



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MONDAY, JUNE 17, 2019

AND

MANAGEMENT INFORMATION CIRCULAR

Dated May 10, 2019



Dear Shareholders:

I am pleased to report to you on what has been a transformative year for Aleafia Health, and on the bright future ahead. But to understand where we are going, it is important to look back on where we started.

Aleafia Health was founded with the objective of improving lives through cannabis health and wellness. While we adapt and shift in a fast-moving industry, that overarching objective has remained the same. Together we have laid the foundation for a breakthrough 2019.

The business combination with Canabo Medical Inc. and acquisition of Emblem Corp. saw us rapidly accelerate our strategic execution plan by leveraging companies with highly complementary assets. We now boast three cultivation and production facilities, well established medical and adult-use brands, a national network of clinics and a global distribution platform in Australia and Germany.

Our business, through the relentless focus on execution by our team from top to bottom, has scaled exponentially over the last year. We intend to continue that trend and have the upcoming catalysts to do just that. The expansion of our three production facilities are all nearing completion, and our major supply agreements are expected to be coming online soon. Together, Aleafia Health is projected to boast a cultivation and supply capacity of 138,000 kg and extraction capacity of 50,000 kg.

These developments further our mission of growing, producing and selling high-margin, value-added and data driven products to health and wellness consumers globally.

On behalf of Aleafia Health's Board of Directors, I'd like to thank our team from management, to clinic staff and medical professionals, to our frontline cultivation and product experts, for their outstanding commitment to our shared vision. Most of all, I thank our shareholders for their continued support.

We have come so far in such a short time, but the best is yet to come.

Sincerely,

"Julian Fantino"

Hon. Julian Fantino
Chairman of the Board



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The annual and special meeting (the “**Meeting**”) of the shareholders of Aleafia Health Inc. (“**Aleafia Health**” or the “**Company**”) will be held on Monday, June 17, 2019 at 9:30 a.m. (Toronto time) at the offices of Gowling WLG (Canada) LLP, 1600-100 King Street West, Toronto, Ontario M5X 1G5 for the following purposes:

1. to receive the audited financial statements of the Company for the year ended December 31, 2018 together with the auditor’s report thereon;
2. to appoint Manning Elliott LLP as auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors;
3. to fix the number of directors at seven (7) and to elect the directors of the Company;
4. to consider, and if thought appropriate, pass an ordinary resolution confirming By-law No. 2, a by-law relating to the advance notice of nominations of directors of the Company;
5. to consider, and if thought appropriate, pass an ordinary resolution approving the Company’s amended and restated stock option plan;
6. to consider, and if thought appropriate, pass an ordinary resolution approving the Company’s amended and restated restricted share unit plan; and
7. to transact any other business that may properly come before the Meeting or any adjournment of the Meeting.

The management information circular (the “**Circular**”) and form of proxy (or voting instruction form) accompanying this notice provide additional information concerning the matters to be dealt with at the Meeting. Shareholders are reminded to review all information contained in the Circular prior to voting.

Only shareholders at the close of business on May 3, 2019 (the “**Record Date**”) are entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxyholder to attend and vote in his or her place. If you are unable to attend the Meeting or any adjournment or postponement thereof in person, please read the notes accompanying the enclosed form of proxy and then complete, sign, and date the form of proxy and return it in the manner, time and to the location set out in the notes. The Company’s management is soliciting the enclosed form of proxy but, as set out in the notes, you may amend the form of proxy if you wish by striking out the names listed and inserting in the space provided the name of the person you want to represent you at the Meeting.

Notice and Access

The Company is using the notice and access procedure (“**Notice and Access**”) adopted by the Canadian Securities Administrators for the delivery of the Circular. Under Notice and Access, shareholders are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Meeting. However, instead of receiving paper copies of the Circular, shareholders receive this

notice of meeting which contains information about how to access the Circular electronically. Notice and Access reduces costs and is more environmentally friendly as it reduces the printing and mailing of documents.

For more information about Notice and Access procedures, please call toll-free at 1-866-964-0492.

Websites Where Meeting Materials are Posted

The Circular is available on the following Notice and Access webhosting site by Computershare Investor Services Inc. (Canada): www.envisionreports.com/Aleafia2019. The Circular is also available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.aleafiahealth.com.

How to Obtain Paper Copies of Meeting Materials

Shareholders may request to receive paper copies of the current meeting materials by mail at no cost. Requests for paper copies may be made using the control number as it appears on the form of proxy or voting instruction form. To ensure shareholders receive the materials in advance of the voting deadline and meeting date, all requests must be received no later than June 5, 2019.

For shareholders with a 15 digit control number, they may request materials by calling toll free, within North America at 1-866-962-0498 or direct, from outside of North America at 1-514-982-8716. They will need to enter their control number as indicated on the form of proxy or voting instruction form. To obtain paper copies of the materials after the meeting date, they should contact 1-866-964-0492.

For shareholders with a 16 digit control number, they may request materials by calling toll free, within North America at 1-877-907-7643 and entering their control number as indicated on their voting instruction form. To obtain paper copies of the materials after the meeting date, they should contact 1-514-982-8716.

Please advise the Company of any change in your address.

Questions

If you have any questions, please contact your broker or intermediary or the Company's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-866-851-2468 (toll free in North America), or at 416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

By Order of the Board of Directors

"Julian Fantino"

Julian Fantino
Chairman of the Board
Aleafia Health Inc.
Dated this 10th day of May, 2019

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MANAGEMENT INFORMATION CIRCULAR

**This Management Information Circular contains information as of May 10, 2019
(unless otherwise noted)**

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Management Information Circular is furnished to you in connection with the solicitation of proxies by or on behalf of the management of Aleafia Health Inc. (“Aleafia Health” or the “Company”) for use at the 2019 Annual and Special Meeting (the “Meeting”) of the shareholders of the Company to be held on June 17, 2019, for the purposes set forth herein. The Company will conduct its solicitation by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or personal contact. The Company has also engaged Kingsdale Advisors as its strategic shareholder advisor and proxy solicitation agent and will pay fees of approximately \$40,000 to Kingsdale Advisors for these services, in addition to certain out-of-pocket expenses. No director of the Company has informed management of the Company that he or she intends to oppose any action intended to be taken by management of the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The person(s) designated by management of the Company as proxyholders in the enclosed form of proxy (the “**Proxy**”) are the Company’s directors or officers (the “**Management Proxyholders**”). **As a shareholder, you have the right to appoint a person other than a Management Proxyholder to attend and act on your behalf at the Meeting. To exercise this right, you must either insert the name of your representative in the blank space provided in the Proxy and strike out the other names or complete and deliver another appropriate Proxy. A proxyholder need not be a shareholder.**

A Proxy will not be valid unless it is dated and signed by you or your attorney duly authorized in writing or, if you are a corporation, by an authorized director, officer, or attorney of the corporation. The proxy, to be acted upon, must be deposited with the registrar and transfer agent of Aleafia Health, Computershare Investor Services Inc. (“**Computershare**”), Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 9:30 a.m. (Toronto time) on June 13, 2019, or if the Meeting is adjourned or postponed, by 9:30 a.m. (Toronto time) on the second business day prior to the date on which the Meeting is convened.

Any shareholder who has returned a Proxy may revoke it at any time before it has been exercised by depositing an instrument in writing, including another completed form of proxy, executed by such shareholder or by his or her attorney authorized in writing or by electronic signature or, if the shareholder is a company, by an authorized officer or attorney thereof, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, to Computershare at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment or postponement thereof or by any other manner permitted by law. OBOs (as defined below) who

wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees (as defined below) to so act on their behalf.

COMPLETION AND VOTING OF PROXIES

Voting at the Meeting will be by a show of hands, each shareholder having one vote, unless a ballot on the questions is required or demanded, in which case each shareholder is entitled to one vote for each common share held. In order to approve a motion proposed at the Meeting, at least a majority of the votes cast will be required (an “**ordinary resolution**”) unless the motion requires a special resolution (a “**special resolution**”) in which case at least two-thirds (2/3) of the votes cast will be required.

A shareholder or intermediary acting on behalf of a shareholder may indicate the manner in which the persons named in the enclosed Proxy are to vote with respect to any matter by checking the appropriate space. Common shares represented by a properly executed Proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with your instructions on any ballot that may be called for and if you specify a choice with respect to any matter to be acted upon, the common shares will be voted accordingly.

If you do not specify a choice and you have appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

If you do not specify a choice and you have appointed someone other than one of the Management Proxyholders as proxyholder, the proxyholder may vote in his/her discretion for the matters specified in the Proxy.

If you or an intermediary acting on your behalf wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **IN SUCH INSTANCE, THE PROXYHOLDER, IF ONE IS PROPOSED BY MANAGEMENT, INTENDS TO VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION.** The enclosed Proxy, when properly signed, also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may be properly brought before the Meeting. As of the date of this Management Information Circular, our management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. If, however, other matters which are not now known to management should properly come before the Meeting, the persons named in the Proxy intend to vote on such other business in accordance with their best judgment.

The Proxy must be dated and signed by you or by your attorney authorized in writing or by the intermediary acting on your behalf. In the case of a corporation, the Proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

COMPLETED PROXIES TOGETHER WITH THE POWER OF ATTORNEY OR OTHER AUTHORITY, IF ANY, UNDER WHICH IT WAS SIGNED OR A NOTARIALY CERTIFIED COPY THEREOF MUST BE DEPOSITED WITH THE COMPANY’S TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., PROXY DEPARTMENT, 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, AT LEAST 48 HOURS, EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS, BEFORE THE TIME OF THE MEETING OR ANY ADJOURNMENT THEREOF. NON-REGISTERED SHAREHOLDERS WHO RECEIVED THE

PROXY THROUGH AN INTERMEDIARY MUST DELIVER THE PROXY IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN BY SUCH INTERMEDIARY. YOU MAY ALSO VOTE BY TELEPHONE AND INTERNET. PLEASE SEE THE PROXY FOR INSTRUCTIONS REGARDING TELEPHONE AND INTERNET VOTING.

If you have any questions, please contact your broker or intermediary or the Company's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-866-851-2468 (toll free in North America), or at 416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

ADVICE TO NON-REGISTERED HOLDERS OF COMMON SHARES

Only shareholders whose names appear on our records or validly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because their common shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a "**Nominee**"). If you purchased your common shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners" or "NOBOs". Those non-registered shareholders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" or "OBOs".

In accordance with applicable securities regulatory policy, the Company will have distributed copies of the Meeting materials, being the Notice of Meeting, this Management Information Circular, and the Proxy directly to NOBOs and to the Nominees for onward distribution to OBOs.

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Common shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting materials are accompanied by a request for voting instructions (a "**VIF**"), instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIFs, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the common shares of the Company which they beneficially own. Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. **Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request (in writing) to the Company or its Nominee, as applicable, without expense to the non-registered holder, that the non-registered holder or his/her Nominee be appointed as proxyholder and have the right to attend and vote at the Meeting.**

This Circular is being sent to both registered shareholders and beneficial shareholders of our common shares using Notice and Access, the delivery procedures that allow the Company to send shareholders paper copies of a Notice of Meeting and form of proxy (or VIF) while providing

shareholders access to electronic copies of the Circular over the internet or the option to receive paper copies of the Circular if they so request within the prescribed time periods. For more information, please refer to the Notice of Meeting delivered to you.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Voting of Common Shares

The Company is authorized to issue an unlimited number of common shares. As of close of business on May 3, 2019, a total of 274,372,055 common shares were issued and outstanding. Each common share carries the right to one vote at the Meeting.

Record Date

The Company's Board of Directors (the "**Board**") has fixed May 3, 2019 as the record date for the determination of shareholders entitled to receive notice of, attend, and vote at the Meeting or any adjournment or postponement thereof. Only shareholders of record on such record date are entitled to vote at the Meeting.

Principal Holders of Common Shares

To the knowledge of the directors and officers of the Company, as at the date of this Management Information Circular, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the outstanding common shares of the Company.

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

None of the directors or officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee 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, in any matter to be acted on at the Meeting other than approval of the Company's amended and restated stock option plan and amended and restated restricted share unit plan, all as described in this Management Information Circular.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's financial year ended December 31, 2018, no informed person of the Company, proposed director of the Company or associate or affiliate of an informed person or proposed director, had a material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

FINANCIAL STATEMENTS

The audited financial statements for the year ended December 31, 2018 of the Company, together with the auditor's report thereon, have been delivered to the holders of common shares or are enclosed herewith. No formal action will be taken at the Meeting to approve the financial statements. If any holder of common shares has questions respecting the financial statements, the questions may be brought forward at the Meeting.

ELECTION OF DIRECTORS

Each of the directors of the Company is elected annually at the annual meeting of shareholders. All directors serve until the next annual meeting of shareholders or until a successor is elected or appointed or until the director is removed at a meeting of shareholders.

Shareholders will be asked to pass an ordinary resolution to set the number of directors at seven (7) for the next year.



Management proposes to nominate the persons named in the table below for election as directors. Management does not contemplate that any of the proposed directors will be unable to serve as a director.


As previously announced, pursuant to the Corporation's By-law No. 2 (which is proposed to be confirmed by shareholders at the Meeting) nominations by shareholders for the election of directors at the Meeting (other than nominations by shareholders pursuant to a shareholder proposal or a requisitioned meeting) are to be received by the Company on or before **May 27, 2019**.


Under the terms of the arrangement agreement dated December 18, 2018 between the Company and Emblem Corp., subject to the Company's fiduciary duties under applicable law, the Company covenanted and agreed that, following the completion of the plan of arrangement (which was completed on March 14, 2019), each of Daniel Milliard and Loreto Grimaldi would be nominated by the Company for election at the next two (2) annual meetings of the Company at which directors are to be elected.


The table below sets forth, among other things, the name, province and country of residence, present office held, period served as a director, and principal occupation during the last five (5) years for each proposed director. The Company has several committees, including: an Audit Committee, a Strategic Planning Committee, a Governance Committee and an HR & Compensation Committee. Members of the respective committees and related information are also set out below.


The information concerning the proposed directors has been furnished by each of them.

Hon. Julian Fantino – Chairman of the Board and Director Ontario, Canada				
		<p>Current Chairman of the Board and former Executive Chairman of the Board; Principal of J. Fantino and Associates Inc. (present); Canadian Member of Parliament for the riding of Vaughan (2010 to 2015) and served as the Minister of Veterans Affairs, National Defence and International Cooperation.</p> <p>In addition, Mr. Fantino has had a distinguished career in law enforcement, as the Chief of the Toronto, York and London police departments, Commissioner of Emergency Management of Ontario, culminating in his appointment as Commissioner of the Ontario Provincial Police. Mr. Fantino is a leading expert on drug enforcement, federal regulatory policy and an advocate for the well-being of Canada's post-traumatic stress disorder population.</p>		
<p>Director Since: March 26, 2018 Age: 76</p>				
Securities Held				
Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
4,500,000 ⁽⁶⁾	Nil	\$6,210,000	Nil	\$6,210,000
Current Board and Committee Positions/Membership and Attendance				
<p>Non-Independent Member of the Board – Former Executive Chairman Member, Strategic Planning Committee (Chair)</p>		<p>Board Meetings Attended 2018: 12 of 12 – 100% Strategic Planning Committee Meetings Attended 2018: N/A</p>		
Raf Souccar – Director Ontario, Canada				
		<p>Former Chief Executive Officer of the Company and former President of the Company; Principal of Raf Souccar Consulting Inc. (2014 to present); Chief Security Officer, Royal Canadian Mint (May 2011 to June 2014).</p> <p>In addition, Mr. Souccar served in the Royal Canadian Mounted Police for 34 years in progressively senior roles, retiring as Deputy Commissioner of Federal and International Policing. Among his many responsibilities, Mr. Souccar was responsible for drugs and organized crime enforcement, national security, counter terrorism and the Prime Minister's security. Since 2004, Mr. Souccar has emerged as a leading expert on cannabis legalization through his global travel and study of foreign public policy measures, and his counsel provided to successive Ministers of Justice. In 2016, Prime Minister Justin Trudeau appointed Mr. Souccar to the federal government's nine-member Marijuana Legalization Task Force, which provided a final set of public recommendations on legalization. Mr. Souccar is a member of the Canadian Association of Chiefs of Police, the Law Society of Upper Canada, and has served as a member of the International Bar Association and the American Society for Industrial Security. Mr. Souccar also has extensive board and committee experience at the national and international levels. He has held executive positions with the Canadian Association of Chiefs of Police and has been a member of both the International Association of Chiefs of Police and Interpol.</p>		
<p>Director Since: March 26, 2018 Age: 62</p>				
Securities Held				
Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
4,500,000 ⁽⁶⁾	Nil	\$6,210,000	Nil	\$6,210,000
Current Board and Committee Positions/Membership and Attendance				
<p>Non-Independent Member of the Board - Former President and CEO Member, Governance Committee Member, HR & Compensation Committee</p>		<p>Board Meetings Attended 2018: 12 of 12 - 100% Governance Committee Meetings Attended 2018: N/A HR & Compensation Committee Meetings Attended 2018: N/A</p>		

Mark Sandler – Director Ontario, Canada				
 <p>Director Since: April 24, 2018 Age: 64</p>		<p>Senior Partner at Cooper, Sandler, Shine & Bergman LLP, a law firm (present); Bencher of the Law Society of Upper Canada (2003 to 2015); Commissioner, Ontario Securities Commission (2017 to 2019).</p> <p>In addition, Mr. Sandler is widely recognized as one of Canada's leading criminal and regulatory defence lawyers, having been an appellate and trial litigator specializing in criminal and regulatory law for over 39 years. While he was a Commissioner of the Ontario Securities Commission, Mr. Sandler served on various committees including the Tribunals Committee (as a member and then Chair) and the HR & Compensation Committee. Mr. Sandler has also served as Trustee and then Chair of the Law Foundation of Ontario.</p>		
Securities Held				
Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
Nil	Nil	Nil	500,000 ⁽⁷⁾	\$390,000
Current Board and Committee Positions/Membership and Attendance				
Independent Member of the Board Member, Audit Committee Chair, Governance Committee		Board Meetings Attended 2018: 9 of 10 - 90% Audit Committee Meetings Attended 2018: 1 of 1 - 100% Governance Committee Meetings Attended 2018: N/A		

William Stewart – Director Ontario, Canada				
 <p>Director Since: May 31, 2018 Age: 68</p>		<p>Principal of William A. Stewart Consulting Services (2012 to present); Fire Chief of the Toronto Fire Services (2003 to 2012).</p> <p>In addition, Mr. Stewart was named Fire Chief of the Year in 2008 by the Canadian Association of Fire Chiefs and in 2010 by the Metropolitan Fire Chiefs Association. Mr. Stewart continues to serve as a director of the Canadian Fallen Fire Fighters Foundation, as well as the Institution of Fire Engineers. Further he is the Chairman of FireRein Inc. and previously served on the board of the National Fire Protection Association. Prior to his career in the fire services, Mr. Stewart was a commissioned officer of the Canadian Armed Force Reserve.</p>		
Securities Held				
Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
500,000 ⁽⁶⁾	Nil	\$690,000	Nil	\$690,000
Current Board and Committee Positions/Membership and Attendance				
Independent Member of the Board Member, HR & Compensation Committee Member, Strategic Planning Committee		Board Meetings Attended 2018: 7 of 9 - 77% HR & Compensation Committee Meetings Attended 2018: N/A Strategic Planning Committee Meetings Attended 2018: N/A		

Lea Ray – Director Ontario, Canada				
		<p>Director at Workplace Safety and Insurance Board (2008 to present); Director at Street Capital Group Inc. (March 2015 to present); Director at ProDemnity Insurance Company (June 2017 to present); Director at Tarion Warranty Corporation (April 2010 to April 2019).</p> <p>In addition, Ms. Ray is a Chartered Professional Accountant and seasoned board director, holding an ICD.D from the Institute of Corporate Directors. Over the past decade, Ms. Ray has held multiple board leadership roles including Chair of Audit, Finance and Governance Committees, Board Vice-Chair and Board Chair. Her financial career began with PricewaterhouseCoopers and she is a former Vice-President Corporate Finance at Warner Bros. Entertainment Canada Inc. Ray has also served on the Professional Conduct Committee of the Chartered Professional Accountants (Ontario) and has served as a board member and volunteer of several non-profit health, conservation and community institutions.</p>		
<p>Director Since: October 5, 2018 Age: 53</p>				
Securities Held				
Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
Nil	Nil	Nil	250,000 ⁽⁹⁾	Nil
Current Board and Committee Positions/Membership and Attendance				
<p>Independent Member of the Board Chair, Audit Committee Member, Governance Committee</p>		<p>Board Meetings Attended 2018: 4 of 4 - 100% Audit Committee Meetings Attended 2018: 1 of 1 - 100% Governance Committee Meetings Attended 2018: N/A</p>		

Daniel Milliard – Director Ontario, Canada				
		<p>President and CEO of Indian River Consulting Inc. (2008 to present); General Manager of Islip Flow Controls, an industrial strainer manufacturer (June 2011 to April 2013); Director, Progressive Waste Solutions (2002 to 2016). Chairman of the Board of Emblem Corp. (November 2018 to March 2019) and Chairman of the Special Committee to the Emblem Board (May 2018 to March 2019).</p> <p>In addition, Mr. Milliard has extensive board experience, public markets experience and business leadership experience. Over the last 20 years, Mr. Milliard has served on boards of directors, or has been the CEO or President, of companies listed on the on the TSXV, TSX, NASDAQ and NYSE. He holds a Bachelor of Science, Business Administration and Management, a Master of Arts, Business Administration and Management, a law degree (JD), and a Chartered Director Certificate from McMaster University as well as a Human Resources and Compensation Committee Certification from McMaster University. Mr. Milliard has previously served on the audit committee of a public company and is currently an active member of the Pennsylvania Bar Association.</p>		
<p>Director Since: March 14, 2019 Age: 71</p>				
Securities Held				
Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
Nil	Nil	Nil	250,000 ⁽¹⁰⁾	Nil
Current Board and Committee Positions/Membership and Attendance				
<p>Independent Member of the Board Member, Audit Committee Member, Strategic Planning Committee</p>		<p>Board Meetings Attended 2018: N/A Audit Committee Meetings Attended 2018: N/A Strategic Planning Committee Meetings Attended 2018: N/A</p>		

Loreto Grimaldi – Lead Director and Director | Ontario, Canada



Director Since:
March 14, 2019
Age: 48

Mr. Grimaldi is an accomplished business and legal executive and general counsel to North American public companies across a broad range of sectors including specialty consumer finance, rail and aviation finance, waste management, healthcare, real estate and technology. He was previously an independent director of Emblem Corp. and is licensed to practice law in New York State and Ontario. Mr. Grimaldi currently serves as Senior Vice President, General Counsel and Corporate Secretary of ECN Capital Corp. (ECN.TO), a leading US specialty finance company (January 2017 to present). Previously he was Executive Vice President and Chief Legal Officer of Progressive Waste Solutions Ltd., one of North America's largest waste management and recycling operators (June 2014 to December 2016). Prior to Progressive, he was Chief Operating Officer, General Counsel and Secretary to MedAvail Technologies Inc., a North American healthcare technology business (January 2011 to June 2014). Prior to MedAvail, he served as VP and Associate General Counsel at Symcor Inc., a North American technology services provider owned by Canada's largest banks (May 2003-December 2010). Mr. Grimaldi started his legal career at Stikeman Elliott LLP, one of Canada's leading business law firms. Mr. Grimaldi serves on several non-profit healthcare and community boards.

Securities Held

Common Shares ⁽¹⁾	RSUs ⁽²⁾	At-Risk Value of Common Shares and RSUs ⁽³⁾	Options ⁽⁴⁾	At-Risk Value of Common Shares, RSUs and Options ⁽⁵⁾
8,377 ⁽¹¹⁾	Nil	\$11,560	250,000 ⁽¹²⁾	\$11,560

Board and Committee Positions/Membership and Attendance

Independent Member of the Board Member, Governance Committee Chair, HR & Compensation Committee	Board Meetings Attended 2018: N/A Governance Committee Meetings Attended 2018: N/A HR & Compensation Committee Meetings Attended 2018: N/A
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Notes:

- (1) The information as to common shares beneficially owned or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by such directors.
- (2) Directors are eligible to participate in the Company's restricted share unit plan to receive RSUs. For additional information regarding this plan, please see "Statement of Executive Compensation".
- (3) Calculated as of May 3, 2019 using the closing price of the common shares on the TSX of \$1.38 per share.
- (4) For additional information regarding options held by directors, please see "Statement of Executive Compensation".
- (5) Calculated as of May 3, 2019 using the closing price of the common shares on the TSX of \$1.38 per share less the applicable exercise price for options.
- (6) Messrs. Fantino and Souccar were issued these common shares upon closing of the business combination between the previous reporting issuer, Canabo Medical Inc., Aleafia Inc. and 2412550 Ontario Inc. to form the Company (the "**Business Combination**"), in exchange for the common shares they previously held in Aleafia Inc.
- (7) Mr. Sandler was granted these Options on joining the Board. These have an exercise price of \$0.60.
- (8) Mr. Stewart was issued these common shares upon closing of the Business Combination, in exchange for the common shares he previously held in Aleafia Inc.
- (9) Ms. Ray was granted these Options on joining the Board. These have an exercise price of \$2.65.
- (10) Mr. Milliard was granted 250,000 options of Emblem Corp. with an exercise price of \$1.51 per share while a director of Emblem Corp. Upon completion of the arrangement with Aleafia Health, these options became 250,000 Aleafia Replacement Options with the same exercise price. Each Aleafia Replacement Option is exercisable to purchase 0.8377 of a common share of Aleafia.
- (11) Mr. Grimaldi acquired 10,000 shares of Emblem Corp. while a director of Emblem Corp. Upon completion of the Emblem transaction, these shares became 8,377 common shares of Aleafia.
- (12) Mr. Grimaldi was granted 250,000 options Emblem Corp. with an exercise price of \$1.37 per share while a director of Emblem Corp. Upon completion of the arrangement with Aleafia Health, these options became 250,000 Aleafia Replacement Options with the same exercise price. Each Aleafia Replacement Option is exercisable to purchase 0.8377 of a common share of Aleafia.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company's management, other than as set out below, no proposed director of the Company:

- (a) is, as at the date of this Management Information Circular, or has been within 10 years before the date of this Management Information Circular, a director, chief executive officer ("CEO"), chief financial officer ("CFO") of any company (including the Company) that:
 - (i) was subject to a cease trade 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 (an "order"), that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
- (b) is, as at the date of this Management Information Circular, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Mr. Loreto Grimaldi was the Chief Legal Officer, General Counsel and Secretary of PCAS Patient Care Automation Services Inc. (and its subsidiaries) when it filed for protection under the *Companies' Creditors Arrangement Act* on March 23, 2012.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) prescribes that certain disclosure by the Company of its corporate governance practices be provided. The disclosure required by Form 58-101F1 is presented below.

Board of Directors

Composition of the Board

The Board is currently composed of seven (7) directors. The Board has considered the independence of each of its directors under NI 58-101. The Board has concluded that the independent members of the Board are Mark Sandler, William Stewart, Lea Ray, Daniel Milliard and Loreto Grimaldi. The non-independent directors are Julian Fantino, the Company’s former Executive Chairman and Raf Souccar, the Company’s former President and CEO.

As a result of the foregoing, the Board has concluded that a majority of directors are “independent” within the meaning of that term under NI 58-101.

Other Directorships

Other than Lea Ray, who is Chair of the Board of Street Capital Group Inc., no directors of the Company are also directors of other reporting issuers (or the equivalent) in Canada or elsewhere.

Independent Director Meetings

Previously as a TSXV company, the independent directors did not hold meetings at which non-independent directors and members of management were not in attendance. While the independent directors do not expect to meet regularly going forward, they will meet from time-to-time, as they may determine is necessary, and at such meetings non-independent directors and members of management will not be in attendance. The independent directors have already held two such meetings to date, on April 1, 2019 and April 10, 2019.

Chairman of the Board and Lead Director

The Chairman of the Board is Julian Fantino, who is not considered an independent director by virtue of him having recently served as the Company’s Executive Chairman.

The Board has recently appointed a lead director (the “**Lead Director**”), Loreto Grimaldi, who is an independent director. The Lead Director role will rotate among independent directors every six months, as determined periodically by a majority of the Company’s independent directors. It is currently contemplated that Lea Ray will fill the role after Loreto Grimaldi’s term ends. The Lead Director’s role and responsibilities as Lead Director include, among other things, working with the Chairman of the Board to ensure the Board’s timely and diligent discharge of its duties and responsibilities, assisting the Board committees and being available to directors and management who have concerns that cannot be addressed at meetings of the full Board.

Attendance at Meetings of the Directors

In addition to the Board, during the most recently completed financial year, the Board had four standing committees of the Board:

- the Audit Committee;
- the Governance Committee;
- the HR & Compensation Committee; and
- the Strategic Planning Committee.

Other than the Audit Committee, each of the committees was formed in November 2018 and did not meet in 2018. Attendance at Board and committee meetings since March 26, 2018 to the date of this Management Information Circular is as follows:

Name	Board	Audit Committee	Governance Committee	HR & Compensation Committee	Strategic Planning Committee
Hon. Julian Fantino ⁽¹⁾	18 of 18	1 of 1	N/A	N/A	2 of 2
Raf Souccar ⁽²⁾	17 of 18	N/A	3 of 3	1 of 1	N/A
Mark Sandler ⁽³⁾	13 of 16	3 of 4	3 of 3	N/A	N/A
William Stewart ⁽⁴⁾	13 of 15	2 of 2	N/A	1 of 1	2 of 2
Lea Ray ⁽⁵⁾	10 of 10	4 of 4	3 of 3	N/A	N/A
Daniel Milliard ⁽⁶⁾	4 of 4	2 of 2	N/A	N/A	2 of 2
Loreto Grimaldi ⁽⁷⁾	4 of 4	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Fantino joined the Board on March 26, 2018. He served on the Audit Committee from March 26, 2018 until May 31, 2018. He is currently the Chair of the Strategic Planning Committee.
- (2) Mr. Souccar joined the Board on March 26, 2018. He is currently a member of the Governance Committee and the HR & Compensation Committee.
- (3) Mr. Sandler joined the Board on April 24, 2018. He is currently a member of the Audit Committee and Chair of the Governance Committee.
- (4) Mr. Stewart joined the board on May 31, 2018. Mr. Stewart served on the Audit Committee from that date until March 22, 2019. He is currently a member of the HR & Compensation Committee and the Strategic Planning Committee.
- (5) Ms. Ray joined the Board on October 5, 2018. She is currently the Chair of the Audit Committee and a member of the Governance Committee.
- (6) Mr. Milliard joined the Board on March 14, 2019. He is currently a member of the Audit Committee and a member of the Strategic Planning Committee.
- (7) Mr. Grimaldi joined the Board on March 14, 2019. He is currently a member of the Governance Committee and the Chair of the HR & Compensation Committee.

Board Mandate

The mandate of the Board was approved by the Board on December 7, 2018, and is attached as Schedule “C” to this Management Information Circular.

Position Descriptions

The Board has adopted a position description for the Chairman of the Board which defines the Chairman’s responsibilities. The Board is in the process of preparing, and intends to adopt during Q3 2019, a position description for the Lead Director which defines the Lead Director’s responsibilities. The Board has also adopted position descriptions for the directors generally and for the Chairs of its committees. These position descriptions are available at www.aleafiahealth.com/investors/ under “Corporate Governance Materials”.

The Board has not yet adopted a position description for the CEO. The Board is in the process of preparing, and intends to adopt during Q3 2019, a position description for the CEO which delineates the role and responsibilities of the CEO. In the interim, the Board expects the CEO and his management team to be responsible for management of the Company’s operations and for the execution of the decisions of the Board. The Board expects to be advised on a regular basis as to the results being achieved, and to be presented for approval all material plans and strategies, in keeping with the Company’s overall strategic direction as determined by the Board. In addition to those matters which by law must be approved by the Board, prior approval by the Board (or a committee thereof) is required for all matters of policy and all actions proposed to be taken by the Company which are not in the ordinary course of its operations. In particular, the Board approves the appointment of all executive officers of the Company and approves all material transactions.

Orientation and Continuing Education

The Governance Committee is responsible for developing and recommending to the Board an appropriate orientation and education program for new members of the Board. In order to orient new directors regarding the role of the Board, its committees and directors, including the business and operations of the Company, all potential new directors are given the opportunity to meet with the CEO, the Chair of the Board and other directors to ask questions and become familiar with the Company prior to being elected as a director. New directors will be presented with information packages prepared by management which include incorporation documents, by-laws, the Board and committee charters, position descriptions for the Chair of the Board and for the Chairs of committees, the policies of the Company, and summaries on the existing operations of the Company and its ongoing strategic initiatives.

With respect to continuing education for directors, the Governance Committee facilitates education on an ongoing basis to existing directors and management regularly provides reports to the Board on the Company’s business and affairs specifically. Management also keeps the Board apprised of new developments in the cannabis industry. Management also provides information to the Board about legislative changes and requirements pertaining to securities laws and public company obligations. Directors are also encouraged to visit the Company’s cultivation facilities in order to familiarize themselves with the Company’s operations and to interact with Company personnel at those facilities.

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 date to promote a culture of ethical business conduct at the Board level.

The Board plans to approve a Code of Business Conduct and Ethics ("**Code**") in Q3 of 2019, which will be applicable to all directors, officers and employees of the Company and its subsidiaries.

The Code will be designed to provide guidance on the conduct of the Company's business in accordance with high ethical standards. The Code will constitute written standards that are reasonably designed to promote integrity and to deter wrongdoing.

The Code will address each of the following issues:

- conflicts of interest, including transactions and agreements in respect of which a director or officer has a material interest;
- protection and proper use of corporate assets and opportunities;
- confidentiality of corporate information;
- fair dealing with the Company's security holders, customers, suppliers, competitors and employees;
- compliance with laws, rules and regulations; and
- reporting of any illegal or unethical behaviour.

The Board will be responsible for monitoring compliance with the Code. Any waivers from the Code that are granted for the benefit of the Company's directors or senior management will be granted by the Board (or the Governance Committee) only.

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. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board has a Governance Committee which serves as the Board's nominating committee. A majority of the Governance Committee is currently comprised of independent directors. The current members of the Governance Committee are Mark Sandler, Lea Ray, Raf Souccar and Loreto Grimaldi. Mark Sandler currently chairs the Governance Committee. Mr. Souccar is not considered independent due to his past position as the Company's President and CEO. Mr. Souccar was CEO and President of the Company for approximately three months following March 26, 2018, the date of the closing of the Business Combination. Mr. Souccar was based out of Ottawa and determined it would be in the Company's best interests to replace himself with a CEO that lived near the Company's head office. In the Board's view, Mr. Souccar's inclusion on the Governance Committee does not affect the Board's ability to have an objective nomination process.

A copy of the Governance Committee Charter is available online at www.aleafiahealth.com/investors/ under "Corporate Governance Materials". One of the main

responsibilities of the Governance Committee is to recommend candidates for election to the Board with a view to assuring that the Company has sufficient strength on the Board to provide the corporate governance necessary to assist the Company to achieve its short and long-term goals.

In making its recommendations, the Governance Committee considers:

- the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- the competencies and skills that the Board considers each director to possess;
- the competencies and skills each new nominee will bring to the Board; and
- whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

The Governance Committee recently completed a survey where each director provided a self assessment and ranking on a range of skills deemed important for the Board. The Governance Committee is using the resulting skills matrix to develop a roster of qualified candidates for any future Board vacancies.

Prior to nominating or appointing individuals as directors, the Board considers the recommendations of the Governance Committee. The Board also considers not only the existing skill set of the Board and its individual directors but what competencies and skills the Board, as a whole, should possess, a process informed by the recent skills matrix exercise.

Human Resources and Compensation

The Board has a HR & Compensation Committee. A majority of the HR & Compensation Committee is comprised of independent directors. The current members of the HR & Compensation Committee are Raf Souccar, William Stewart and Loreto Grimaldi. Loreto Grimaldi currently chairs the HR & Compensation Committee. Mr. Souccar is not considered independent due to his past position as the Company's President and CEO. As noted above, Mr. Souccar was CEO and President of the Company for approximately three months following March 26, 2018, the date of the closing of the Business Combination. Mr. Souccar was based out of Ottawa and determined it would be in the Company's best interests to replace himself with a CEO that lived near the Company's head office. In the Board's view, Mr. Souccar's inclusion on the HR & Compensation Committee does not affect the Board's ability to have an objective process for determining compensation of the Company's directors and executive officers.

A copy of the HR & Compensation Committee Charter is available online at www.aleafiahealth.com/investors/ under "Corporate Governance Materials". As to its responsibilities, the HR & Compensation Committee is responsible for: (a) overseeing the Company's human resources, including matters relating to compensation, succession planning and health and safety; (b) identifying the principal risks of the Company's business related to human resources matters and overseeing the implementation of appropriate systems to manage these risks; and (c) overseeing the Company's compliance with applicable laws and regulations and its compliance with all significant policies and procedures approved by the Board from time to time, in relation to human resources matters. In particular, in relation to compensation matters, the HR & Compensation Committee is responsible for: (a) reviewing the Company's overall compensation philosophy; (b) reviewing and making recommendations to the Board with respect to all executive officer and director compensation matters and all incentive compensation and equity-based plans; and (c) reviewing and approving the selection and terms of reference of any

outside consultants retained to provide benchmark analysis and advice on compensation programs.

After obtaining the approval of the Board, the HR & Compensation Committee has engaged Hugessen Consulting to provide advice on the competitiveness and effectiveness of the compensation programs for the Company's directors and executive officers. Hugessen Consulting will, among other things, perform a thorough market review of the Company's compensation programs and strategy, and provide observations and advice as to changes, if any, for consideration by the HR & Compensation Committee. Any changes to the Company's compensation practices that are adopted by the Board arising from this review will be disclosed in the Company's 2020 management information circular.

Other Committees of the Board

In addition to the Governance Committee and HR & Compensation Committee discussed above, the Board has the following additional standing committees:

- Audit Committee; and
- Strategic Planning Committee.

The Audit Committee is composed entirely of independent directors. The current members of the Audit Committee are Lea Ray, Mark Sandler and Daniel Milliard. Lea Ray currently chairs the Audit Committee. A copy of the Audit Committee Charter is attached as Schedule "A" to the Company's Annual Information Form and is available online at www.aleafiahealth.com/investors/ under "Corporate Governance Materials".

The current members of the Strategic Planning Committee are Julian Fantino, William Stewart and Daniel Milliard. Julian Fantino currently chairs the Strategic Planning Committee. A copy of the Strategic Planning Committee Charter is available online at www.aleafiahealth.com/investors/ under "Corporate Governance Materials". Generally, the Strategic Planning Committee is responsible for overseeing the Company's strategic planning process, including the development of, on at least an annual basis, a strategic plan, which takes into account, among other things, the opportunities and risks of the business.

Assessments

To date, the Board has not adopted formal procedures to regularly assess the Board, its committees or the individual directors as to their effectiveness and contribution. Effectiveness has been subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors have been informally monitored by the other Board members, bearing in mind the business strengths and particular skills of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

With the Board having recently adopted the position descriptions described above and plans to adopt further position descriptions in Q3 2019, the Board expects to conduct its first formal assessment in early 2020.

Director Term Limits and Other Mechanisms of Board Renewal

As a relatively new company still in the process of adopting its corporate governance practices, Aleafia Health has not yet adopted term limits for the directors on its Board or other mechanisms of board renewal. The Governance Committee and Board will consider this in due course.

Gender Diversity

As a relatively new company still in the process of adopting its corporate governance practices, Aleafia Health has not yet adopted a written policy relating to the identification and nomination of women directors, nor has it adopted a target regarding women on the Board. The Board has however considered the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board, having appointed Lea Ray to the Board in October 2018 and nominating her for re-election to the Board at the Meeting. As a result, there is currently one woman on the Board (or 14% of the Board is comprised of women).

As a relatively new company in a relatively new industry, the Company has not specifically considered the level of representation of women in executive officer positions when making executive officer appointments, nor has it adopted a target regarding women in executive officer positions. Currently, there are no women (0%) serving in executive officer positions at the Company.

APPOINTMENT OF AUDITOR

Manning Elliott LLP, Chartered Professional Accountants, is the Company's auditor, and was first appointed as the Company's auditor in November 2016.

External Auditor Service Fees

For the years ended December 31, 2018 and 2017, Manning Elliott LLP was paid fees from the Company as detailed below:

Financial Period Ending	Audit Fees (\$) ⁽¹⁾	Audit Related Fees (\$) ⁽²⁾	Tax Fees (\$) ⁽³⁾	All Other Fees (\$) ⁽⁴⁾
2018	82,805	-	-	-
2017	40,000	-	-	14,410

Notes:

- (1) "Audit Fees" includes fees for the performance of the annual audit and for accounting consultations on matters reflected in the financial statements.
- (2) "Audit-Related Fees" includes fees for assurance and related services that are related to the performance of the review of the financial statements including fees for the AIF and "earn-in" audit work and are not reported under (1).
- (3) "Tax Fees" includes fees for tax compliance, tax planning and tax advice.
- (4) "All Other Fees" includes fees for valuation services and investigative services.

STATEMENT OF EXECUTIVE COMPENSATION

Director and Named Executive Officer Compensation, excluding Compensation Securities

For the purposes of this Management Information Circular, a “**Named Executive Officer**” or “**NEO**” of the Company 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 CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer, other than the individuals identified above, at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 52-102F6V, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company at the end of that financial year.

The Company had six Named Executive Officers during the financial year ended December 31, 2018, being Geoffrey Benic, the Company’s current CEO, Raf Souccar, the Company’s CEO until June 28, 2018, John Philpott, the Company’s CEO until March 26, 2018, Benjamin Ferdinand, the Company’s current CFO, Garry Stewart, the Company’s CFO until August 20, 2018, and Julian Fantino, the Company’s Executive Chairman until June 28, 2018.

The table below sets out particulars of compensation of each Named Executive Officer, followed by any director who is not a Named Executive Officer, for each of the two most recently completed financial years. For all individuals other than John Philpott and Garry Stewart, the information is provided from March 26, 2018 as this is the date upon which the business combination with the previous reporting issuer, Canabo Medical Inc., with Aleafia Inc. to form the Company (the “**Business Combination**”) occurred. For Messrs. Philpott and Stewart, who were Named Executive Officers of Canabo Medical Inc., information was provided in past management information circulars in respect of the financial year ended October 31, 2017, as this was the financial year end of Canabo Medical Inc. For purposes of this Management Information Circular, the information is provided for the twelve month periods ending December 31, 2017 and 2018.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer, or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation	Total compensation (\$)
Geoffrey Benic <i>Current CEO</i> ⁽¹⁾	2018	\$97,500	Nil	Nil	Nil	Nil	\$97,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Raf Souccar <i>Past CEO</i> ⁽²⁾ <i>and Director</i>	2018	\$151,041	\$150,000	Nil	Nil	Nil	\$301,041
	2017	Nil	Nil	Nil	Nil	Nil	Nil
John Philpott <i>Past CEO and Past Director</i> ⁽³⁾	2018	\$33,077	\$289,715	Nil	Nil	Nil	\$322,792
	2017	\$148,395	\$84,375	Nil	Nil	Nil	\$232,770
Benjamin Ferdinand <i>Current CFO</i> ⁽⁴⁾	2018	\$62,500	Nil	Nil	Nil	Nil	\$62,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Garry Stewart <i>Past CFO</i> ⁽⁵⁾	2018	\$243,760	Nil	Nil	Nil	Nil	\$243,760
	2017	\$90,000	\$40,500	Nil	Nil	Nil	\$130,500
Hon. Julian Fantino <i>Past Executive Chairman</i> ⁽⁶⁾ <i>and Current Chairman of the Board and Director</i>	2018	\$168,654	\$200,000	Nil	Nil	Nil	\$368,654
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Mark Sandler <i>Director</i> ⁽⁷⁾	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
William Stewart <i>Director</i> ⁽⁸⁾	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Lea Ray <i>Director</i> ⁽⁹⁾	2018	Nil	Nil	Nil	Nil	Nil	\$6,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Gary Goodyear <i>Past Director and Past President, Clinic Operations</i> ⁽¹⁰⁾	2018	\$112,500	Nil	Nil	Nil	Nil	\$112,500
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Michael Verbora <i>Past Director</i> ⁽¹¹⁾ <i>and Chief Medical Officer</i>	2018	\$76,548	Nil	Nil	Nil	Nil	\$76,548
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- 1) Geoffrey Benic was appointed CEO of the Company effective June 28, 2018. He entered into a formal employment agreement effective July 3, 2018. See "Employment, Consulting and Management Agreements" below.
- 2) Raf Souccar served as CEO of the Company from March 26, 2018 until June 28, 2018 pursuant to an employment agreement. See "Employment, Consulting and Management Agreements" below. In 2018

- (commencing March 28, 2018), his compensation as CEO was \$48,125 plus a bonus of \$150,000. In 2018, his remaining compensation under the employment agreement was \$102,916 (including \$27,291 of backpay relating to the period from November 1, 2017 to April 30, 2018 when Aleafia Inc., the Company's predecessor, had instituted a salary deferral).
- 3) John Philpott served as CEO of the Company until March 26, 2018 and as Executive Vice President, Clinic Operations until April 23, 2018 and as a director until May 31, 2018. Mr. Philpott did not receive any compensation as a director.
 - 4) Benjamin Ferdinand was appointed CFO of the Company effective August 20, 2018. He entered into a formal employment agreement effective August 6, 2018. See "Employment, Consulting and Management Agreements" below.
 - 5) Garry Stewart served as CFO of the Company until August 20, 2018. In 2018 his compensation as CFO was \$42,533 plus a change of control payment of \$67,500 upon closing of the Business Combination and \$133,727 in consulting fees earned from March 26, 2018 until the end of 2018.
 - 6) Julian Fantino served as Executive Chairman from March 26, 2018 until June 28, 2018 pursuant to an employment agreement. See "Employment, Consulting and Management Agreements" below. In 2018 (commencing March 28, 2018), his compensation as Executive Chairman was \$52,500 plus a bonus of \$200,000. In 2018, his remaining compensation under the employment agreement was \$116,154 (including \$33,654 of backpay relating to the period from November 1, 2017 to April 30, 2018 when Aleafia Inc., the Company's predecessor, had instituted a salary deferral).
 - 7) Mark Sandler became a director on April 24, 2018.
 - 8) William Stewart became a director on May 31, 2018.
 - 9) Lea Ray became a director on October 5, 2018.
 - 10) Dr. Gary Goodyear served as a director from March 26, 2018 until April 24, 2018 and from May 31, 2018 until March 14, 2019. Mr. Goodyear was appointed President, Clinic Operations on April 23, 2018 and served in that position until February 15, 2019.
 - 11) Dr. Michael Verbora served as a director from March 26, 2018 until March 14, 2019. Dr. Verbora was appointed Chief Medical Officer on April 24, 2018.

Stock Options and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries in the most recently completed financial year:

Compensation Securities							
Name and position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Geoffrey Benic <i>Current CEO</i> ⁽²⁾	Options	1,000,000	June 28, 2018	\$0.82	\$0.67	\$1.43	June 28, 2023
		250,000	June 28, 2018	\$1.25	\$0.67	\$1.43	June 28, 2023
		1,250,000 (8.6%)	October 1, 2018	\$2.61	\$3.07	\$1.43	October 1, 2023
Raf Souccar <i>Past CEO</i> ⁽³⁾ <i>and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Philpott <i>Past CEO and Past Director</i> ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Compensation Securities							
Name and position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Benjamin Ferdinand <i>Current CFO</i> ⁽⁵⁾	Options	600,000	August 2, 2018	\$0.65	\$0.71	\$1.43	August 1, 2023
		750,000 (4.6%)	October 1, 2018	\$2.61	\$3.07	\$1.43	October 1, 2023
Garry Stewart <i>Past CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hon. Julian Fantino <i>Past Executive Chairman</i> ⁽⁶⁾ <i>and Current Chairman of the Board and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark Sandler <i>Director</i> ⁽⁷⁾	Options	500,000 (1.7%)	April 23, 2018	\$0.60	\$0.60	\$1.43	April 23, 2023
William Stewart <i>Director</i> ⁽⁸⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lea Ray <i>Director</i> ⁽⁹⁾	Options	250,000 (0.9%)	October 5, 2018	\$2.65	\$3.00	\$1.43	October 5, 2023
Gary Goodyear <i>Past Director</i> ⁽¹⁰⁾	Options	1,000,000 (3.4%)	May 9, 2018	\$0.55	\$0.55	\$1.43	May 8, 2023
Michael Verbora <i>Past Director</i> ⁽¹¹⁾	Options	850,000 (2.9%)	April 23, 2018	\$0.60	\$0.60	\$1.43	April 23, 2023

Notes:

- 1) Each Option is exercisable for one common share of Aleafia Health.
- 2) On the last day of the most recently completed financial year end, Geoffrey Benic held a total of 2,500,000 Options (originally these vested 25% every six months from the date of grant, other than 250,000 Options which had performance vesting provisions, however in accordance with the change of control provisions in the Stock Option Plan, all of Mr. Benic's Options vested upon the closing of the Emblem transaction – see “Employment, Consulting and Management Contracts” below) and no common shares.
- 3) On the last day of the most recently completed financial year end, Raf Souccar held no Options and 4,500,000 common shares.
- 4) On the last day of the most recently completed financial year end, John Philpott held no Options and no common shares.
- 5) On the last day of the most recently completed financial year end, Benjamin Ferdinand held a total of 1,350,000 Options (originally these vested 25% every six months from the date of grant, other than 100,000 Options which had performance vesting provisions, however in accordance with the change of control provisions in the Stock Option Plan, all of Mr. Ferdinand's Options vested upon the closing of the Emblem transaction – see “Employment, Consulting and Management Contracts” below) and no common shares.

- 6) On the last day of the most recently completed financial year end, Julian Fantino held no Options and 4,500,000 common shares.
- 7) On the last day of the most recently completed financial year end, Mark Sandler held a total of 500,000 Options (originally these vested 25% every three months from the date of grant, however in accordance with the change of control provisions in the Stock Option Plan, all of Mr. Sandler's Options vested upon the closing of the Emblem transaction) and no common shares.
- 8) On the last day of the most recently completed financial year end, William Stewart held no Options and 500,000 common shares.
- 9) On the last day of the most recently completed financial year end, Lea Ray held a total of 250,000 Options (originally these vested 25% every three months from the date of grant, however in accordance with the change of control provisions in the Stock Option Plan, all of Ms. Ray's Options vested upon the closing of the Emblem transaction) and no common shares.
- 10) On the last day of the most recently completed financial year end, Gary Goodyear held 1,000,000 (these vested 25% every three months from the date of grant) and 834,550 common shares. Pursuant to the Board's exercise of its discretion under the Stock Option Plan, these Options will expire on November 30, 2019.
- 11) On the last day of the most recently completed financial year end, Michael Verbora held a total of 950,000 Options (originally these vested 25% every three months from the date of grant, however in accordance with the change of control provisions in the Stock Option Plan, all of Dr. Verbora's Options vested upon the closing of the Emblem transaction) and 172,200 common shares.

The following table discloses each exercise by a director or Named Executive Officer of compensation securities during the most recently completed financial year:

Exercise of Compensation Securities By Directors and NEOs							
Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Geoffrey Benic <i>Current CEO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Raf Souccar <i>Past CEO and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Philpott <i>Past CEO and Past Director</i>	Options	100,000	\$0.45	June 25, 2018	\$0.66	\$0.21	\$21,000
		100,000	\$0.45	Aug. 16, 2018	\$0.69	\$0.24	\$24,000
Benjamin Ferdinand <i>Current CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Garry Stewart <i>Past CFO</i>	Options	100,000	\$0.45	Nov. 12, 2018	\$2.03	\$1.58	\$158,000
Hon. Julian Fantino <i>Past Executive Chairman and Current Chairman of the Board and Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Exercise of Compensation Securities By Directors and NEOs							
Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Mark Sandler <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
William Stewart <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lea Ray <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gary Goodyear <i>Past Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Michael Verbora <i>Past Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Stock Option Plans and Other Incentive Plans

In March 2019, the Company graduated to the TSX. The Company's prior equity incentive plans were the plans in place while the Company was listed on the TSXV. On May 10, 2019, the Board determined it was appropriate to amend and restate the Company's stock option plan and restricted share unit plan primarily to bring these incentive plans in line with TSX policies and incentive plans of the Company's peers and to replenish the Stock Option Plan to its 20% limit as of May 3, 2018, such limit having been previously approved by shareholders on December 6, 2018. As a result, the Board is seeking shareholder approval of its amended and restated stock option plan (the "**Stock Option Plan**") and of its amended and restated restricted share unit plan (the "**RSU Plan**").

Shareholders will be asked to pass ordinary resolutions approving the Stock Option Plan and the RSU Plan at the Meeting.

Stock Option Plan

The Stock Option Plan is administered by the Board. The Stock Option Plan is intended to afford persons who provide services to Aleafia Health an opportunity to obtain an increased proprietary interest in the Company by permitting them to purchase common shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Aleafia Health.

A summary of the material terms of the Stock Option Plan is set forth below. The summary information is qualified in its entirety by the full text of the Stock Option Plan, a copy of which is attached as Schedule "A" to this Management Information Circular. It can also be accessed on the Company's SEDAR profile at www.sedar.com. A summary of the amendments to the Stock

Option Plan is set out under “*Particulars of Matters to be Acted Upon – Approval of Stock Option Plan*”.

- **Eligible persons.** Only directors, senior officers, employees and consultants of Aleafia Health or its subsidiaries are eligible to receive stock options (“**Options**”) under the Stock Option Plan.
- **Fixed plan.** The Stock Option Plan is a fixed plan, such that the maximum number of common shares that may be reserved for issuance under the Stock Option Plan shall not exceed 34,819,805 common shares (which amount is based on 20% of the issued and outstanding common shares on May 3, 2019, less the number of shares reserved for previously issued RSUs under the RSU Plan and less the number of shares reserved for issuance to holders of previously issued options, including options received by holders of options of Emblem Corp. (“**Emblem**”) in connection with the plan of arrangement completed on March 14, 2019). The total number of common shares issuable under the Stock Option Plan is increasing by 5,716,035 common shares, which takes into account the issuance of additional common shares of the Company in exchange for the outstanding common shares of Emblem. Options issued under the Stock Option Plan that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the common shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Stock Option Plan.
- **Limitations.** The Stock Option Plan includes insider participation limits whereby the total number of common shares which are: (i) issued to any person or to insiders of the Company (as defined in the TSX Company Manual), within any one-year period, and (ii) issuable to any person or to insiders of the Company, at any time, under this Stock Option Plan, or when combined with all other security-based compensation arrangements of the Company, cannot exceed 10% of the Company’s total issued common shares, respectively. The total number of Options granted to any one consultant for the Company shall not exceed 2% of the issued and outstanding common shares of the Company at the grant date. The total number of Options granted to all persons employed by the Company who perform investor relations activities for the Company shall not exceed 2% of the issued and outstanding common shares of the Company, in any twelve month period, calculated at the grant date.
- **Terms of the Options.** Under the Stock Option Plan, the Board determines the exercise price of the Options at the time of grant, provided that the exercise price shall not be less than the market price of the common shares. The Board also determines the period during which an Option may be exercised at the time of grant, subject to any vesting limitations, which may be imposed by the Board in its sole unfettered discretion at the time of grant, provided that no Option shall be exercisable for a period exceeding 10 years. Notwithstanding the foregoing, Options issued to consultants performing investor relations activities must vest in stages over at least twelve months with not more than one-quarter of the Options vesting in any three month period.
- **Ceasing to be an officer, employee or consultant.** If an Option holder dies while still a director or employee (other than one performing investor relations activities), the expiry date will be 12 months from the date of death. If the Option holder was a consultant or employee performing investor relations activities, then the expiry date will be one month from the date of death. Unless otherwise determined by the Board in writing, if an Option holder ceases to be a director or senior officer (other than by reason of death), the expiry

date will be the 90th day following unless the Option holder continues to be engaged by the Company as an employee or consultant. In very limited circumstances set out in the Stock Option Plan, the expiry date will be the date the Option holder ceases to be a director. Unless otherwise determined by the Board in writing, if an Option holder ceases to be an employee or consultant of the Company (other than an employee or consultant performing investor relations activities) (other than by reason of death), the expiry date will be the 30th day following unless the Option holder ceases to be to be an employee or consultant due to very limited circumstances set out in the Stock Option Plan (including termination for cause), in which case the expiry date will be the date on which the Option holder ceased to be an employee or consultant. Unless otherwise determined by the Board in writing, if an Option holder ceases to be an employee or consultant of the Company performing investor relation services (other by reason of death), the expiry date will be the date on which the Option holder ceased to be an employee or consultant.

- **Change of control.** Upon a Change of Control (as defined in the Stock Option Plan), or when, within a six (6) month period, the Company issues new or additional common shares greater than or equal to 40% of the issued and outstanding common shares at the date of first issuance, the vesting of all unvested Options will accelerate automatically and vest as at the date when the 40% (or greater) threshold is reached (provided that any such acceleration on Options that have been granted to those providing investor relations activities has received prior TSX review and acceptance).
- **Transferability.** Options granted under the Stock Option Plan are non-assignable, except in the event of the death or permanent disability of a participant, in which case Options held by such participant may be exercised by the person or persons to whom a participant's rights under the Option pass by the participant's will or applicable law.
- **Amendment and termination.** Subject to applicable regulatory approval, the Board may from time to time amend the Stock Option Plan and the terms and conditions of any Option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendments for the purpose of meeting any changes in any relevant law, TSX policy, rule or regulation applicable to the Stock Option Plan, any Option or the common shares, or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option holder pursuant to any Option granted prior to such amendment. Notwithstanding the foregoing, shareholder approval will be required in circumstances where an amendment to the Stock Option Plan would:
 - change from a fixed maximum number of common shares to a fixed percentage of issued and outstanding common shares;
 - increase the maximum number of common shares issuable under the Stock Option Plan;
 - remove or increase the insider participation limits;
 - permit Options to be transferable or assignable other than for normal estate settlement purposes;
 - reduce the exercise price of any Option (including any cancellation of an Option for the purpose of reissuance of a new Option at a lower exercise price to the same person);
 - extend the term of any Option held by an insider beyond the original term (except if such period is being extended by virtue of the blackout extension period provisions in the Stock Option Plan); or

- as otherwise may be required by the policies of the TSX.

Without limiting the generality of the foregoing, the Board may make the following amendments to the Stock Option Plan, or any outstanding Options, without obtaining shareholder approval including, without limitation:

- minor changes of a "housekeeping nature";
 - amending Options under the Stock Option Plan, including with respect to the Option expiry date (provided that the period during which an Option is exercisable does not exceed ten (10) years from the date the Option is granted and that such Option is not held by an insider), vesting period, exercise method and frequency, exercise price (provided that such Option is not held by an insider) and method of determining the exercise price, assignability and effect of termination of a participant's employment or cessation of the participant's directorship;
 - changing the class of participants eligible to participate under the Stock Option Plan;
 - amendments that are necessary for Options to qualify for favourable treatment under applicable tax laws;
 - subject to any applicable extension permitted by a blackout extension, accelerating vesting or extending the expiration date of any Option (provided that such Option is not held by an insider), provided that the period during which an option is exercisable does not exceed ten (10) years from the date the Option is granted;
 - changing the terms and conditions of any financial assistance which may be provided by the Company to participants to facilitate the purchase of common shares under the Stock Option Plan; and
 - adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying common shares from the Stock Option Plan reserve.
- **Option Burn Rates⁽¹⁾**

2018	2017	2016
9%	15%	N/A

(1) The number of Options granted in a fiscal year, expressed as a percentage of the weighted average number of common shares outstanding for the fiscal year on a diluted basis.

As at December 31, 2018, the Company had 12,651,289 Options issued and outstanding, representing 8.01% of all issued and outstanding common shares. As at December 31, 2018, there were 16,452,481 options available for issuance under the Stock Option Plan.

As at May 3, 2019, the Company had Options issued and outstanding that were exercisable for 18,054,606 common shares (this includes common shares issuable upon the exercise of options received by holders of options of Emblem), representing 6.58% of all issued and outstanding common shares. There are 34,819,805 Options available for issuance under the Stock Option Plan as at the date of this Management Information Circular.

Unless otherwise directed, management of Aleafia Health intends to vote all proxies FOR the approval of the Stock Option Plan.

RSU Plan

The RSU Plan is administered by the HR & Compensation Committee under the supervision of the Board or, if no HR & Compensation Committee exists at any given time, the RSU Plan is administered by the Board. The RSU Plan provides eligible participants an opportunity to receive restricted share units (“**RSUs**”) to allow them to participate in the long-term success of the Company and to promote a greater alignment of their interests with the interests of the shareholders.

Each RSU Share entitles the holder thereof to one common share in the Company upon settlement. The RSUs that may be issued to participants pursuant to the RSU Plan consist of the authorized but unissued common shares that the Board has, in its discretion, reserved and approved for issuance under the RSU Plan, currently being 4,000,000 common shares.

A summary of the material terms of the RSU Plan is set forth below. The summary information is qualified in its entirety by the full text of the RSU Plan, a copy of which is attached as Schedule “B” to this Management Information Circular. It can also be accessed on the Company’s SEDAR profile at www.sedar.com. A summary of the amendments to the RSU Plan is set out under “*Particulars of Matters to be Acted Upon – Approval of RSU Plan*”.

- **Eligible persons.** The HR & Compensation Committee may grant RSUs to directors, officers and key employees of the Company or a subsidiary of the Company under the RSU Plan.
- **Fixed plan.** The RSU Plan is fixed plan, such that the aggregate number of common shares that may be issued pursuant to the RSU Plan shall not exceed 4,000,000 common shares.
- **Vesting.** Each RSU will vest in such manner as determined by the HR & Compensation Committee at the time of grant, including that RSUs may also vest based on the achievement of performance conditions.
- **Settlement of RSUs.** Provided that the participant is continuously employed with, or providing services to, the Company from the effective date of such grant to the release date, the participant shall be entitled to receive on the applicable release date, in full settlement of the RSUs that have vested, a number of common shares equal to such number of RSUs vested, subject to certain provisions within the RSU Plan.
- **Limitations.** The RSU Plan includes insider participation limits whereby the total number of common shares which are: (i) issued to any person or to insiders of the Company (as defined in the TSX Company Manual), within any one-year period; and (ii) issuable to any person or to insiders of the Company, at any time, under the RSU Plan, or when combined with all other security-based compensation arrangements of the Company, cannot exceed 10% of the Company’s total issued common shares, respectively.
- **Ceasing to be a director, officer or key employee.** If a participant is terminated for cause or resigns voluntarily (other than due to retirement), the RSUs covered by each grant then outstanding to such participant for which RSUs have not vested prior to such termination for cause or voluntary resignation shall be forfeited and all such grants shall expire in their entirety. In the event of the death of the participant, the deceased participant’s estate shall receive, with respect to each grant then outstanding to such participant for which RSUs have not otherwise vested prior to the date of death, an RSU

settlement in the form of common shares on the next release date on which all or a portion of the common shares would otherwise be issued. Any RSUs received by a deceased participant's estate must be exercised within one year of the participant's death. If performance criteria are attached to any deceased participant's RSUs, in the event of death of a participant following the end of the performance period, if any, but prior to a release date, the HR & Compensation Committee will determine, in its sole discretion, the number of common shares to be delivered to the participant's estate with respect to such RSUs. In the event of termination without cause, retirement or permanent disability of a participant, with respect to each grant then outstanding to such participant for which common shares have not been issued prior to the date of termination without cause, retirement or permanent disability, the RSUs covered by any such grant shall vest to the participant in accordance with and subject to the RSU Plan, on a pro rata basis to reflect the proportion of the performance period of the grant worked by the participant prior to such termination without just cause, retirement or permanent disability.

- **Change of control.** In the event of a Change in Control (as defined in the RSU Plan), all covered RSUs shall vest as of the effective date of such Change in Control. Automatic vesting of all covered RSUs will also occur when, within a six (6) month period, the Company issues new or additional common shares greater than or equal to 40% of the issued and outstanding common shares at the date of first issuance under the RSU Plan.
- **Transferability.** The rights or interests of a participant under the RSU Plan shall not be assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death and such rights or interests shall not be encumbered.
- **Amendment.** The HR & Compensation Committee or Board, as applicable, may amend, suspend or terminate the RSU Plan or the RSUs granted thereunder at any time without the approval of shareholders, provided that: (i) the Board does not alter any rights with respect to an RSU previously granted under the RSU Plan without the consent of the affected participant; and (ii) the amendment has been approved, if required, by the TSX. Notwithstanding the above, shareholders and the TSX must approve any amendments to the RSU Plan or any RSUs previously granted under the RSU Plan that would result in
 - an increase to the RSU Plan maximum or the number of common shares issuable under the RSU Plan;
 - amendment provisions granting additional powers to the Board to amend the RSU Plan or entitlements thereunder;
 - extension of the termination or expiry of a grant or the removal or increase of insider participation limits described in Section 5.1 of the RSU Plan; and
 - a change to the definition of "Designated Person" or "Director".

The HR & Compensation Committee or Board, as applicable, may make the following amendments to the Plan, or any outstanding RSU grants, without obtaining shareholder approval:

- amendments to the terms and conditions of the RSU Plan necessary to ensure that the RSU Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the TSX in place from time to time;

- amendments to the provisions of the RSU Plan respecting administration of the RSU Plan and eligibility for participation under the RSU Plan;
 - amendments to the provisions of the RSU Plan respecting the terms and conditions on which grants may be made pursuant to the RSU Plan, including the provisions relating to the effective date, performance criteria, vesting and performance period;
 - amendments that are necessary for RSUs to qualify for favourable treatment under applicable tax laws;
 - the introduction of features to the RSU Plan that would permit the Company to, instead of issuing common shares from treasury upon the vesting of the RSUs, retain a broker and make payments for the benefit of participants to such broker who would purchase common shares through the facilities of the TSX for such participants;
 - the introduction of features to the RSU Plan that would permit the Company to, instead of issuing common shares from treasury upon the vesting of the RSUs, make lump sum cash payments to participants;
 - amendments to the RSU Plan that are of a “housekeeping” nature; and
 - and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.
- **RSU Burn Rates⁽¹⁾**

2018	2017	2016
0%	0%	0%

(1) The number of RSUs granted in a fiscal year, expressed as a percentage of the weighted average number of common shares outstanding for the fiscal year on a diluted basis.

As at December 31, 2018, the Company had no RSUs issued and outstanding. As at December 31, 2018, there were 4,000,000 RSUs available for issuance under the RSU Plan.

As at May 3, 2019, 2,000,000 RSUs have vested representing 0.72% of all issued and outstanding common shares. There are 2,000,000 RSUs available for issuance under the RSU Plan.

Employment, Consulting and Management Agreements

Geoffrey Benic

The Company entered into an employment agreement effective July 3, 2018, for Mr. Benic, as CEO, to receive a gross annual base salary of \$180,000, with the amount and timing of any salary increase to be wholly discretionary to the Company. Mr. Benic is eligible to participate in the Company’s Stock Option Plan and grants thereunder will be based on individual performance. The employment agreement provides that Mr. Benic will be entitled to receive Options that expire five years from the date of grant with such prices, other terms and vesting conditions as follows:

Time-Based Options

Date of Vesting	% of Vested Options	# of Vested Options	Exercise Price
December 3, 2018	25%	250,000	\$0.82
June 3, 2019	50%	250,000	\$0.82
December 3, 2019	75%	250,000	\$0.82
June 3, 2020	100%	250,000	\$1.25

Performance-Based Options – Mr. Benic is entitled to an additional 250,000 Options with an exercise price of \$0.82, with the percentage and number vesting to be determined by the Board at the time of Mr. Benic’s annual performance review based on the following key performance indicators: (i) expansion of the Port Perry facility; (ii) the build out of the Grimsby facility; (iii) upon clinics obtaining an increase in profitability; (iv) upon the Company obtaining an increase in profitability; and (v) upon the common shares attaining a sustained price of \$1.25 per share.

If Mr. Benic ceases to be an employee before any Options vest, such Options will not be earned by Mr. Benic. Entitlements with respect to Options upon termination are otherwise governed by the terms and conditions of the Stock Option Plan. In accordance with the change of control provisions in the Stock Option Plan, all of Mr. Benic’s Options vested upon the closing of the Emblem transaction. Mr. Benic is also entitled to participate in the Company’s group benefit plans.

Raf Souccar

The Company’s predecessor, Aleafia Inc., entered into an employment agreement effective September 1, 2017, for Mr. Souccar, as President and CEO, to receive an annual base salary of \$131,000, with performance and salary reviews to take place annually. On October 26, 2017, Mr. Souccar agreed to defer half of his base remuneration starting November 1, 2017 until April 30, 2018. A bonus structure was also put in place with an opportunity to earn up to \$150,000 based on certain milestones, which were achieved. Mr. Souccar served as President and CEO until April 24, 2018, as CEO until June 28, 2018 and continued to be employed by the Company through 2018. Mr. Souccar is a director of the Company. Other discussions regarding Mr. Souccar’s employment and compensation, including relating to change of control compensation, have occurred and are ongoing.

John Philpott

The Company’s predecessor, Canabo Medical Inc. (“**Canabo**”), entered into an employment agreement effective February 1, 2017, which was updated effective April 1, 2017, for Mr. Philpott, as CEO, to receive an annual base salary of \$150,000, with the salary and employment terms, including annual milestones, change of control and severance provisions to be reviewed by the compensation committee of the Board annually. Mr. Philpott was entitled to receive 50,000 restricted share units of Canabo, subject to regulatory approval. Mr. Philpott was also entitled to participate in Canabo’s short term incentive plan, with an opportunity to earn up to 75% of annual base salary in cash. Mr. Philpott was also entitled to participate in Canabo’s stock option plan. Mr. Philpott served as CEO until March 26, 2018 and served as Executive Vice President, Clinic

Operations until April 23, 2018. Mr. Philpott was a director from February 2017 until May 31, 2018.

Mr. Philpott's employment agreement contained termination provisions, including a change of control provision that provided that if a change of control were to occur, the employment agreement was to be terminated and Mr. Philpott would be entitled to a lump sum equivalent to 12 months of his then current annual base salary and accrued bonuses to that date, provided that on the effective date of the change of control, Canabo's market capitalization was greater than a specified amount. Unvested Options held on the date of the change of control were to vest immediately.

Benjamin Ferdinand

The Company entered into an employment agreement effective August 6, 2018, for Mr. Ferdinand, as CFO, to receive a gross annual base salary of \$150,000, with the amount and timing of any salary increase to be wholly discretionary to the Company. Mr. Ferdinand is eligible to participate in the Company's Stock Option Plan and grants thereunder will be based on individual performance. The employment agreement provides that Mr. Ferdinand will be entitled to receive Options that expire five years from the date of grant with such prices, other terms and vesting conditions as follows:

Time-Based Options

Date of Vesting	% of Vested Options	# of Vested Options	Exercise Price
January 6, 2019	25%	125,000	\$0.65
July 6, 2019	50%	125,000	\$0.65
January 6, 2020	75%	125,000	\$0.65
July 6, 2020	100%	125,000	\$0.65

Performance-Based Options – Mr. Ferdinand is entitled to an additional 100,000 Options with an exercise price of \$0.65, with the percentage and number vesting to be determined by the Board at the time of Mr. Ferdinand's annual performance review based on the following key performance indicators: (i) expansion of the Port Perry facility; (ii) the build out of the Grimsby facility; (iii) upon clinics obtaining an increase in profitability; (iv) upon the Company obtaining an increase in profitability; and (v) upon the common shares attaining a sustained price of \$1.25 per share.

If Mr. Ferdinand ceases to be an employee before any Options vest, such Options will not be earned by Mr. Ferdinand. Entitlements with respect to Options upon termination are otherwise governed by the terms and conditions of the Stock Option Plan. In accordance with the change of control provisions in the Stock Option Plan, all of Mr. Ferdinand's Options vested upon the closing of the Emblem transaction. Mr. Ferdinand is also entitled to participate in the Company's group benefit plans.

Garry Stewart

Canabo entered into an employment agreement effective May 1, 2017, for Mr. Stewart, as CFO, to receive an annual base salary of \$135,000, with the salary to be reviewed by the compensation committee of the Board annually. Mr. Stewart was entitled to participate in Canabo's short term incentive plan, with an opportunity to earn up to 30% of annual base salary. Mr. Stewart was also entitled to participate in Canabo's stock option plan with the compensation committee of the Board recommending an initial grant of 200,000 Options. Mr. Stewart served as CFO until August 20, 2018.

Mr. Stewart's employment agreement contained termination provisions, including a change of control provision that provided that if a change of control were to occur, the employment agreement was to be terminated and Mr. Stewart would be entitled to a lump sum equivalent to between three and 12 months of his then current annual base salary depending on the period served from the effective date of the agreement, as well as the continuation of comprehensive health and dental plan benefits for a period of three months. These provisions were triggered during Mr. Stewart's employment with the Company. See "Director and Named Executive Officer Compensation, excluding Compensation Securities" above.

Julian Fantino

The Company's predecessor, Aleafia Inc., entered into an employment agreement effective September 1, 2017, for Mr. Fantino, as Executive Chairman, to receive an annual base salary of \$160,000, with performance and salary reviews to take place annually. On October 26, 2017, Mr. Fantino agreed to defer half of his base remuneration starting November 1, 2017 until April 30, 2018. A bonus structure was also put in place with an opportunity to earn up to \$200,000 based on certain milestones, which were achieved. Mr. Fantino served as Executive Chairman until June 28, 2018 and continued to be employed by the Company through 2018. Mr. Fantino is Chairman of the Board and a director of the Company. Other discussions regarding Mr. Fantino's employment and compensation, including relating to change of control compensation, have occurred and are ongoing.

Gary Goodyear

The Company entered into an employment agreement effective May 9, 2018, for Mr. Goodyear, as President, Clinic Operations, to receive an annual base salary of \$150,000, with the salary and employment terms, including annual milestones, change of control and severance provisions to be reviewed by the compensation committee of the Board annually. Mr. Goodyear is entitled to be considered for incentive compensation, with an opportunity to earn up to 50% of his annual base salary. Mr. Goodyear is eligible to participate in the Company's Stock Option Plan. The employment agreement provides that Mr. Goodyear will be entitled to receive Options that expire five years from the date of grant with such prices, other terms and vesting conditions as follows:

Date of Vesting	% of Vested Options	# of Vested Options	Exercise Price
May 9, 2018	25%	250,000	\$0.55
August 9, 2018	50%	250,000	\$0.55
November 9, 2018	75%	250,000	\$0.55
February 9, 2019	100%	250,000	\$0.55

The expiry of the Options will be accelerated if Mr. Goodyear ceases to be an eligible person under the Stock Option Plan. Mr. Goodyear's employment agreement contains termination provisions, including a change of control provision that provides that if a change of control were to occur, the employment agreement will be terminated and Mr. Goodyear will be entitled to a lump sum equivalent to 12 months of his then current annual base salary and accrued bonuses to that date. Any Options that have not vested on the date of the change of control will vest immediately on that date. If the change of control provision had been triggered on December 31, 2018, Mr. Goodyear would have been entitled to a lump sum payment of up to \$225,000, depending on accrued bonuses to that date.

Mr. Goodyear served as a director from March 26, 2018 until March 14, 2019.

Michael Verbora

The Company entered into an employment agreement effective May 30, 2018, for Dr. Verbora, as Chief Medical Officer, to receive an annual base salary of \$120,000, with the salary and employment terms, including annual milestones, change of control and severance provisions to be reviewed by the compensation committee of the Board annually. Dr. Verbora is entitled to be considered for incentive compensation, with an opportunity to earn up to \$30,000 per calendar year based on specified metrics. Dr. Verbora is also entitled to participate in the Company's group benefit plans. Dr. Verbora is eligible to participate in the Company's Stock Option Plan. The employment agreement provides that Dr. Verbora will be entitled to receive Options that expire five years from the date of grant at an exercise price equal to the greater of the listed price per share on the close of business on May 30, 2018 or the lower price per share permitted by the TSXV, with such vesting conditions as follows:

Date of Vesting	% of Vested Options	# of Vested Options
August 31, 2018	25%	212,500
November 30, 2018	50%	212,500
February 28, 2019	75%	212,500
May 30, 2019	100%	212,500

The expiry of the Options will be accelerated if Dr. Verbora ceases to be an eligible person under the Stock Option Plan. In accordance with the change of control provisions in the Stock Option Plan, all of Mr. Verbora's Options vested upon the closing of the Emblem transaction. Dr. Verbora's employment agreement contains termination provisions, including a change of control provision that provides that if a change of control were to occur, the employment agreement will be terminated and Dr. Verbora will be entitled to a lump sum equivalent to 12 months of his then current annual base salary and accrued bonuses to that date. Any Options that have not vested on the date of the change of control will vest immediately on that date. If Dr. Verbora is terminated without cause, he will be entitled to one month of pay in lieu of notice for each completed year of employment, however, at no time will he receive less than four months of pay in lieu of notice or more than 12 months. Such pay in lieu of notice shall consist of his annual base salary and accrued incentive payment. All other entitlements, including benefits, will be for the duration of the notice period and in no event less than four months. If the change of control provision had been triggered on December 31, 2018, Dr. Verbora would have been entitled to a lump sum

payment of up to \$150,000 based on satisfaction of specified incentive metrics. Likewise, if Dr. Verbora had been terminated without cause on December 31, 2018, Dr. Verbora would have been entitled to a lump sum payment of up to \$50,000 based on satisfaction of specified incentive metrics.

Dr. Verbora served as a director from March 26, 2018 until March 14, 2019.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Board, at the recommendation of the HR & Compensation Committee, determines director compensation from time to time. Beginning in 2019, directors receive (i) a quarterly stipend of \$2,500, (ii) a stipend of \$500 per Board meeting, (iii) a stipend of \$500 per committee meeting, and (iv) a \$500 stipend for any Company work that requires more than one hour of effort. Options and RSUs may also be granted to the Company's directors from time to time. Board compensation is currently under review in order to conform with best practices as discussed under the heading "Statement of Corporate Governance Practices – Human Resources and Compensation" above.

Compensation of Named Executive Officers

The Board has been responsible for determining Named Executive Officer compensation from time to time. In assessing the compensation of its executive officers, the Company has not had in place any formal objectives, criteria or analysis; instead, it has relied mainly on discussions at the Board.

The Company's executive compensation program has had three principal components: base salary, incentive bonuses to be primarily made through either cash or the grant of RSUs, and Options. The determination and administration of base salaries or incentive bonuses, or both, are discussed in greater detail below. When appropriate to do so, incentive bonuses in the form of cash payments or RSUs, have added a variable component of compensation, in addition to Options, based on corporate and individual performances for Named Executive Officers. However, these may or may not be awarded in any financial year. The Company has had no other forms of compensation for its NEOs, although in the past payments may have been made from time to time to individuals who are NEOs or companies they control, for the provision of consulting services. Such consulting services were paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

The Company notes that it has been in a development stage with respect to its business, has previously had to operate with limited financial resources, and has been cautious in controlling costs to ensure that funds are available to complete its business plans and otherwise fund its operations. The Board has considered the current and anticipated financial position of the Company at the time of any compensation determination. The Board has attempted to keep the cash compensation paid to the Company's NEOs relatively modest, while providing long-term incentives through the granting of Options.

The Company's executive compensation program has been administered by the Board and was originally designed to provide incentives for the enhancement of shareholder value. The overall objectives were to attract and retain qualified executives critical to the success of the Company, to provide fair and competitive compensation, to align the interests of management with those of the shareholders and to reward corporate and individual performance. The Company's compensation package has been structured in order to link shareholder return, measured by the

change in the share price, with executive compensation through the use of Options as the primary element of variable compensation for its Named Executive Officers. The Company has not offered long-term incentive plans or pension plans to its NEOs. The Company's compensation program is currently under review as discussed under the heading "Statement of Corporate Governance Practices – Human Resources and Compensation" above.

The Company has based the compensation for an NEO on the years of service with the Company, responsibilities of each executive officer and their duties in that position. The Company has also based compensation on the performance of each executive officer. The Company was of the view that Options could create a strong incentive to the performance of each executive officer, to recognize extra contributions and achievements towards the goals of the Company.

The Board, when determining cash compensation payable to a NEO, has taken into consideration their relevant experience, as well as their responsibilities and duties and contributions to the Company's success. NEOs have received a base cash compensation that the Company felt was in line with that paid by similar companies, subject to the Company's financial resources; however no formal survey was completed by the Board in respect of the current cash compensation policies. Such policies are currently under review as discussed under the heading "Statement of Corporation Governance Practices – Human Resources and Compensation" above.

Actual compensation has varied based on the performance of the executive officers relative to the achievement of goals and the price of the Company's securities. A summary of existing compensation elements and the compensation objectives they are intended to fulfil is as follows:

Compensation Element	Description	Compensation Objectives
Annual Base Salary	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Incentive Bonuses/RSUs	Discretionary cash payment or equity grant	Reward individual performance in achieving corporate goals
Options	Equity grants are made in the form of Options. The amount of grant will be dependent on individual and corporate performance	Reward long-term financial and operating performance and align interests of executive officers with those of shareholders

The Company has relied on the discretion and judgment of the directors in establishing and amending contracts for all forms of compensation, including Options to be granted to the NEOs, to ensure such arrangements reflect the responsibilities and risks associated with each position. There was no formal process using objectives, criteria, or analysis, for determining compensation. When determining the compensation of its executive officers, the Board has been guided by the general objectives of the Company's compensation strategy as set out above. The Company's compensation strategy is currently under review as discussed under the heading "Statement of Corporation Governance Practices – Human Resources and Compensation" above.

In performing its duties, the Board has considered the implications of risks associated with the Company's compensation policies and practices. At its early stage of development and considering its current compensation policies, the Company is of the view that it has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. An NEO is permitted for his or her own benefit and at his or her own financial risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO.

Pension Disclosure

The Company does not provide a pension to any director or Named Executive Officer of the Company

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As described under the heading “Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans”, above, the Company has a Stock Option Plan and an RSU Plan under which Options and RSUs, respectively, are granted. Grants of Options and RSUs have been determined by the Board to date (and will be determined with the assistance of the HR & Compensation Committee going forward) and are only granted in compliance with applicable laws and regulatory policy.

The following table provides information as at December 31, 2018 regarding the number of common shares authorized for issuance under the Company’s Stock Option Plan and RSU Plan. The Company did not have any compensation plans not previously approved by securityholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders (Stock Option Plan and RSU Plan)	12,651,289	\$1.01	20,452,481
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	12,651,289	\$1.01	20,452,481

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of May 3, 2019, none of the executive officers, directors, employees or former executive officers, directors or employees of the Company or any of its subsidiaries was indebted to the Company or any of its subsidiaries or to another entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

None of the directors or executive officers of the Company, or proposed nominees for election as director of the Company or associates of such persons is, or at any time since the beginning of the Company’s most recently completed financial year has been, indebted to the Company or any of its subsidiaries or to another entity where the indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The audited financial statements of the Company for the year ended December 31, 2018 and the auditor's report thereon will be received at the Meeting. The audited financial statements of the Company and the auditor's report were delivered to each shareholder which has formally requested a copy thereof as required pursuant to applicable laws and are available on SEDAR at www.sedar.com.

2. Appointment of the Auditors

At the Meeting, shareholders will be asked to pass an ordinary resolution appointing Manning Elliott LLP as auditors of the Company, to hold office until the close of the next annual meeting of shareholders, at such remuneration as may be fixed by the directors of the Company.

It is the intention of the persons named in the enclosed Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies **FOR** the appointment of Manning Elliott LLP as auditors of the Company, to hold office until the close of the next annual meeting of shareholders, at such remuneration as may be fixed by the directors of the Company.

3. Election of Directors

At the Meeting, shareholders will vote on the election of directors.

It is the intention of the persons named in the enclosed Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies **FOR** setting the number of directors at seven (7), and **FOR** the election of each of the nominees specified under the heading "*Election of Directors*" above as directors of Aleafia Health.

Management of the Company has been informed that each of the proposed nominees specified under the heading "*Election of Directors*" above is willing to serve as a director if elected. Each director, if elected, will hold office until the next annual meeting of shareholders, or until a successor is elected or appointed or until the director is removed at a meeting of shareholders.

Majority Voting Policy

The Board has adopted a policy on majority voting. If, with respect to any particular nominee, such nominee is not elected by a majority (50% + 1 vote) of the votes cast with respect to his or her election, then for purposes of the policy the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law. A person elected as a director who is considered under this test not to have received the support of the shareholders must immediately submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board will refer the resignation to the Governance Committee for consideration. A nominee who tenders a resignation pursuant to the policy will not participate in any meeting of the Board or the Governance Committee at which the resignation is considered. The Board will promptly accept the resignation unless the Governance Committee determines that there are exceptional circumstances (for example, relating to the composition of the Board or the voting results) that should delay the acceptance of the resignation or justify rejecting it. In any event, it is expected that the resignation will be accepted (or in rare cases rejected) and the Board will promptly announce its decision in a press release within 90 days of the meeting, including

reasons for rejecting the resignation, if applicable. This policy does not apply to a contested meeting of shareholders.

4. Confirmation of By-Law No. 2 Regarding Advance Notice of Director Nominations

Background

On May 6, 2019, the Board approved By-law No. 2 as a by-law of the Company to require advance notice of director nominees (the “**By-law**”). The purpose of the By-law is to ensure that an orderly nomination process is observed, that shareholders are well-informed about the identity, intentions and credentials of director nominees and that shareholders vote in an informed manner after having been afforded reasonable time for appropriate deliberation.

The By-law fixes a deadline by which shareholders must provide notice to the Company of nominations for election to the Board and sets out the information that a shareholder must include in the notice. The deadline by which the notice must be delivered to the Company is set out in the table below.

Meeting Type	Nomination Deadline
Annual meeting of shareholders	Either (a) no more than 10 days after the date of the first public filing or announcement of the date of the meeting, if the meeting is to be held on a date that is fewer than 50 days after the date of that public filing or announcement or (b) no fewer than 30 days prior to the date of the meeting, if the meeting is to be held on a date that is at least 50 days after the date of that public filing or announcement.
Special meeting of shareholders (which is not also an annual meeting)	No more than 15 days after the date of the first public filing or announcement of the date of the meeting.

The By-law does not affect nominations made pursuant to shareholder proposals or the requisition of a meeting of shareholders, in each case made in accordance with the provisions of the *Business Corporations Act* (Ontario).

The full text of the By-law is set out in Schedule “D” to this Management Information Circular and is available on SEDAR at www.sedar.com.

The By-law took effect upon approval by the Board on May 6, 2019. If the By-law is confirmed by shareholders at the Meeting, it will continue to be effective. If the By-law is not confirmed by shareholders at the Meeting, it will terminate and be of no further force or effect.

Proposed Resolution and Board’s Recommendation

At the Meeting, shareholders will be asked to consider and, if thought appropriate, pass the following ordinary resolution confirming the By-law (the “**By-law Resolution**”):

“**BE IT RESOLVED THAT** By-law No. 2 of the Company, as set out in Schedule “D” to the management information circular of the Company dated May 10, 2019 is confirmed, without amendment, as a by-law of the Company, and any director or officer of the Company is authorized and directed to execute and deliver all documents and to do all other things as in that person’s opinion may be necessary or desirable for the purpose of giving effect to this resolution.”

The Board has unanimously approved the By-law and recommends that shareholders vote FOR the By-law Resolution.

In order to be effective, the By-law Resolution must be approved by at least a majority of the votes cast by shareholders who vote in respect of the By-law Resolution.

Unless the shareholder has specified in the enclosed Proxy that the common shares represented by such Proxy are to be voted against the By-law Resolution, the persons named in the enclosed Proxy will vote FOR the By-law Resolution.

5. Approval of Stock Option Plan

At the Meeting, shareholders of the Company will be asked to consider and, if thought appropriate, pass an ordinary resolution in the form set out below, approving the Stock Option Plan. Additional information regarding the Stock Option Plan can be found at “*Stock Option Plans and Other Incentive Plans*” above, and the full text is set out at Schedule “A”. Amendments being made to the Stock Option Plan are as follows:

- replenishing the Stock Option Plan to its 20% limit, such limit having been previously approved by shareholders on December 6, 2018, with the effect that the number of Options issuable under the Stock Option Plan, together with any other security-based compensation arrangements of the Company, shall increase by 5,716,035 common shares;
- amendments to conform the Stock Option Plan to the requirements of the TSX;
- adding insider participation limits as per the TSX Company Manual;
- including provision for the automatic extension of expiry periods to the extent they fall within a trading blackout period, to a date which is ten business days following the end of such trading blackout period;
- including specific prospective Stock Option Plan amendment shareholder approval requirements;
- removing the requirement for annual shareholder approval of the Stock Option Plan (given it will be a fixed plan); and
- adding disinterested shareholder approval requirements for certain actions relating to the amendment and issuance or amendment of Options.

At the Meeting, shareholders will be asked to pass an ordinary resolution approving the Stock Option Plan (the “**Stock Option Plan Resolution**”) in the following form:

“BE IT RESOLVED, as an ordinary resolution, that:

- a. The Company’s amended and restated stock option plan be approved;
- b. The increase to the amended and restated stock option plan to provide for an additional 5,716,035 common shares issuable under the plan, representing an increase to 34,819,805 total options issuable under the amended and restated stock option plan from 29,103,770 issuable under the Company’s former plan, together with all other amendments to the stock option plan described in the management information circular, are approved;

- c. The Board of Directors be authorized on behalf of the Company to make any further amendments to the stock option plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the stock option plan; and
- d. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

The Board has unanimously approved the Stock Option Plan and recommends that shareholders vote FOR the Stock Option Plan Resolution.

In order to be effective, the Stock Option Plan Resolution must be approved by at least a majority of the votes cast by shareholders who vote in respect of the Stock Option Plan Resolution.

Unless the shareholder has specified in the enclosed Proxy that the common shares represented by such Proxy are to be voted against the Stock Option Plan Resolution, the persons named in the enclosed Proxy will vote FOR the Stock Option Plan Resolution.

6. Approval of RSU Plan

At the Meeting, shareholders of the Company will be asked to consider and, if thought appropriate, pass an ordinary resolution in the form set out below, approving the RSU Plan. Additional information regarding the RSU Plan can be found at “*Stock Option Plans and Other Incentive Plans*” above, and the full text is set out at Schedule “B”. Amendments being made to the RSU Plan are as follows:

- amendments to conform the RSU Plan to the requirements of the TSX;
- adding insider participation limits as per the TSX Company Manual;
- amending the RSU Plan amendment provisions; and
- removing the requirement to press release each RSU grant.

At the Meeting, shareholders will be asked to pass an ordinary resolution approving the RSU Plan (the “**RSU Plan Resolution**”) in the following form:

“BE IT RESOLVED, as an ordinary resolution, that:

- a. The Company’s amended and restated restricted share unit plan be approved;
- b. The Board of Directors be authorized on behalf of the Company to make any further amendments to the restricted share unit plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the restricted share unit plan;
- c. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

The Board has unanimously approved the RSU Plan and recommends that shareholders vote FOR the RSU Plan Resolution.

In order to be effective, the RSU Plan Resolution must be approved by at least a majority of the votes cast by shareholders who vote in respect of the RSU Plan Resolution.

Unless the shareholder has specified in the enclosed Proxy that the common shares represented by such Proxy are to be voted against the RSU Plan Resolution, the persons named in the enclosed Proxy will vote FOR the RSU Plan Resolution.

ADDITIONAL INFORMATION

Additional information about the Company is located on SEDAR at www.sedar.com. Financial information is provided in the Company's financial statements and Management's Discussion and Analysis ("**MD&A**") for the financial year ended December 31, 2018, which were filed on SEDAR on April 29, 2019.

Under National Instrument 51-102 *Continuous Disclosure Obligations*, any person or company who wishes to receive interim financial statements from the Company may deliver a written request for such material to the Company or the Company's agent, together with a signed statement that the persons or company is the owner of securities of the Company. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed mail card, together with the completed Proxy, in the addressed envelope provided, to the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. The Company will maintain a supplemental mailing list of persons or companies wishing to receive interim financial statements.

Shareholders may contact the Company to request copies of the financial statements and MD&A by writing to the Company's CFO, Benjamin Ferdinand, at the following address:

ALEAFIA HEALTH INC.
8810 Jane Street, 2nd Floor
Vaughan, Ontario
L4K 2M9

QUESTIONS AND FURTHER ASSISTANCE

All questions regarding the information contained in this Management Information Circular or requests for assistance in completing the form of proxy can be directed to the Company's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-866-851-2468 (toll free in North America), or at 416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

DIRECTORS' APPROVAL

The directors of the Company have approved the contents and sending of this Management Information Circular.

DATED at Toronto, Ontario, on the 10th day of May, 2019.

BY ORDER OF THE BOARD

"Julian Fantino"

Julian Fantino
Chairman of the Board

SCHEDULE "A"

STOCK OPTION PLAN

See attached.

ALEAFIA HEALTH INC.

STOCK OPTION PLAN

AMENDED AND RESTATED

EFFECTIVE MAY 10, 2019

ARTICLE I DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

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

“**Administrator**” means such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;

“**Award Date**” means the date on which the Board grants and announces a particular Option;

“**Board**” means the Board of Directors of the Company;

“**Change of Control Transaction**” means:

- (a) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);
- (b) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity; or
- (c) the completion of a sale whereby all or substantially all of the Company’s undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale.

“**Company**” means Aleafia Health Inc. and any subsidiary thereof, (within the meaning of the Securities Act), as the context may apply;

“**Consultant**” means an individual (or a company wholly owned by the individual) who (i) provides ongoing consulting, technical, management or other services to the Company (excluding services provided in relation to a distribution of the Company’s securities); (ii) possesses technical, business or management expertise of value to the Company; (iii) provides the services under a written contract with the Company; (iv) spends a significant amount of time and attention to the business and affairs of the Company; and (v) has a relationship with the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

“**Director**” means directors, senior officers and Management Company Employees of the Company;

“**Employee**” means (i) an individual considered an employee under the *Income Tax Act*, Canada (i.e. for whom income tax and other deductions are made by the Company); (ii) an individual who works full-time for the Company providing services normally provided by an employee of the Company but for whom income tax and other deductions are not made by the Company; and (iii) an individual who works for the Company on a continuing and regular basis for a minimum amount of time per week, but for whom income tax and other deductions are not made by the Company;

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

“**Exercise Notice**” means the notice respecting the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder;

“**Exercise Period**” means the period during which a particular Option may be exercised, being the period from and including the Award Date through to and including the Expiry Date;

“**Exercise Price**” means the price at which an Option may be exercised as determined in accordance with section 3.6;

“**Expiry Date**” means the date determined in accordance with section 3.3 and after which a particular Option cannot be exercised;

“**Governmental Authority**” means:

- (a) any federal, provincial, state, local, municipal, regional, territorial, aboriginal or other government, any governmental or public department, branch or ministry, or any court, domestic or foreign, including any district, agency, commission, board, arbitration panel or authority and any subdivision of any of them exercising or entitled to exercise any administrative, executive, judicial, ministerial, prerogative, legislative, regulatory, or taxing authority or power of any nature; and
- (b) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of them, and any subdivision of any of them.

“**Insider**” has the meaning attributed to that term in the TSX Company Manual;

“**Investor Relations Activities**” has the meaning ascribed thereto in the Exchange’s corporate finance manual;

“**Management Company Employee**” means an individual employed by a company 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;

“**Option**” means an option to acquire Shares, awarded to a Director, Employee or Consultant

pursuant to the Plan;

“**Option Certificate**” means the certificate, substantially in the form set out as Schedule A hereto, evidencing an Option;

“**Option Holder**” means a current or former Director, Employee or Consultant who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;

“**Person**” will be broadly interpreted and includes:

- (a) a natural person, whether acting in his or her own capacity, or in his or her capacity as executor, administrator, estate trustee, trustee or personal or legal representative, and the heirs, executors, administrators, estate trustees, trustees or other personal or legal representatives of a natural person;
- (b) a corporation or a company of any kind, a partnership of any kind, a sole proprietorship, a trust, a joint venture, an association, an unincorporated association, an unincorporated syndicate, an unincorporated organization or any other association, organization or entity of any kind; and
- (c) a Governmental Authority.

“**Personal Representative**” means (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;

“**Plan**” means the Company’s stock option plan as embodied herein and as from time to time amended;

“**RSU Plan**” means the Company’s Restricted Share Unit Plan for up to a maximum of 4,000,000 Shares, as amended from time to time;

“**Securities Act**” means the *Securities Act* (Ontario); and

“**Share**” or “**Shares**” means, as the case may be, one or more common shares without par value in the capital of the Company.

1.2 CHOICE OF LAW

The Plan is established under, and the provisions of the Plan shall be interpreted and construed solely in accordance with, the laws of the Province of Ontario.

1.3 HEADINGS

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

ARTICLE II PURPOSE AND PARTICIPATION

2.1 PURPOSE

The purpose of the Plan is to provide the Company with a Share-related mechanism to attract, retain and motivate Directors, Employees and Consultants, to reward such of those persons by the grant of options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such persons to acquire Shares as long term investments.

2.2 PARTICIPATION

The Board shall, from time to time, in its sole discretion determine those Directors, Employees and Consultants, if any, to whom Options are to be awarded. If the Board elects to award an Option to a Director, the Board shall, in its sole discretion but subject to section 3.2, determine the number of Shares to be acquired on the exercise of such Option. If the Board elects to award an Option to an Employee or Consultant, the number of Shares to be acquired on the exercise of such Option shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

- (a) the person's remuneration as at the Award Date in relation to the total remuneration payable by the Company to all of its Employees and Consultants as at the Award Date;
- (b) the length of time that the person has provided services to the Company; and
- (c) the nature and quality of work performed by the person.

2.3 NOTIFICATION OF AWARD

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

2.4 COPY OF PLAN

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

2.5 LIMITATION

This Plan does not give any Option Holder who is a Director the right to serve or continue to serve as a Director, nor does it give any Option Holder who is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company.

ARTICLE III TERMS AND CONDITIONS OF OPTIONS

3.1 BOARD TO ALLOT SHARES

The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof.

3.2 NUMBER OF SHARES

The maximum number of Shares issuable under the Plan shall not exceed 20% of the number of Shares of the Company issued and outstanding as at the date of this Plan, inclusive of all Shares presently reserved for issuance pursuant to previously granted stock options under any other equity compensation plan, including for greater certainty but without limitation, the Company's RSU Plan, unless shareholder approval is obtained in advance in accordance with section 6.1 hereof. For greater certainty, as at the date of this Plan, the maximum number of Shares issuable under the Plan is fixed at 34,819,035 Shares.

Options that have been cancelled or that have expired without being exercised in full shall continue to be issuable under the Plan. Subject to the provisions of section 6.1, Options that have been exercised will reduce the total number of Options available to be granted hereunder.

3.3 TERM OF OPTION

Subject to section 3.5, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than the tenth anniversary of the Award Date of the Option, or such other maximum amount of time as may be allowable under the policies of the Exchange.

3.4 LIMITATIONS

Notwithstanding anything else contained herein, the total number of Shares which are: (i) issued to any Person or to Insiders of the Company, within any one-year period, and (ii) issuable to any Person or to Insiders of the Company, at any time, under this Plan, or when combined with all other security-based compensation arrangements of the Company, cannot exceed 10% of the Company's total issued Shares, respectively.

The total number of Options awarded to any one Consultant for the Company shall not exceed 2% of the issued and outstanding Shares of the Company at the Award Date.

The total number of Options awarded to all persons employed by the Company who perform Investor Relations Activities for the Company shall not exceed 2% of the issued and outstanding Shares of the Company, in any twelve-month period, calculated at the Award Date.

3.5 TERMINATION OF OPTION

An Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time fix limits, vesting requirements or restrictions in respect of which an Option Holder may exercise part of any Option held by him. Any Option or

part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. (Toronto time) on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Board on the Award Date referred to in section 3.3 above, and the date established, if applicable, in subsections (a) to (c) below.

- (a) Death. In the event that the Option Holder should die while he or she is still (i) a Director or Employee, (other than an Employee performing Investor Relations Activities) the Expiry Date shall be 12 months from the date of death of the Option Holder; or (ii) a Consultant, or an Employee performing Investor Relations Activities, the Expiry Date shall be one month from the date of death of the Option Holder.

- (b) Ceasing to Hold Office. Unless otherwise determined by the Board of Directors in writing, in the event that the Option Holder holds his or her Option as Director and such Option Holder ceases to be a Director of the Company other than by reason of death, the Expiry Date of the Option shall be the 90th day following the date the Option Holder ceases to be a Director of the Company unless the Option Holder continues to be engaged by the Company as an Employee or Consultant, in which case the Expiry Date shall remain unchanged. However, if the Option Holder ceases to be a Director of the Company as a result of:
 - (i) ceasing to meet the qualifications set forth in s.118 of the *Business Corporations Act* (Ontario); or
 - (ii) a special resolution having been passed by the shareholders of the Company pursuant to subsection 122(1) of the *Business Corporation Act* (Ontario),

then the Expiry Date shall be the date the Option Holder ceases to be a Director of the Company.

- (c) Ceasing to be Employed. Unless otherwise determined by the Board of Directors in writing, in the event that the Option Holder holds his or her Option as an Employee or Consultant of the Company (other than an Employee or Consultant performing Investor Relations Activities) and such Option Holder ceases to be an Employee or Consultant of the Company other than by reason of death, the Expiry Date of the Option shall be the 30th day following the date the Option Holder ceases to be an Employee or Consultant of the Company unless the Option Holder ceases to be such as a result of:
 - (i) termination for cause; or
 - (ii) an order of the Ontario Securities Commission, the Exchange, or any regulatory body having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

- (d) Ceasing to Perform Investor Relations Activities. Notwithstanding the paragraph (c) immediately above, and unless otherwise determined by the Board of

Directors in writing, in the event that the Option Holder holds his or her Option as an Employee or Consultant of the Company who provides Investor Relations Activities on behalf of the Company, and such Option Holder ceases to be an Employee or Consultant of the Company other than by reason of death, the Expiry Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

3.6 EXERCISE PRICE

The Exercise Price shall be that price per Share, as determined by the Board in its sole discretion, and announced as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option, provided that it shall not be less than the closing price of the Company's Shares traded through the facilities of the Exchange (or, if the Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the Shares are listed or quoted for trading) on the day preceding the Award Date, or such other price as may be required or permitted by the Exchange.

3.7 ASSIGNMENT OF OPTIONS

Options may not be assigned or transferred, and all Option Certificates will be so legended, provided however that the Personal Representatives of an Option Holder may, to the extent permitted by section 4.1, exercise the Option within the Exercise Period.

3.8 ADJUSTMENTS

If prior to the complete exercise of any Option the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively the "**Event**"), the Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional Shares shall be issued upon the exercise of the Options and accordingly, if as a result of the Event an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded. Additionally, no lots of Shares in an amount less than 500 Shares shall be issued upon the exercise of the Options unless such amount of Shares represents the balance left to be exercised under the Options.

3.9 EXERCISE RESTRICTIONS

The Board may, at the time an Option is awarded or upon renegotiation of the same, attach restrictions relating to the exercise of the Option, including vesting provisions. Any such restrictions shall be recorded on the applicable Option Certificate.

Notwithstanding the above, Options issued to Consultants performing Investor Relations Activities must vest in stages over at least twelve months with not more than one-quarter of the Options vesting in any three month period.

3.10 REPRESENTATIONS

For Options granted to Employees, Consultants or Management Company Employees, the

Company will represent that the Option Holder is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

3.11 CHANGE OF CONTROL

- (a) Subject to subsection (b) of this Section 3.11 or any Option Certificate, in the event of an actual or potential Change of Control Transaction, the Board has the right, in its sole discretion and on the terms it sees fit, without any action or consent required on the part of any Option Holder, to deal with any Options (or any portion of any Options) in the manner it deems equitable and appropriate in the circumstances, including the right to:
 - (i) determine that any Options (or any portion of any Options) will remain in full force and effect in accordance with their terms after the Change of Control Transaction;
 - (ii) cause any Options (or any portion of any Options) to be converted or exchanged for options to acquire shares of another entity involved in the Change of Control Transaction, having the same value and terms and conditions as the Options;
 - (iii) provide Option Holders with the right to surrender any Options (or any portion of any Options) for an amount per underlying Share equal to the positive difference, if any, between the fair market value of the Share on the date of surrender and the Option Exercise Price; and
 - (iv) accelerate the date by which any Options (or any portion of any Options) must be exercised.
- (b) Upon a Change of Control, or when, within a six (6) month period, the Company issues new or additional shares greater than or equal to 40% of the issued and outstanding shares at the date of first issuance, the vesting of all unvested Options will accelerate automatically and vest as at the date when the 40% (or greater) threshold is reached (provided that any such acceleration on Options that have been granted to those providing Investor Relations Activities has received prior Exchange review and acceptance).
- (c) The Company will use its best efforts to give the affected Option Holders written notice of any determination made by the Board under Section 3.11 at least 14 days before the effective date of the Change of Control Transaction.

ARTICLE IV EXERCISE OF OPTION

4.1 EXERCISE OF OPTION

An Option may be exercised only by the Option Holder or his Personal Representative. An Option Holder or his Personal Representative may exercise an Option in whole or in part, subject to any applicable exercise restrictions, at any time or from time to time during the Exercise Period up to 5:00 p.m. (Toronto time) on the Expiry Date by delivering to the

Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

4.2 ISSUE OF SHARE CERTIFICATES

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the aforesaid share certificate for the balance of the Shares available under the Option.

4.3 CONDITION OF ISSUE

The issue of Shares by the Company pursuant to the exercise of an Option is subject to this Plan and compliance with the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Shares and to the listing requirements of any stock exchange or exchanges on which the Shares may be listed. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Company any information, report and/or undertakings required to comply with and to fully cooperate with the Company in complying with such laws, rules and regulations.

4.4 MONITORING OF TRADES

An Option Holder who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Company, within five business days of each trade.

4.5 RESTRICTED PERIODS

The Company may from time to time self-impose trading blackouts during which some or all Directors, officers, Employees, and Consultants may not trade in the securities of the Company. In the event that a trading blackout is imposed by management or the Board, in accordance with any insider trading policy that the Company may adopt from time to time, any Director, officer, Employee, and Consultant deemed eligible for participation in this Plan and subject to the blackouts is prohibited from buying, selling or otherwise trading in securities of the Company until such time as notice is formally given by the Company that trading may resume.

If the Expiry Date of any Option falls during a blackout period, the Expiry Date shall be automatically extended to the date which is ten (10) business days following the end of the blackout period.

ARTICLE V ADMINISTRATION

5.1 ADMINISTRATION

The Plan shall be administered by the Board, or an Administrator on the instructions of the Board or such committee of the Board formed in respect of matters relating to the Plan. The

Board or such committee may make, amend and repeal at any time and from time to time such regulations not inconsistent with this Plan as it may deem necessary or advisable for the proper administration and operation of this Plan and such regulations shall form part of this Plan. The Board may delegate to the Administrator or any Director, Employee or officer of the Company such administrative duties and powers as it may see fit.

5.2 INTERPRETATION

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

ARTICLE VI APPROVALS, AMENDMENTS AND TERMINATION

6.1 PROSPECTIVE AMENDMENTS AND SHAREHOLDER APPROVALS

Subject to applicable regulatory approval, the Board may from time to time amend this Plan and the terms and conditions of any Option thereafter to be awarded and, without limiting the generality of the foregoing, may make such amendments for the purpose of meeting any changes in any relevant law, Exchange policy, rule or regulation applicable to this Plan, any Option or the Shares, or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment.

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, or any outstanding Options, without obtaining shareholder approval including, without limitation:

- (a) minor changes of a "housekeeping nature";
- (b) amending Options under the Plan, including with respect to the Option Expiry Date (provided that the period during which an Option is exercisable does not exceed ten (10) years from the date the Option is granted and that such Option is not held by an Insider), vesting period, exercise method and frequency, Exercise Price (provided that such Option is not held by an Insider) and method of determining the Exercise Price, assignability and effect of termination of an Option Holder's employment or cessation of the Option Holder's directorship;
- (c) changing the class of participants eligible to participate under the Plan;
- (d) amendments that are necessary for Options to qualify for favourable treatment under applicable tax laws;

- (e) subject to section 4.5, accelerating vesting or extending the Expiry Date of any Option (provided that such Option is not held by an Insider), provided that the period during which an Option is exercisable does not exceed ten (10) years from the date the Option is granted;
- (f) changing the terms and conditions of any financial assistance which may be provided by the Company to participants to facilitate the purchase of Shares under the Plan; and
- (g) adding a cashless exercise feature, payable in cash or securities, whether or not providing for a full deduction of the number of underlying Shares from the Plan reserve.

Notwithstanding the above, shareholder approval will be required in circumstances where an amendment to the Plan would:

- (a) change from a fixed maximum number of Shares to a fixed percentage of issued and outstanding Shares;
- (b) increase the limits in section 3.2;
- (c) remove or increase Insider participation limits described in section 3.4;
- (d) permit Options to be transferable or assignable other than for normal estate settlement purposes;
- (e) reduce the Exercise Price of any Option (including any cancellation of an Option for the purpose of reissuance of a new Option at a lower Exercise Price to the same person);
- (f) extend the term of any Option held by an Insider beyond the original term (except if such period is being extended by virtue of section 4.5 hereof); or
- (g) as otherwise may be required by the policies of the Exchange.

Disinterested shareholder approval will be required for, among other things: (i) any reduction in the Exercise Price of Options granted to Insiders, if the Option Holder is an Insider of the Company at the time of the proposed amendment; and (ii) the situations where the Plan, together with all other outstanding Options and securities of the Company issuable under any other securities compensation arrangement, could result at any time in grants exceeding the maximums provided for under this Plan

6.2 RETROACTIVE AMENDMENT

Subject to applicable regulatory approval, the Board may from time to time retroactively amend this Plan and may also, with the consent of the affected Option Holders, retroactively amend the terms and conditions of any Options which have been previously awarded.

6.3 EXCHANGE APPROVAL

With the consent of affected Option Holders, the Board may amend the terms of any

outstanding Option so as to reduce the number of optioned Shares, increase the Exercise Price, or cancel an Option without Exchange approval. Any other amendment will be subject to receiving prior Exchange approval.

6.4 TERMINATION

The Board may terminate this Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination and notwithstanding such termination the Company, such Options and such Option Holders shall continue to be governed by the provisions of this Plan.

6.5 AGREEMENT

The Company and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of this Plan.

END OF DOCUMENT

**SCHEDULE A
ALEAFIA HEALTH INC.
STOCK OPTION PLAN
OPTION CERTIFICATE**

This certificate is issued pursuant to the provisions of Aleafia Health Inc. (the “**Company**”) Stock Option Plan (the “**Plan**”) and evidences that (Name of Optionee)

_____ is the holder of an option (the “**Option**”) to purchase up to _____ (Number of Shares) common shares (the “**Shares**”) in the capital stock of the Company at a purchase price of \$ _____ per Share. Subject to the provisions of the Plan:

- (a) the Award Date of this Option is _____ (insert date of grant); and
- (b) the Expiry Date of this Option is _____ (insert date of expiry).

Additional Vesting or Other Restrictions: (insert as applicable)

This Option may be exercised in accordance with its terms at any time and from time to time from and including the Award Date through to and including up to 5:00 p.m. (Toronto time) on the Expiry Date, by delivering to the Company an Exercise Notice, in the form provided in the Plan, together with this certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

By countersigning this Option Certificate:

- (a) the Option Holder acknowledges that the Option Holder has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Certificate;
- (b) The undersigned hereby consents to:
 - (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6A of the policies of the Exchanged attached hereto) pursuant to this Form; and
 - (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in the attached Appendix 6A or as otherwise identified by the Exchange, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Certificate as of the ____ day of _____, 20____.

Aleafia Health Inc.

Per: _____
Authorized Signatory

«Name», Option Holder

**SCHEDULE B
EXERCISE NOTICE**

To: The Administrator, Stock Option Plan
Aleafia Health Inc. (the “**Company**”)

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

- (a) all of the Shares; or
- (b) _____ of the Shares, which are the subject of the Option Certificate attached hereto.

Calculation of total Exercise Price:

- (i) number of Shares to be acquired on exercise: _____ Shares
- (ii) multiplied by the Exercise Price per Share: \$_____
- TOTAL EXERCISE PRICE, enclosed herewith: \$_____

The undersigned tenders herewith a certified cheque or bank draft in an amount equal to the total Exercise Price of the aforesaid Shares, as calculated above, and directs the Company to issue the share certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address:

DATED the _____ day of _____, 20____.

Signature of Option Holder

Name of Option Holder (please print)

SCHEDULE "B"

RESTRICTED SHARE UNIT PLAN

See attached.

ALEAFIA HEALTH INC.

RESTRICTED SHARE UNIT PLAN

AMENDED AND RESTATED

EFFECTIVE MAY 10, 2019

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ARTICLE 1 PURPOSE

1.1 Purpose

The purpose of the Plan is to assist the Company and its Related Entities in attracting and retaining individuals with experience and exceptional skill, to allow selected executives, key employees, consultants and directors of the Company or a Related Entity to participate in the long term success of the Company or the Related Entity and to promote a greater alignment of interests between the participants designated under this Plan and the shareholders of the Company.

ARTICLE 2 DEFINITIONS

2.1 Definitions

For purposes of the Plan, the terms contained in this Article 2 shall have the following meanings.

- (a) “**Administrator**” means the person or persons appointed from time to time by the Company to administer this Plan.
- (b) “**Board**” means the board of directors of the Company, as constituted from time to time.
- (c) “**business day**” means a day, other than Saturday, Sunday or a day on which the principal commercial banking institutions in Toronto, Ontario are, or the Exchange is, closed.
- (d) “**Change in Control**” means:
 - (i) an acquisition of securities of the Company (including securities convertible into Common Shares and/or other securities of the Company (“**Convertible Securities**”)) as a result of which a person or group other than one or more present control persons (as defined in the *Securities Act* (Ontario) in respect of the Company (an “**Acquiror**”) owns beneficially Common Shares or other securities of the Company and/or Convertible Securities such that, assuming the conversion of Convertible Securities owned beneficially by the Acquiror but not by any other holder of Convertible Securities, the Acquiror would own beneficially (A) not less than 50% of the Common Shares or (B) shares which would entitle the holders thereof to cast not less than 50% of the votes attaching to all shares in the capital of the Company which may be cast to elect directors of the Company;
 - (ii) an amalgamation, merger or other business combination of the Company with or into any one or more other corporations, other than: (A) an amalgamation, merger or other business combination of the Company with or into a Related Entity; or (B) an amalgamation, merger or other business combination of the Company unanimously recommended by the Board provided that the former holders of Common Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated, merged or resulting entity having attached thereto not less than 20% of the

votes attached to all shares of such amalgamated, merged or resulting entity;

- (iii) the election at a meeting of the Company's shareholders of that number of persons which would represent a majority of the Board as Directors, who are not included in the slate for election as Directors proposed to the Company's shareholders by management of the Company or a transaction or series of transactions as a result of which a majority of the Directors are removed from office at any annual or special meeting of shareholders, or a majority of the Directors resign from office over a period of 60 days or less, and the vacancies created thereby are filled by nominees proposed by any person other than Directors or management of the Company in place immediately prior to the removal or resignation of the Directors;
 - (iv) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections(i), (ii) or (iii) referred to above; or
 - (v) a determination by the Board that there has been a change, whether by way of a change in the holding of the Common Shares, in the ownership of the Company's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Company.
- (e) **"CIC Share"** means the following with respect to each Covered RSU:
- (i) the sum of: (A) the number of Consideration Shares (as defined below), rounded to the nearest whole number, that is equal to the product of (x) one Common Share multiplied by (y) the number of Consideration Shares (as defined below) received by the shareholders of the Company in respect of one Common Share, if, in connection with the transaction constituting the Change in Control, the shareholders of the Company exchange their Common Shares for, or otherwise convert their Common Shares into, shares of equity securities of the acquiror (or its direct or indirect parent) (such shares of equity securities, the **"Consideration Shares"**); and (B) the amount, if any, that is equal to the product of (x) one Common Share multiplied by (y) any cash or other property, the fair market value of which shall be determined by the Board (as constituted immediately prior to the effective date of such Change in Control), received by the shareholders of the Company in respect of one Common Share, in connection with such transaction; and
 - (ii) in the case of all other transactions constituting the Change in Control, one Common Share, as adjusted pursuant to Article 7 hereof in connection with such transaction, if applicable; and, in each case, as further adjusted pursuant to Article 7, if applicable, in respect of covered events occurring after such Change in Control.
- (f) **"Committee"** means the Compensation Committee of the Board or such other committee of the Board comprised of members of the Board as the Board shall

from time to time appoint to administer the Plan or if, no such committee, then the Board.

- (g) **“Common Shares”** means the common shares in the capital of the Company, or in the event of an adjustment contemplated by Article 7 hereof, such other shares or securities to which the Participant may be entitled under the Grant.
- (h) **“Company”** means Aleafia Health Inc. and includes any successor corporation thereof.
- (i) **“Consultant”** means a consultant as such term is defined in National Instrument 45 - 106 *Prospectus Exemptions*, Division 4.
- (j) **“Covered RSU”** means, with respect to each Grant that is outstanding on the effective date of a Change in Control, the number of RSUs that would have been issued to a Participant on the applicable Release Date and settled in the form of RSU Shares (or cash equivalent, as applicable) had (A) the Participant continued in the employment or service of the Company until such Release Date and (B) subject to the sole discretion of the Board, all Performance Criteria, if any, applicable to such Grant (determined without regard to the occurrence of the Change in Control) been met during the applicable Performance Period, if any.
- (k) **“Designated Person”** means a Director, Officer, Employee, or Consultant who is designated by the Committee as being eligible for participation in the Plan.
- (l) **“Director”** means a non-executive director of the Company or a director of a Related Entity.
- (m) **“Effective Date”** means, unless otherwise determined by the Board when confirming a Grant, the date determined by the Committee, in accordance with Article 5 hereof, as being the date on which such Grant shall take effect, provided that the Effective Date shall not be a date prior to the date on which the Board confirms the Grant and, unless otherwise determined, the Effective Date will be the date on which the Board confirms the Grant.
- (n) **“Employee”** means an individual (other than a Director or Officer) who:
 - (i) works for the Company or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services specified by the Company or the Related Entity and is subject to the control and direction of the Company or the Related Entity regarding both the method of performing or executing the services and the result to be effected,
 - (ii) works full-time for the Company or a Related Entity providing services normally provided by an employee and who is subject to the same control and direction by the Company or the Related Entity over the details and method of work as an employee of the Company or the Related Entity, and for whom income tax deductions are made at source, or
 - (iii) works for the Company or a Related Entity on a continuing and regular basis for a minimum amount of time per week providing services normally

provided by an employee and who is subject to the same control and direction by the Company or the Related Entity over the details and method of work as an employee of the Company or the Related Entity, but for whom income tax deductions are not made at source.

- (o) **“Exchange”** means the TSX or such other stock exchange on which such Common Shares are listed and posted for trading as may be selected for such purpose by the Board.
- (p) **“Grant”** means an award of RSUs allocated to a Designated Person in respect of services rendered to the Company or Related Entity in the year of such Grant in accordance with Article 5 hereof.
- (q) **“Insider”** has the meaning attributed to that term in the TSX Company Manual.
- (r) **“Market Price”** as at any date in respect of the Common Shares means the closing volume-weighted average price of the Common Shares on the Exchange for the five trading days immediately preceding such date, but if such Common Shares did not trade on such trading days, the Market Price shall be average of the bid and ask prices in respect of such Common Shares at the close of trading on such trading day.
- (s) **“Officer”** means a chairman or vice-chairman of the Board, chief executive officer, chief operating officer, chief financial officer, president, vice president, secretary, assistant secretary, treasurer, assistant treasurer and a general manager of the Company or of a Related Entity and any person routinely performing corresponding functions with respect to the Company or a Related Entity.
- (t) **“Participant”** means a Designated Person to whom a Grant has been made in accordance with Article 5 hereof.
- (u) **“Performance Criteria”** means criteria established by the Committee in respect of each Grant, if any, which, without limitation, may include criteria based on the financial performance of the Company and/or any Related Entity thereof.
- (v) **“Performance Period”** means the period established by the Committee in respect of each Grant, if any, which period shall commence and end on the dates designated by the Committee.
- (w) **“Permanent Disability”** means a mental or physical disability which has caused the substantial withdrawal of the Participant’s effective services to the Company or Related Entity, as the case may be, for six consecutive months or a cumulative period of twelve months over a period of thirty-six consecutive months, or such other permanent disability of a Participant and/or for such other period as determined by the Committee in its sole and absolute discretion.
- (x) **“Plan”** means this Restricted Share Unit Plan as the same may be further amended from time to time.

- (y) **“Related Entity”** means, with regard to the Company, a person that controls or is controlled by the Company or that is controlled by the same person that controls the Company.
- (z) **“Release Date”** means in respect of each Grant, unless otherwise determined by the Committee, the tenth business day following the occurrence of the event giving rise to the issuance of the RSU Shares in accordance with the provisions of the Plan, or pursuant to the vesting provisions or Performance Period of the RSUs.
- (aa) **“Retirement”** means withdrawal from the Participant’s occupation or office with the Company or a Related Entity with no intention to return to the workforce, provided that Retirement prior to the age of 60 shall be subject to the Board’s review and discretion.
- (bb) **“RSU”** means a restricted share unit allocated to a Designated Person in accordance with Article 5 hereof which shall, upon issuance in accordance with and subject to the provisions of the Plan, entitle the holder thereof to receive one RSU Share.
- (cc) **“RSU Grant Agreement”** means each agreement with a Participant containing the terms and conditions of each Grant, such agreement to be in form and substance similar to the form of Restricted Share Unit Grant Agreement contained in Schedule A hereof.
- (dd) **“RSU Shares”** means the Common Shares delivered to Participants in accordance with the provisions of the Plan in settlement of RSUs issued under the Plan.
- (ee) **“Stock Option Plan”** means the Company’s stock option plan.
- (ff) **“TSX”** means the Toronto Stock Exchange.
- (gg) **“U.S. Securities Act”** has the meaning ascribed to it in Section 9.1 herein.

2.2 Interpretations

Any reference to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

ARTICLE 3 ADMINISTRATION

3.1 Committee

The Plan shall be administered by the Committee under the supervision of the Board.

In addition to the other powers granted to the Committee under the Plan and subject to the terms of the Plan, the Committee shall have full and complete authority to interpret the Plan. The Committee may from time to time prescribe such rules and regulations and make all determinations necessary or desirable for the administration of the Plan. In particular, the Committee shall select the Designated Persons to whom it recommends Grants shall be made and shall determine the amounts and terms of the Grants (including the related Performance

Criteria, if any, and the formula, if any, to be used to determine the number of RSUs to be issued based on the level of achievement of such Performance Criteria), and the extent to which the Performance Criteria to be achieved during the Performance Period, if any, has been achieved. Any such interpretation, rule, determination or other act of the Committee and/or the Administrator shall be conclusively binding upon all persons, including the Participants and their legal representatives and beneficiaries.

3.2 Delegation of Administration

The Committee may, subject to the terms of the Plan, delegate to third parties, including the Administrator if one is appointed, the whole or any part of the administration of the Plan and shall determine the scope of such delegation. Any decision made by the Committee or the Administrator in carrying out its responsibilities with respect to the administration of the Plan shall be final and binding on the Participants.

3.3 Limitation of Liability

No member of the Committee or the Board shall be liable for any action or determination made in good faith pursuant to the Plan. To the full extent permitted by law, the Company shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding by reason of the fact that such person is or was a member of the Committee or is or was a member of the Board and, as such, is or was required or entitled to take action pursuant to the terms of the Plan.

3.4 Fees

Except as Participants may otherwise be advised by prior written notice of at least 30 days, all costs of the Plan, including any administration fees, shall be paid by the Company; provided, however, the Company's responsibility for administration fees does not include tax consequences to the Participant of his/her receipt of RSUs or RSU Shares, which shall be the exclusive responsibility of the Participant.

ARTICLE 4 RSU SHARES SUBJECT TO THE PLAN

The Company shall not be required to issue and/or cause to be delivered Common Shares or issue and/or cause to be delivered certificates evidencing Common Shares to be delivered pursuant to the Plan unless and until such issuance and delivery is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of the Exchange. The Company shall not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements. Subject to the foregoing, the Board may authorize from time to time the issuance by the Company of Common Shares from treasury.

ARTICLE 5 GRANTS

5.1 Maximum Number of Common Shares and Limitations

The number of RSU Shares issuable under the Plan shall not exceed 4,000,000 Common Shares, provided that at no time may the number of Common Shares issuable hereunder, together with

all other security-based compensation arrangements of the Company, exceed 20% of the issued and outstanding Common Shares as at May 3, 2019, inclusive of all RSUs and incentive options presently reserved for issuance. The number of Common Shares remaining available for grant under this Plan is 2,000,000. For greater certainty, as at the date of this Plan, the maximum number of Common Shares issuable under this Plan, together with all other security-based compensation arrangements of the Company, is fixed at 34,819,035 Common Shares. If a Grant terminates without delivery of any Common Shares subject thereto, then the number of Common Shares counted against the aggregate number of Common Shares available under the Plan with respect to such Grant shall, to the extent of any such termination, again be available for making Grants under the Plan.

The total number of Common Shares which are: (i) issued to any person or to Insiders of the Company, within any one-year period, and (ii) issuable to any person or to Insiders of the Company, at any time, under this RSU Plan, or when combined with all other security-based compensation arrangements of the Company, cannot exceed 10% of the Company's total issued Common Shares, respectively.

5.2 Terms of Grants

Subject to the provisions of the Plan, the Committee shall, in its sole discretion and from time to time, determine the Designated Persons to whom it recommends that Grants be made based on their current and potential contribution to the success of the Company. At such time, the Committee shall also:

- (a) determine, in connection with each Grant, the Effective Date thereof and the number of RSUs to be allocated, subject to blackout periods pursuant to Section 5.3 herein.
- (b) determine, in connection with each Grant, the vesting dates and the Performance Period, if any, applicable thereto;
- (c) determine, in connection with each Grant, the Performance Criteria, if any, to be achieved during the Performance Period in order for RSU Shares to be issued to the Participant; and
- (d) determine the other terms and conditions (which need not be identical and which, without limitation, may include conditions on the allocation, issuance and/or settlement of RSUs, and non-competition provisions) of all RSUs covered by any Grant.

Notwithstanding any provisions of this Section 5.2, any Grant and any determination made by the Committee in connection with any such Grant as provided shall be subject to confirmation by the Board, and both the Company and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Designated Person.

5.3 Blackout Periods

The Company may from time to time self-impose trading blackouts during which some or all Directors, Officers, Employees, and Consultants may not trade in the securities of the Company. In the event that a trading blackout is imposed by management or the Board, in accordance with any insider trading policy that the Company may adopt from time to time, Participants subject to

the blackouts are prohibited from buying, selling or otherwise trading in securities of the Company until such time as notice is formally given by the Company that trading may resume.

If the Effective Date of any Grant, or the date of vesting of any Grant, falls within such a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

ARTICLE 6 TERMS AND CONDITIONS OF RESTRICTED SHARE UNITS

6.1 RSU Grant Agreement

Each Grant shall be evidenced by an RSU Grant Agreement containing the terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Committee may deem appropriate. The Company shall deliver a copy of the Plan and the respective RSU Grant Agreement to each Participant who receives any Grant under the Plan before, or as soon as practicable after, the time of such Grant. Certificates need not be issued with respect to RSUs covered by a Grant or RSUs when issued. The Company or the Administrator shall maintain records showing the number of RSUs allocated to each Participant under the Plan. The RSU Grant Agreement may deal with some or all of the matters set forth in the remainder of this Article 6.

6.2 Number of RSUs and Entitlement to Common Shares

Each RSU Grant Agreement shall state the number of RSUs allocated to the Participant and state that each such RSU shall upon vesting, subject to and in accordance with the terms of the Plan, entitle the Participant to receive one RSU Share, subject to the provisions of Section 10.2 with respect to withholding taxes, pension plan contributions, employment insurance premiums or other deductions.

6.3 Performance Criteria

Each RSU Grant Agreement shall describe the Performance Criteria for the Performance Period established by the Committee that must be achieved for RSU Shares to be vested and issued to the Participant, based such criterion as may be determined by the Committee.

6.4 Vesting and Settlement of RSUs

- (a) Subject to any employee benefit or other share compensation plan approved by the Board, the Committee shall prescribe the terms and conditions of vesting of each Grant and the vesting period.
- (b) Provided that the Participant is continuously employed with, or providing services to, the Company from the Effective Date of such Grant to the Release Date, the Participant shall be entitled to receive on the applicable Release Date, in full settlement of the RSUs that have vested, a number of RSU Shares equal to such number of RSUs vested, all in accordance with Section 6.2 herein and subject to the provisions of Section 10.2 with respect to withholding taxes, pension plans contributions, employment insurance premiums or other deductions.

6.5 Rights in the Event of Death, Retirement or Termination of Employment or Service

Unless otherwise determined by the Committee:

Death

- (a) Subject to Section 6.5(b), in the event of the death of a Participant while in the employment or service of the Company, the deceased Participant's estate shall receive, with respect to each Grant then outstanding to such Participant for which RSU Shares have not otherwise been issued prior to the date of death, an RSU settlement in the form of RSU Shares on the next Release Date on which all or a portion of the RSU Shares would otherwise be issued, if at all, in accordance with the Plan had the Participant not died and continued in the employment or service of the Company or the Related Entity, as applicable, until such Release Date. Any RSUs received by a deceased Participant's estate must be exercised within one year of the Participant's death.
- (b) If Performance Criteria are attached to any deceased Participant's RSU, in the event of death of a Participant following the end of the Performance Period, if any, but prior to a Release Date, the Committee shall determine in its sole discretion the number of RSU Shares to be delivered to the Participant's estate with respect to such RSUs.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

Termination Without Cause, Retirement or Permanent Disability

- (c) In the event of termination without cause, Retirement or Permanent Disability of a Participant, with respect to each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to the date of termination without cause, Retirement or Permanent Disability, the RSU Shares covered by any such Grant shall be issued to the Participant in accordance with and subject to the Plan, on a *pro rata* basis to reflect the proportion of the Performance Period of the Grant worked by the Participant prior to such termination without just cause, Retirement or Permanent Disability.

Any remaining RSUs for which settlement has not been made as aforesaid, shall be forfeited and shall terminate.

For purposes of this provision, the date of termination without cause, Retirement or permanent Disability shall be the last day on which the Participant provides services to the Company or Related Entity, as the case may be, at its premises, and not the last day of any notice period or upon which the Company or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

Voluntary Resignation or Termination for Cause

- (d) In the event a Participant's voluntary resignation (other than due to Retirement) or termination of employment or service for cause and unless otherwise provided in

an employment or other service contract between the Participant and the Company or a Related Entity, the RSUs covered by each Grant then outstanding to such Participant for which RSU Shares have not been issued prior to such voluntary resignation or termination shall be forfeited and all such Grants shall expire in their entirety. Any such voluntary resignation or termination of employment or service for cause shall not entitle a Participant to any compensation for loss of any benefit under the Plan.

For the purposes of the foregoing paragraph, the date of voluntary resignation or termination shall be the last day upon which the Participant provides services to the Company or Related Entity, as the case may be, at its premises and not the last day of any notice period or upon which the Company or Related Entity pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

6.6 Automatic Termination of RSUs

Subject to Section 6.5, RSUs granted pursuant to the Plan shall terminate automatically on the earlier of:

- (a) the date on which such RSUs are issued in the form of RSU Shares, in respect of all of the RSUs granted thereunder; and
- (b) the expiry date of such RSUs as determined by the Committee or by law.

6.7 Rights in the Event of a Change in Control

In the event of the occurrence of a Change in Control, and unless otherwise determined by the Committee, or otherwise addressed in the Participant's employment or service contract or share compensation plan approved by the Board (which shall have controlling effect), with respect to each Grant outstanding on the effective date of such Change in Control,

- (a) All Covered RSUs shall vest as of the effective date of such Change in Control. The Board shall give each Participant as much notice as possible of the acceleration of the vesting of the RSUs under this section, except that not less than 5 business days and not more than 35 days' notice is required; and
- (b) each Participant shall, on the Release Date which would have applied had the Change in Control not occurred, be entitled to receive from the Company, in full settlement of an RSU covered by such Grant, one of the following, at the sole discretion of the Committee, for each Covered RSU:
 - (i) one CIC Share; or
 - (ii) the number of Consideration Shares rounded to the nearest whole number, that is equal to the sum of:
 - (A) the number of Consideration Shares received by the shareholders of the Company in respect of one Common Share; and

- (B) the number of Consideration Shares that the Board determines represents the fair market value of any cash or other property received by the shareholders of the Company in respect of one Common Share;

provided that such Participant is continuously employed by or providing services to the Company from the Effective Date of such Grant to the effective date of such Change in Control.

- (c) Automatic vesting of all Covered RSUs will also occur when, within a six (6) month period, the Company issues new or additional shares greater than or equal to 40% of the issued and outstanding shares at the date of first issuance.

6.8 Non-Transferability

The rights or interests of a Participant under the Plan shall not be assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death and such rights or interests shall not be encumbered.

6.9 RSUs Not Common Shares

Under no circumstances shall a Grant of an RSU be considered a Common Share, nor shall a Grant of an RSU entitle any Participant to the exercise of voting rights, the receipt of dividends or the exercise of any other rights attaching to ownership of a Common Share, until delivery of an RSU Share in settlement of such RSU in accordance with the terms of the Plan.

6.10 RSU Shares Fully Paid

RSU Shares, if issued by the Company to settle RSUs under the Plan, shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Company would have received if the RSU Shares had been issued for money.

ARTICLE 7 EFFECTS OF ALTERATION OF SHARE CAPITAL

7.1 Adjustments

In the event that:

- (a) a dividend shall be declared upon the Common Shares payable in Common Shares of the Company;
- (b) the outstanding Common Shares shall be changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation, whether through an arrangement, plan of arrangement, amalgamation or other similar statutory procedure, or a share recapitalization, subdivision or consolidation;
- (c) there shall be any change, other than those specified in subparagraphs (a) and (b) of this Section, in the number or kind of outstanding Common Shares or of any

shares or other securities into which such Common Shares shall have been changed or for which they shall have been exchanged; or

- (d) there shall be a distribution of assets or shares to shareholders of the Company out of the ordinary course of business,

then, if the Board shall in its sole discretion determine that such change equitably requires an adjustment in the number of RSUs with respect to which Grants may be made pursuant to the Plan but not yet covered by Grants, of the RSUs then covered by Grants, of the RSUs generally available for Grants under the Plan and of the RSUs available for Grants under the Plan in any calendar year, such adjustment shall be made by the Board and shall be effective and binding for all purposes.

7.2 No Fractional RSUs

No adjustment provided for in this Section shall entitle a Participant to be allocated a fractional RSU, or receive a fractional RSU Share or any payment in lieu thereof, and the total adjustment with respect to each RSU shall be limited accordingly.

ARTICLE 8 AMENDMENT AND TERMINATION

8.1 Generally

The Board may from time to time amend, suspend or terminate the Plan in whole or in part. The Committee may from time to time amend the terms of Grants made under the Plan, subject to confirmation by the Board and the obtaining of any required regulatory, shareholder, or other approvals and, if any such amendment will materially adversely affect the rights of a Participant with respect to a Grant, the obtaining of the written consent of such Participant to such amendment. Notwithstanding the foregoing, (i) the obtaining of the written consent of any Participant to an amendment which materially adversely affects the rights of such Participant with respect to a Grant shall not be required if such amendment is required to comply with applicable laws, regulations, rules, orders of governmental or regulatory authorities or the Exchange and (ii) no amendment may be made to Section 6.7 of the Plan or to the defined terms referred to in Section 6.7 on or after the effective date of such Change in Control.

8.2 Amendments without Shareholder Approval

Without limiting the generality of the foregoing, the Board may make the following amendments to the Plan, or any outstanding RSU grants, without obtaining shareholder approval:

- (a) amendments to the terms and conditions of the Plan necessary to ensure that the Plan complies with the applicable laws, regulations, rules, orders of governmental or regulatory authorities or the requirements of the Exchange in place from time to time;
- (b) amendments to the provisions of the Plan respecting administration of the Plan and eligibility for participation under the Plan;

- (c) amendments to the provisions of the Plan respecting the terms and conditions on which Grants may be made pursuant to the Plan, including the provisions relating to the Effective Date, Performance Criteria, vesting and Performance Period;
- (d) amendments that are necessary for RSUs to qualify for favourable treatment under applicable tax laws;
- (e) the introduction of features to the Plan that would permit the Company to, instead of issuing Common Shares from treasury upon the vesting of the RSUs, retain a broker and make payments for the benefit of Participants to such broker who would purchase Common Shares through the facilities of the TSX for such Participants;
- (f) the introduction of features to the Plan that would permit the Company to, instead of issuing Common Shares from treasury upon the vesting of the RSUs, make lump sum cash payments to Participants;
- (g) amendments to the Plan that are of a “housekeeping” nature; and
- (h) and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the Exchange.

8.3 Amendments Requiring Shareholder Approval

Without limiting the generality of the foregoing, the Board may not, without the approval of the Company’s shareholders, make the following amendments to the Plan:

- (a) an increase to the Plan maximum or the number of Common Shares issuable under the Plan;
- (b) amendment provisions granting additional powers to the Board to amend the Plan or entitlements thereunder;
- (c) extension of the termination or expiry of a Grant or the removal or increase of insider participation limits described in Section 5.1; and
- (d) a change to the definition of “Designated Person” or “Director”.

ARTICLE 9 CERTAIN SECURITIES LAW MATTERS

9.1 Restrictive Legends

If applicable, all certificates or other documents representing securities pursuant to the Plan issued to a “U.S. person” as defined in Rule 902(k) of Regulation S promulgated under the *United States Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) will bear the applicable restrictive legend referring to the U.S. Securities Act, which will state, without limitation, that such securities have not been registered under the Securities Act and will set forth or refer to the applicable restrictions on transferability and sale thereof.

In addition to the foregoing restrictive legend, certificates representing any securities issued pursuant to the Plan may bear such additional restrictive legends as the Board or Committee may

in their sole discretion determine are required to comply with applicable securities laws or stock exchange requirements.

9.2 Additional Disclosure and Notices to Securities Regulatory Authorities and Exchanges

Subject to Article 4 hereof, the Company shall also deliver to each Participant any additional disclosure, as necessary, to comply with the requirements of applicable securities laws. The Company shall also give notice, as may be necessary, to all applicable securities regulatory authorities and other regulatory bodies and all applicable stock exchanges and other trading facilities, upon which the Common Shares are listed or traded, of the adoption of the Plan and the issuance of any Grants or the entering into of any agreements respecting same.

ARTICLE 10 MISCELLANEOUS PROVISIONS

10.1 No Right to Continued Employment or Service

Participation in the Plan by a Designated Person is voluntary. No Director, Officer, Employee or Consultant shall have any claim or right to receive Grants under the Plan. The Grant and issuance of RSUs under the Plan (i) shall not be construed as giving a Participant any right to continue in the employment or service of the Company or a Related Entity or to be reelected as a Director or to receive any additional Grants, or (ii) affect the right of the Company or a Related Entity to terminate the employment or service of any Participant. Unless the Committee determines otherwise, no notice of termination or payment in lieu thereof shall extend the period of employment or service for purposes of the Plan.

10.2 Income Tax Withholding Compliance

Prior to the delivery of any RSU Shares under this Plan, the Company or the Administrator shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Company, an amount sufficient to satisfy any federal, provincial, local and foreign taxes, pension plan contributions, employment insurance premiums and any other required deductions (collectively referred to herein as “**withholding taxes**”) that the Company determines is required to be withheld to comply with applicable laws. The Company shall make any withholdings or deductions in respect of withholding taxes as required by law or the interpretation or administration thereof. The Company or the Administrator shall be entitled to make arrangements to sell a sufficient number of RSU Shares to be issued pursuant to the Plan to fund the payment and remittance of withholding taxes that are required to be deducted or withheld and any associated costs (including brokerage fees). The Company or the Administrator shall also have the right to withhold the delivery of any RSUs and RSU Shares to a Participant hereunder unless and until such Participant pays to the Company a sum sufficient to indemnify the Company for any liability to withhold tax in respect of the amounts included in the income of such Participant as a result of the settlement of RSUs under the Plan, to the extent that such tax is not otherwise being withheld from payments to such Participant by the Company or the Administrator. The Participant may also make other arrangements acceptable to the Company to fund the required tax remittance.

10.3 Governing Law

The Plan, the issuance and settlements of RSUs hereunder, and the issue and delivery of Common Shares hereunder upon settlement shall be, as applicable, governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

10.4 Non-Exclusivity

Nothing contained herein shall prevent the Company from adopting such other share incentive or compensation arrangements as it shall deem advisable.

10.5 Time of Essence

Time is of the essence of this Plan and of each RSU Grant Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

ARTICLE 11 TERM OF THE PLAN

Any subsequent amendments to the Plan shall become effective upon their adoption by the Board, subject to the approval of the Company's shareholders, if required. The Plan shall terminate on such date as may be determined by the Board pursuant to Article 8 hereof, and no Grants may become effective under the Plan after the date of termination, but such termination shall not affect any Grants that became effective pursuant to the Plan prior to such termination.

END OF DOCUMENT

SCHEDULE A
RESTRICTED SHARE UNIT GRANT AGREEMENT

This **RESTRICTED SHARE UNIT GRANT AGREEMENT** is made as of the _____ day of _____, 20____ between **ALEAFIA HEALTH INC.** (the “**Company**”) and the undersigned (the “**Participant**”), being a director, officer, employee or consultant of the Company or a related entity designated pursuant to the terms of the Restricted Share Unit Plan of the Company, as may be amended from time to time (the “**Plan**”).

In consideration of the grant of Restricted Share Units (“**RSUs**”) made to the Participant pursuant to the Plan (the receipt and sufficiency of which are hereby acknowledged), the Participant hereby agrees and confirms that:

1. The Participant has received a copy of the Plan and has read, understands and agrees to be bound by the provisions of the Plan. The Participant acknowledges, among other things, that the Plan contains provisions relating to termination and restricting transfer.
2. The Participant accepts and consents to and shall be deemed conclusively to have accepted and consented to, and agreed to be bound by, the provisions and all terms of the Plan and all *bona fide* actions or decisions made by the Board, the Committee, or any person to whom the Committee may delegate administrative duties and powers in relation to the Plan, which terms and consent shall also apply to and be binding on the legal representatives, beneficiaries and successors of the undersigned.
3. On _____, 20____, the Participant was granted _____ RSUs to receive one RSU Share of the Company for each RSU subject to the provisions of the Plan, which grant is evidenced by this Agreement. The RSUs shall be subject to the following terms:
 - ***[Describe Performance Criteria and (vesting) release dates and Performance Period, as applicable, of the RSU Shares.]***
4. This Agreement shall be considered as part of and an amendment to the employment or service agreement between the Participant, and the Company and the Participant hereby agrees that the Participant will not make any claim under that employment or service agreement for any rights or entitlement under the Plan or damages in lieu thereof except as expressly provided in the Plan.
5. Participants who are “insiders” of the Company are required to file an insider report under Canadian securities laws in respect of the grant of RSUs and upon future conversion of these RSUs into RSU Shares and any subsequent sales of such RSU Shares.
6. In the event of any inconsistency between the terms of this Agreement and the Plan, the terms of this Agreement shall prevail to the extent that it is not inconsistent with the requirements of the TSX.
7. By signing this Agreement, the Participant acknowledges and consents to the disclosure of personal information by the Company to the TSX (the “**Exchange**”).

This Agreement shall be determined in accordance with the laws of Ontario and the laws of Canada applicable therein.

Words used herein which are defined in the Plan shall have the respective meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

ALEAFIA HEALTH INC.

By: _____

Name:

Title:

(Authorized Signing Officer)

Accepted: _____, 20 ____

[Name]

SCHEDULE "C"

MANDATE OF THE BOARD OF DIRECTORS

See attached.

ALEAFIA HEALTH INC.

MANDATE OF THE BOARD OF DIRECTORS

I. GENERAL

1. Mandate

The board of directors (the “**Board**”) of Aleafia Health Inc. (the “**Company**”) is responsible for the stewardship of the Company. The Board is elected by the shareholders of the Company to supervise the management of the business and affairs of the Company.

2. Board Committees

(a) To assist it in exercising its responsibilities, the Board has established four standing committees of the Board:

- (i) an audit committee (the “**Audit Committee**”);
- (ii) a human resources and compensation committee (the “**HR and Compensation Committee**”);
- (iii) a governance committee (the “**Governance Committee**”); and
- (iii) a strategic direction / planning committee (the “**Strategic Planning Committee**”).

The Board may establish other standing committees, from time to time.

(b) Each committee will have a written charter. At a minimum, each charter will clearly establish the committee’s purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the Board. Each charter will be reviewed by the Board (or a committee thereof) on an annual basis.

(c) The Board is responsible for appointing directors to each of its committees, in accordance with the written charter for each committee.

II. PROCEDURAL MATTERS

1. Composition

It is the intention of the Board that it will become composed of a majority of “independent” directors, as such term is defined under applicable securities legislation.

2. Board Structure and Operations

(a) Chair

- (i) The Board will appoint an independent director to act as Chair of the Board. If the Board determines that this is not appropriate in the circumstances and instead appoints a non-independent director to act as Chair of the Board, the Board will also appoint an independent director to act as Lead Director. Either an independent Chair of the Board or a Lead Director will act as the effective leader of the Board, including chairing Board meetings and ensuring that the Board’s agenda will enable it to successfully carry out its duties.
- (ii) If the Chair of the Board or Lead Director, if applicable, is absent or unable or unwilling to act, the directors present at the meeting will choose one of their number to be chair of the meeting.
- (iii) The Chair of the Board and the Lead Director, as applicable, may be removed at any time at the discretion of the Board.

- (iv) If in any year the Board does not appoint a Chair or Lead Director, if applicable, the incumbent Chair and Lead Director, if applicable, will each continue in office until a successor is appointed.

(b) Meetings

- (i) The Chair of the Board or Lead Director, if applicable, in consultation with Board members, will determine the schedule and frequency of Board meetings. However, the Board will meet at least four times per year. A quorum of the Board may, at any time, call a meeting of the Board.
- (ii) The Chair of the Board or Lead Director, if applicable, is responsible for developing and setting the agenda for Board meetings, with the assistance of the Chief Executive Officer (the “**CEO**”) and the Secretary of the Company. Appropriate materials will be provided to the Board in advance of meetings, although the Board recognizes that in certain cases this may not be possible. Materials presented to the Board should be as concise as possible, while providing sufficient information for the directors to make an informed judgment.

(c) Notice

Notice of the time and place of every meeting will be given in writing to each member of the Board not less than 48 hours before the time when the meeting is to be held but if the CEO considers it a matter of urgency that a meeting of the Board be convened, he or she may give notice of a meeting by means of any telephone, electronic or other communication facility no less than one hour before the meeting.

(d) Quorum

A majority of the Board constitutes a quorum at any meeting of the Board.

(e) Attendees

The Board may invite such officers and employees of the Company and advisors as it sees fit from time to time to attend a meeting of the Board and assist in the discussion and consideration of matters relating to the Board.

(f) In Camera Sessions

The Board will reserve a portion of each Board meeting for the independent directors to meet without any members of management or other non-independent directors present.

(g) Records

Minutes of meetings of the Board will be recorded and maintained by the Secretary of the Company and will be subsequently presented to the Board for review and approval.

3. Board Mandate Review

The Board will review and assess the adequacy of this Mandate on an annual basis, taking into account all legislative and regulatory requirements applicable to the Board.

III. RESPONSIBILITIES

1. Supervising Management of the Company

The Board is responsible for supervising the management of the business and affairs of the Company, including:

- (a) designating the offices of the Company, appointing such officers, specifying their duties and delegating to them the power to manage the day-to-day business and affairs of the Company;

- (b) overseeing the review of such officers' performance and effectiveness; and
- (c) acting in a supervisory role, such that any duties and powers not delegated to the officers of the Company remain with the Board and its committees.

In addition, the Board is responsible for, to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Company.

2. Strategic Planning

The Board is responsible for adopting a strategic planning process and will approve, on at least an annual basis, a strategic plan, which takes into account, among other things, the opportunities and risks of the business. To assist it with these responsibilities, the Board has established the Strategic Planning Committee.

3. Risk Management and Compliance

The Board is responsible for:

- (a) identifying the principal risks of the Company's business and overseeing the implementation of appropriate systems to manage these risks; and
- (b) overseeing the Company's compliance with applicable laws and regulations and its compliance with all significant policies and procedures approved by the Board from time to time.

4. Financial and Other Reporting, Internal Controls and Information Technology Systems

The Board is responsible for overseeing the Company's financial and other reporting, internal controls and information technology systems. To assist it with these responsibilities, the Board has established the Audit Committee.

5. Human Resources

The Board is responsible for overseeing:

- (a) compensation matters (including compensation of officers and other senior management personnel and approving the Company's annual compensation budget);
- (b) succession planning (including appointing, training and monitoring senior management); and
- (c) the health and safety of the Company's employees.

To assist it with these responsibilities, the Board has established the HR and Compensation Committee.

6. Code of Business Conduct and Ethics

The Board is responsible for adopting a written code of business conduct and ethics (the "**Code**"), applicable to directors, officers and employees of the Company. The Code will constitute written standards that are reasonably designed to promote integrity and deter wrongdoing and will address the following issues:

- (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- (b) protection and proper use of corporate assets and opportunities;
- (c) confidentiality of corporate information;

- (d) fair dealing with the Company's security holders, customers, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

The Board is responsible for monitoring compliance with the Code. Any waivers from the Code that are granted for the benefit of the Company's directors or executive officers will be granted by the Board (or a Board committee) only. To assist it with these responsibilities, the Board has established the Governance Committee.

7. Corporate Disclosure Policy

The Board is responsible for adopting a corporate disclosure policy for the Company that ensures that the Company communicates effectively with its shareholders, other stakeholders, and the public in general. It is important that the Company speak to its stakeholders (including employees) and the public with a single voice, and that the Chair of the Board, Lead Director, if applicable, and CEO serve as the primary spokespersons for the Company.

8. Corporate Governance

The Board is responsible for developing and periodically reviewing the Company's approach to corporate governance. The Board will monitor developments in corporate governance (including in relation to diversity and term limits) and adapt best practices to the needs and circumstances of the Company. The Board will monitor and evaluate the effectiveness of the system of corporate governance at the Company, including the information requirements of the Board, the frequency and content of meetings and the need for any special meetings, communication processes between the Board and management, the mandate of the Board and the charters of its committees and corporate governance related policies and procedures. To assist it with these responsibilities, the Board has established the Governance Committee.

9. Other Board Matters

(a) Position Descriptions

The Board is responsible for:

- (i) developing clear written position descriptions for the Chair of the Board, the Lead Director, if applicable, and the Chair of each Board committee; and
- (ii) together with the CEO, developing a clear position description for the CEO.

(b) Orientation and Continuing Education

The Board is responsible for arranging:

- (i) for new directors to receive a comprehensive orientation, so that they fully understand:
 - (A) the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the Company expects from its directors), and
 - (B) the nature and operation of the Company's business; and
- (ii) continuing education opportunities for all directors, so that they may:
 - (A) maintain or enhance their skills and abilities as directors, and

(B) ensure that their knowledge and understanding of the Company's business remains current.

(c) Regular Board Assessments

The Board is responsible for annually assessing its own effectiveness and contribution, as well as the effectiveness and contribution of each Board committee and each individual director. Such assessments should consider:

- (i) in the case of the Board, this Mandate;
- (ii) in the case of a Board committee, the committee's charter; and
- (iii) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the Board.

(d) Nomination of Directors

The Board is responsible for nominating or appointing individuals as directors. Prior to nominating or appointing individuals as directors, the Board should:

- (i) consider what competencies and skills the Board, as a whole, should possess;
- (ii) assess what competencies and skills each existing director possesses; and
- (iii) consider the appropriate size of the Board, with a view to facilitating effective decision-making.

To assist it with these responsibilities, the Board has established the Governance Committee.

(e) Outside Advisors

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board has the authority to retain and approve the fees and retention terms of its outside advisors.

Approved and adopted: December 7, 2018

SCHEDULE "D"

BY-LAW NO. 2

See attached.

By-law No. 2 is made as a by-law of Aleafia Health Inc. effective May 6, 2019. This by-law must be ratified by shareholders at the next meeting of shareholders, failing which it will cease to be of any force or effect.

ALEAFIA HEALTH INC.
(the “Corporation”)

By-law No. 2

A by-law relating to the advance notice of nominations of directors of the Corporation.

1. **Definitions.** In this by-law, the following terms have the following meanings:
 - 1.1 “**Act**” means the *Business Corporations Act* (Ontario), as it may be amended or replaced.
 - 1.2 “**Board**” means the board of directors of the Corporation.
 - 1.3 “**Meeting Announcement Date**”, in respect of a meeting of shareholders, means the date on which the first public announcement of the date of that meeting is made, by way of disclosure in a press release disseminated by the Corporation through a national news service in Canada or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.
2. **Nomination Procedures.** Nominations of persons for election as directors of the Corporation at a meeting of shareholders may be made only:
 - 2.1 by or at the direction of the Board;
 - 2.2 by or at the direction or request of one or more shareholders pursuant to a proposal submitted in accordance with the provisions of the Act for inclusion in the management information circular, or pursuant to a requisition of a meeting of shareholders made in accordance with the provisions of the Act; or
 - 2.3 by any person (a “**Nominating Shareholder**”) if:
 - 2.3.1 the Nominating Shareholder gives timely notice in proper written form and otherwise complies with the notice procedures as set out in this by-law; and
 - 2.3.2 the Nominating Shareholder is a registered or beneficial holder of one or more shares of the Corporation carrying the right to vote on the election of directors at that meeting as of the record date for notice for that meeting and as of the date on which the Nominating Shareholder’s notice is given under this by-law.
3. **Timely Notice.** To be timely, a Nominating Shareholder’s notice under this by-law in respect of a meeting of shareholders must be given:
 - 3.1 in the case of an annual (or annual and special) meeting to be held on a date that is 50 days or more after the Meeting Announcement Date, not later than 5:00 p.m. (Toronto time) on the date that is 30 days before the date of that meeting;
 - 3.2 in the case of an annual (or annual and special) meeting to be held on a date that is less than 50 days after the Meeting Announcement Date, not later than 5:00 p.m. (Toronto time) on the 10th day following the Meeting Announcement Date; and

3.3 in the case of a special meeting (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), not later than 5:00 p.m. (Toronto time) on the 15th day following the Meeting Announcement Date.

If a delivery deadline set out under Section 2.1, 2.2 or 2.3 falls on a non-business day, the delivery deadline will be extended to 5:00 p.m. (Toronto time) on the next business day.

4. **Proper Form of Notice.** To be in proper written form, a Nominating Shareholder's notice under this by-law in respect of a meeting of shareholders must set out:

4.1 as to each person whom the Nominating Shareholder proposes to nominate for election as a director of the Corporation:

4.1.1 the name, province or state of residence and country of residence of the proposed nominee;

4.1.2 the principal occupation, business or employment of the proposed nominee for the last five years;

4.1.3 the number of securities of each class of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the proposed nominee, as of the record date for the meeting (if that date has been publicly announced and has occurred) and as of the date of the Nominating Shareholder's notice;

4.1.4 a description of any agreement, arrangement or understanding between the proposed nominee and the Nominating Shareholder (or any associates or affiliates of, or any person acting jointly or in concert with, the proposed nominee or the Nominating Shareholder) in connection with the proposed nominee's nomination or election as a director of the Corporation;

4.1.5 whether the proposed nominee is a "resident Canadian" within the meaning of the Act; and

4.1.6 any other information relating to the proposed nominee that would be required to be disclosed, under the Act and applicable securities laws, in a dissident's information circular in connection with solicitations of proxies for the election of directors; and

4.2 as to the Nominating Shareholder:

4.2.1 the name of the Nominating Shareholder;

4.2.2 the number of securities of each class of voting securities of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder (or any other person with whom the Nominating Shareholder is acting jointly or in concert with respect to the Corporation or any of its securities), as of the record date for the meeting (if that date has been publicly announced and has occurred) and as of the date of the Nominating Shareholder's notice; and

4.2.3 any other information relating to the Nominating Shareholder that would be required to be disclosed, under the Act and applicable securities laws, in a

dissident's information circular in connection with solicitations of proxies for the election of directors.

5. **Notice to be Updated.** A Nominating Shareholder's notice under this by-law in respect of a meeting of shareholders must be promptly updated, if applicable, so that the information provided or required to be provided in that notice is true and correct as of the record date for the meeting.
6. **Eligibility for Nomination.** No person will be eligible for election as a director of the Corporation at a meeting of shareholders unless nominated as set out in this by-law. This by-law will not preclude the discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which that shareholder would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting will have the power and duty to determine whether a nomination was made in accordance with the procedures set out in this by-law and, if any proposed nomination is not in compliance with this by-law, to declare that the defective nomination will be disregarded.
7. **Delivery of Notice.** A Nominating Shareholder's notice under this by-law must be addressed to the Secretary of the Corporation and delivered to the Corporation by personal delivery (at the Corporation's registered office address or by email (at the email address stipulated by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com, as updated). A Nominating Shareholder's notice will be deemed to have been given and received on the day it is personally delivered or transmitted by email, but if the notice is delivered or transmitted on a day which is not a business day or after 5:00 p.m. (Toronto time), the notice will be deemed to have been given and received on the next business day.
8. **Board Discretion.** Despite any other provision in this by-law, the Board may, in its sole discretion, waive any requirement in this by-law.

ENACTED by the directors of the Corporation.

DATED May 6, 2019.

"Julian Fantino"

Name: Julian Fantino

Title: Chairman

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