchange. However, options may be granted under this Plan prior thereto. Any option granted prior thereto may not be exercised prior to such date.
- 9.03 Use of Proceeds. Proceeds from the sale of Shares pursuant to the options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.
- 9.04 Headings. The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 9.05 No Obligation to Exercise. Optionees shall be under no obligation to exercise options granted under this Plan.
- 9.06 Termination of Plan. This Plan shall only terminate pursuant to a resolution of the Board or the Company's shareholders.
- 9.07 Deductions under Income Tax Act. If the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to make source deductions in respect of employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Shares on exercise of Options, then the Optionee shall:
- (a) pay to the Corporation, in addition to the exercise price for the Options, sufficient cash as is reasonably determined by the Corporation to be the amount necessary to

permit the required tax remittance; or

- (b) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines a portion of the Shares being issued upon exercise of the Options to realize cash proceeds to be used to satisfy the required tax remittance; or make other arrangements acceptable to the Corporation to fund the required tax remittance.