Aleafia Health™

ALEAFIA HEALTH INC.

NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS TO BE HELD ON
JUNE 28, 2021

and

MANAGEMENT INFORMATION CIRCULAR

Dated May 20,2021

AleafiaHealth.com

Dear Shareholders,

2020 has been a year of tremendous change and uncertainty in the world as we cope with the effects of COVID-19. Our first and foremost priority has been the safety of our patients and employees. Rapid and decisive actions taken at the onset of the pandemic have allowed us to see thousands of medical cannabis patients virtually, from the safety of their own homes, while measures taken at our production facilities have led to zero COVID-19 outbreaks.

The Aleafia Health Inc. management team has successfully navigated this period of uncertainty. In the last year, we received four major Health Canada licence amendments at our production facilities. And with this greater scale, we delivered on a second consecutive year of exponential growth in cannabis sales. Net cannabis revenue was $41 million in 2020, compared to $11 million in 2019, and $600,000 in our first year of operation.

Thankfully, we now see a light at the end of the tunnel as mass vaccination campaigns ramp-up in Canada and globally. However, COVID-19 also continues to leave lasting changes in how we live and work.

That is certainly the case with the evolving needs of cannabis patients and consumers. The rapid rise of e-commerce and virtual healthcare will continue. That is why we invested in our Toronto-area distribution centre, which allows patients to order at 2:00 p.m. and have their medicine hand delivered by our couriers that same evening. This is the best service available in the cannabis industry and a unique differentiator for Aleafia Health.

Similarly, we intend to continue offering virtual-only cannabis consultations to patients who value convenience and accessibility.

Scheduled, same-day delivery, virtual consultations, and our growing suite of medical cannabis products provide a unique ecosystem for patients. It is a completely differentiated value proposition for patients that does not exist elsewhere in the Canadian cannabis industry.

Increasing accessibility is a huge part of that value proposition. Not just through convenience, but also affordability. For most, medical cannabis is an out-of-pocket expense. We are beginning to change that through our partnership with Unifor, Canada's largest private sector union with over 315,000 members. Through collective bargaining with some of Canada's largest employers, Unifor is advocating for medical cannabis coverage in insurance plans.

With our unique patient network, we are well positioned to provide this service to Unifor members and their families. The program has just begun with one of Canada's largest companies whose members are now able to order our medical cannabis products and be reimbursed through their insurance plans. We believe that this is truly transformative as we scale to include more employers.

In fiscal 2020, our medical cannabis sales grew 82% over the previous year, providing a solid base of sustainable, high-margin revenue.

A major reason for the continued growth in cannabis sales is the rapid expansion of our product portfolio. Underpinning our product strategy is a focus on areas of competitive advantage. Dried flower remains the largest product category by far in Canada. To compete we lean on our low-cost cultivation advantage stemming from our 86-acre outdoor cultivation site in Port Perry, Ontario. 2021 will be our third year cultivating outdoors, and we see many opportunities to build upon a successful 2020.

From an adult-use perspective, we are a second-generation cannabis company, allowing us to find niches in the product landscape that haven't yet been filled. At our state-of-the-art manufacturing and innovation centre in Paris, Ontario, we develop, formulate, produce and package many new cannabis derivative formats. Included in our recent launches are wellness-oriented product formats, including sublingual strips and omega cannabidiol (CBD) soft gels, that do not exist anywhere in the legal Canadian market. This suite of products will allow us to grow our medical cannabis sales. It is also the driver behind our recent growth in the adult-use market, which we see as an increasingly important part of our sales mix in 2021.

Our medically-focused background underpins a core management philosophy in achieving the highest levels of regulatory compliance. These standards are to navigate the complex regulatory environment surrounding the export of medical cannabis. After a long and complex process, we are now at the finish line with respect to exporting high-quality medical cannabis products to the European Union. There remains a tremendous opportunity in international markets, with significant barriers to entry that will allow us to build a sustainable third core, high margin sales channel.

We believe that we have the assets in place to continue the growth trajectory executed upon over the last three years. Our medical ecosystem will continue to scale with our Unifor partnership. The entrance into the adult-use market is just beginning as we rapidly expand our product portfolio and bring dynamic new brands to market. Lastly, we have laid the groundwork for high-margin, large volume, repeatable sales to international markets.

This strategic focus positions us well to deliver lasting shareholder value, guided by an unwavering commitment to our patients, customers, and employees.

Sincerely,

"Lea M. Ray"	"Geoff Benic"
Lea M. Ray Acting Chair of the Board	Geoff Benic Chief Executive Officer

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual general meeting (the "**Meeting**") of the shareholders of Aleafia Health Inc. ("**Aleafia Health**" or the "**Company**") will be held on Monday, June 28, 2021 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive the audited financial statements of the Company for the year ended December 31, 2020 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 elect the directors of the Company; and

4. to transact any other business that may properly come before the Meeting or any adjournment of the Meeting.

Out of an abundance of caution, to proactively deal with the public health impact of the novel coronavirus disease, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Company will be holding the Meeting as an online-only meeting, which will be conducted via a web interface. Shareholders will not be able to attend the Meeting in person this year and are strongly encouraged to vote in advance of the Meeting by proxy, particularly to mitigate the risk of not being able to vote if their internet connection becomes unstable during the Meeting. Registered shareholders and duly appointed and registered proxyholders can attend the Meeting online at https://web.lumiagm.com/495296439 where they can participate, vote, or submit questions during the live webcast of the Meeting.

Non-registered shareholders (being shareholders who hold their common shares through a brokerage firm, bank, trust company, trustee or other intermediary) are advised that if they wish to vote themselves or through a proxyholder at the Meeting, as a result of the virtual nature of the Meetings, they must undertake an additional step of registering proxyholders with the proxy agent of the Corporation, Computershare Investor Services Inc., after submitting their voting instruction form ("**VIF**"). Failure to register the proxyholder with the proxy agent will result in the proxyholder not receiving a username to participate in the Meeting and only being able to attend as a guest. **Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests but will not be able to vote or submit questions at the Meeting. Non-registered shareholders who have not received a VIF or 16-digit control number or other Meeting materials should contact their brokerage firm, bank, trust company, trustee or other intermediary that holds their shares for assistance.**

If you plan to vote at a Meeting, it is important that you are connected to the internet at all times during such Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. You should allow ample time to log in to the

Meeting online and complete the check-in procedures. For any technical difficulties experienced during the check-in process or during the Meeting, please see https://www.lumiglobal.com/faq for frequently asked questions and click on the 'talk to agent' chat bot for assistance. **Shareholders are encouraged to express their vote in advance of the Meeting by completing the form of proxy or VIF provided to them.**

The management information circular (the "**Circular**") and form of proxy (or VIF) 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 17, 2021 (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, 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. **If you wish that a person other than the Company's management nominees identified on the form of proxy (or VIF) attend and participate at the Meeting as your proxy and vote your common shares, including if you are a non-registered shareholder and wish to appoint yourself as proxyholder to attend, participate and vote at the Meeting, you MUST register such proxyholder after having submitted your form of proxy or VIF identifying such proxyholder.** Failure to register the proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. Without a username, proxyholders will not be able to attend, participate or vote at the Meeting. To register a proxyholder, shareholders MUST visit https://www.computershare.com/Aleafia and provide Computershare Investor Services Inc. ("**Computershare**") with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email.

Proxies must be deposited with Computershare no later than 10:00 a.m. (Toronto time) on June 24, 2021, or if the Meeting is adjourned or postponed, by 10:00 a.m. (Toronto time) on the second business day prior to the date on which the Meeting is convened. The Company reserves the right to accept late proxies and to waive the proxy cut-off, with or without notice. Non-registered shareholders should carefully follow the instructions of their intermediaries to ensure that their common shares are voted at the Meeting in accordance with such shareholder's instructions.

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 VIF) 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 Computershare 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/Aleafia2021. 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 VIF. To ensure shareholders receive the materials in advance of the voting deadline and date of the Meeting, all requests must be received no later than June 9, 2021.**

For registered 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 VIF. To obtain paper copies of the materials after the date of the Meeting, they should contact 1-866-964-0492.

For non-registered 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 VIF. To obtain paper copies of the materials after the date of the Meeting, they should contact 1-514-982-8716. Non-registered shareholders who have not received a VIF or 16-digit control number or other Meeting Materials should contact their brokerage firm, bank, trust company, trustee or other intermediary that holds their shares for assistance.

Please advise the Company of any change in your address.

Questions

If you have any questions, please contact your broker or intermediary or Computershare Investor Services Inc. at 1-800-564-6253.

By Order of the Board of Directors

"Lea M. Ray"

Lea M. Ray
Acting Chair of the Board
Aleafia Health Inc.
Dated this 20th day of May, 2021

TABLE OF CONTENTS

ALEAFIA HEALTH INC.

85 Basaltic Road
Concord, Ontario L4K 1G4
Tel: 416-860-5665

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") contains information as of April 26, 2021 (unless otherwise noted).

PERSONS MAKING THIS SOLICITATION OF PROXIES

This 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 2021 Annual General Meeting (the "**Meeting**") of the shareholders of the Company to be held on June 28, 2021 or any adjournment or postponement thereof, for the purposes set out in the notice of Meeting that accompanies this Circular (the "**Notice of Meeting**"). The Meeting will be held in an online-only format, which will be conducted by way of a live webcast at https://web.lumiagm.com/495296439. The Company will conduct its solicitation primarily by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or personal contact. The Company may pay brokers or other persons holding common shares in their own names, or in the names of Nominees (as defined below), for their reasonable expenses for sending proxies and the Circular to certain beneficial owners of common shares and obtaining proxies from them.

The Company intends to use Broadridge Financial Services Inc.'s QuickVote™ service to assist beneficial shareholders with voting their common shares.

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.

Out of an abundance of caution, to proactively deal with the public health impact of the novel coronavirus disease, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Company will be holding the Meeting as an online-only meeting, which will be conducted via a web interface. Shareholders will not be able to attend the Meeting in person this year and are strongly encouraged to vote in advance of the Meeting by proxy, particularly to mitigate the risk of not being able to vote if their internet connection becomes unstable during the Meeting. If they wish to attend the Meeting, a summary of the information shareholders will need to attend the Meeting online is provided below.

APPOINTMENT AND REVOCATION OF PROXIES

The person(s) designated by management of the Company as proxyholders in the form of proxy enclosed with the Notice of Meeting (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.**

Shareholders who wish to appoint a proxyholder to attend, participate or vote at the Meeting as their proxy and vote their common shares MUST submit their Proxy (or voting instruction form ("**VIF**")) appointing such proxyholder prior to registering the proxyholder, as described below. **Registering your proxyholder is an additional step to be completed AFTER you have submitted your Proxy (or VIF).** Failure to register the proxyholder will result in the proxyholder not receiving a username to attend, participate or vote at the Meeting.

a) **Step 1: Submit your Proxy or VIF:** To appoint a proxyholder, insert such person's name in the blank space provided in the Proxy (or VIF if permitted) and follow the instructions for submitting such Proxy (or VIF). This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your Proxy (or VIF).

b) **Step 2: Register your proxyholder:** To register a proxyholder, shareholders MUST visit https://www.computershare.com/Aleafia by 10:00 a.m. (Toronto time) on June 24, 2021 and provide Computershare Investor Services ("**Computershare**") with the required proxyholder contact information, so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to attend, participate or vote at the Meeting.**

See "Appointing and Registering Proxyholders – Registered Shareholders" and "Appointing and Registering Proxyholders – Non-registered Shareholders" for additional information on submitting your Proxy or VIF and registering your proxyholder.

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., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 10:00 a.m. (Toronto time) on June 24, 2021, or if the Meeting is adjourned or postponed, by 10:00 a.m. (Toronto time) on the second business day prior to the date on which the Meeting is convened.

Late proxies may be accepted or rejected by the Chair of the Meeting at his or her sole discretion. The Chair of the Meeting is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

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 corporation, by an authorized director, 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 second business day prior to the date of the Meeting or any adjournment or postponement thereof, at which the Proxy is to be used. If you or your proxyholder participate online at the Meeting in a vote by ballot at the Meeting, your participation will automatically revoke any proxy previously given by you regarding business considered by that vote. Non-registered shareholders who wish to change their vote should contact their Nominees (as defined below) to so act on their behalf.

COMPLETION AND VOTING OF PROXIES

Out of an abundance of caution, to proactively deal with the public health impact of the novel coronavirus disease, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Company will be holding the Meeting as an online-only meeting, which will be conducted via a web interface. Shareholders will not be able to attend the Meeting in person this year and are strongly encouraged to vote in advance of the Meeting by proxy, particularly to mitigate the risk of not being able to vote if their internet connection becomes unstable during the Meeting.

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 NOTARIALLY 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, OR VIA THE INTERNET AT WWW.INVESTORVOTE.COM, 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.

A shareholder or intermediary acting on behalf of a shareholder may indicate the manner in which the persons named in the 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 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 DESIGNATED BY MANAGEMENT INTENDS TO VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION**. The 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 Circular, 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.

If you have any questions, please contact your broker or intermediary or Computershare Investor Services Inc. at 1-800-564-6253.

In order to approve a motion proposed at the Meeting, at least a majority of the votes cast will be required (an "**ordinary resolution**"). With respect to the election of directors at the Meeting, pursuant to the Company's majority voting policy, if a 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 Company's Board of Directors (the "**Board**"). See "Particulars of Matters to be Acted Upon – Majority Voting Policy".

APPOINTING AND REGISTERING PROXYHOLDERS

Registered Shareholders

Registered shareholders who wish to appoint a proxyholder to represent them at the Meeting must submit their duly completed Proxy prior to registering their proxyholder. **Registering the proxyholder is an additional step once a shareholder has submitted their proxy.** Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, shareholders MUST visit https://www.computershare.com/Aleafia by 10:00 a.m. EST on June 24, 2021 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email.

Non-Registered Shareholders

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 Circular, and the Proxy or VIF indirectly to all beneficial shareholders through their intermediaries.

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 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.**

Non-registered shareholders (other than U.S. resident non-registered shareholders – see below) who wish to appoint themselves as proxyholder must submit their duly completed VIF prior to registering their proxyholder. Registering the proxyholder is an additional step once a shareholder has submitted their VIF. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username to participate in the Meeting. To register a proxyholder, shareholders MUST visit https://www.computershare.com/Aleafia by 10:00 a.m. EST on June 24, 2021 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a username via email. 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.

United States Beneficial Holders

To attend and vote at the Meeting, U.S. resident non-registered shareholders must first obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend the Meeting. If you are a U.S. resident non-registered shareholder, follow the instructions from your broker or bank included with this Circular, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, you must subsequently submit a copy of your legal proxy to Computershare to register to attend the Meeting. Requests for registration should be directed to:

Computershare Investor Services Inc.
100 University Avenue
8th Floor
Toronto, Ontario
M5J 2Y1
OR
Email at USLegalProxy@computershare.com

Requests for registration must be labeled as "Legal Proxy" and be received no later than 10:00 a.m. on June 24, 2021. You will receive a confirmation of your registration by email after Computershare receive your registration materials. You may attend the Meeting and vote your shares at https://web.lumiagm.com/495296439 during the Meeting. Please note that you are required to register your appointment at www.computershare.com/Aleafia.

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.

PARTICIPATION AT THE MEETING

The Meeting will be an online-only meeting, which will be conducted via a web interface, in accordance with the Virtual Annual Meeting of Shareholders Code of Procedure, which was adopted by the Board and to the Circular attached as Schedule B. Shareholders will not be able to attend the Meeting in person.

Voting at the meeting will only be available for registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as a proxyholder), who will appear on a list of shareholders prepared by Computershare for the Meeting. To attend and have their shares voted at the Meeting, each registered shareholder or proxyholder will be required to enter their control number or username provided by Computershare at https://web.lumiagm.com/495296439 prior to the start of the meeting. Such persons can participate in the Meeting by clicking "**I have a login**" and entering a username and password before the start of the Meeting.

Non-registered shareholders who have not duly appointed themselves as a proxyholder may attend the meeting by clicking "**I am a guest**" and completing the online form. This will enable a non-registered shareholder to listen to the Meeting, but they will not be able to vote or submit questions.

In order to attend, participate or vote at the Meeting (including for voting and asking questions at the Meeting), registered shareholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare containing a username. Without a username, proxyholders will not be able to vote at the Meeting.

a) **Registered shareholders:** The 15-digit control number located on the Proxy or in the email notification you received is the username. The password to the Meeting is "**aleafia2021**" (case sensitive).

   If, as a registered shareholder, you are using your control number to login to the Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies and will be provided the opportunity to vote by online ballot at the appropriate time on the matters put forth at the Meeting. If you have already voted by proxy, and have not revoked your proxy prior to the commencement of the Meeting in accordance with the revocation instructions above and do not wish to revoke all previously submitted proxies, do not accept the terms and conditions – you will enter the Meeting as a guest. In such circumstance, you do not need to vote again during the online ballot and your previously submitted proxy will be counted for purposes of the vote.

b) **Duly appointed proxyholders:** Computershare will provide the proxyholder with a username after the voting deadline has passed. The Password to the Meeting is "**aleafia2021**" (case sensitive).

If you attend the Meeting online, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure. For any technical difficulties experienced during the check-in process or during the Meeting, please see https://www.lumiglobal.com/faq for frequently asked questions and click on the 'talk to agent' chat bot for assistance.

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 April 26, 2021, a total of 330,491,826 common shares were issued and outstanding. Each common share carries the right to one vote at the Meeting.

Record Date

The Board has fixed May 17, 2021 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 at the close of business 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 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.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Company's financial year ended December 31, 2020, 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, 2020 of the Company, together with the auditor's report thereon, have been delivered to the holders of common shares. 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 or otherwise resigns.

The Company's articles provide that the Board shall consist of a minimum of three (3) and a maximum of ten (10) directors. The Board currently consists of seven (7) directors.

Management proposes to nominate the seven (7) persons named in the table below for election as directors. All proposed nominees are currently directors of the Company with the exception of Mr. Michael LeClair and Mr. Ian Troop who are standing for election by shareholders for the first time at the Meeting. Messrs. Milliard and Washer are not standing for re-election at the Meeting. Management does not contemplate that any of the proposed directors will be unable to serve as a director.

Advance Notice By-law

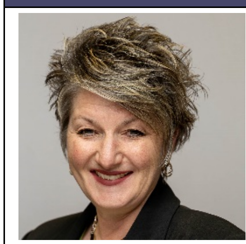
On May 6, 2019, the Board approved By-law No. 2 as a by-law of the Company to require advance notice of director nominees (the "**Advance Notice By-law**") for the election of directors at a meeting (other than nominations by shareholders pursuant to a shareholder proposal or a requisitioned meeting). The Advance Notice By-law was confirmed by shareholders at the annual and special meeting of shareholders held on June 17, 2019. The purpose of the Advance Notice 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 Advance Notice 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 in connection with the Meeting is May 20, 2021 by 5:00 p.m. (Toronto time).

Nomination Rights

The Company entered into a director nomination agreement dated January 31, 2021 with a group of shareholders of the Company representing approximately 15.65% of the issued and outstanding shares of the Company at the time (the "**Nominating Shareholders**"), pursuant to which, among other things, the Nominating Shareholders agreed to a customary standstill provision in favour of the Company until December 31, 2021 (provided that it may be terminated after the Meeting in certain circumstances) and to vote all of their common shares in favour of the director nominees recommended by the Company for election at the Meeting. The Company also agreed to nominate seven directors for election at the Meeting, consisting of: Messrs. Galasso and Sistilli as nominees of the Nominating Shareholders; four current directors of the Company, or such other nominee(s) as the Governance Committee may recommend and the Board may approve if any such persons are not prepared to continue to stand for election at the Meeting; and one independent director selected following a search process and approval by the Board, having regard to the Company's corporate governance and director nomination policies and the skills matrix of the Board. Ms. Ray and Messrs. Sandler and Grimaldi constitute the current director nominees standing for re-election. Messrs. LeClair and Troop have been unanimously recommended and approved by the current Board as independent directors nominated for election at the Meeting. For information on the director nominee search and nomination process, please see "Nomination of Directors".

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 Board has several committees, including: an Audit Committee, a Strategic Planning Committee, a Governance Committee and an HR and 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.

<table>
<tr><th colspan="5">Lea M. Ray – Acting Chair and Director | Ontario, Canada</th></tr>
<tr><td>
Director Since:
October 5, 2018
Age: 55</td><td colspan="4">Director at ProDemnity Insurance Company (June 2017 to present); Director at Patriot One Technologies Inc. (February 2020 to present); Director at RFA Bank of Canada (previously Street Capital Group Inc.) (March 2015 to present).

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. Ms. 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.</td></tr>
<tr><th colspan="5">Securities Held</th></tr>
<tr><td>Common Shares(1)</td><td>DSUs(2)</td><td>At-Risk Value of Common Shares and DSUs(3)</td><td>Options(4)</td><td>At-Risk Value of Common Shares, DSUs and Options(5)</td></tr>
<tr><td>Nil</td><td>101,717</td><td>$55,994</td><td>250,000(6)</td><td>$55,994</td></tr>
<tr><th colspan="5">Current Board and Committee Positions/Membership and Attendance</th></tr>
<tr><td colspan="2">Independent Acting Chair of the Board
Chair, Audit Committee
Member, Governance Committee</td><td colspan="3">Board Meetings Attended 2020(7): 45 of 45 – 100%
Audit Committee Meetings Attended 2020: 10 of 10 – 100%
Governance Committee Meetings Attended 2020: 8 of 8 – 100%</td></tr>
<tr><th colspan="5">Skills Matrix</th></tr>
<tr><td colspan="5">General Public Company Experience; Accounting, Corporate Finance & M&A; Corporate Strategy; Medical & Health Care; Legal Regulatory & Risk; Risk Management; Operations; Human Resources</td></tr>
</table>

Mark Sandler – Director | Ontario, Canada

Director Since:
April 24, 2018
Age: 66

Senior Partner at Cooper, Sandler, Shime & Bergman LLP, a law firm (present); Bencher of the Law Society of Upper Canada (2003 to 2015); Commissioner, Ontario Securities Commission (2017 to 2019).

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 40 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 and Compensation Committee. Mr. Sandler has also served as Trustee and then Chair of the Law Foundation of Ontario.

Securities Held

Common Shares(1)	DSUs(2)	At-Risk Value of Common Shares and DSUs(3)	Options(4)	At-Risk Value of Common Shares, DSUs and Options(5)
Nil	59,628	$32,795	500,000(8)	$32,795

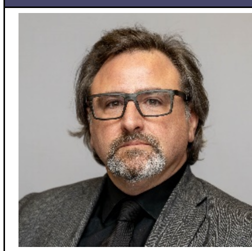
Current Board and Committee Positions/Membership and Attendance

Independent Member of the Board Member, Audit Committee Chair, Governance Committee	Board Meetings Attended 2020(7): 42 of 45 – 93% Audit Committee Meetings Attended 2020: 4 of 4 – 100% Governance Committee Meetings Attended 2020: 8 of 8 – 100%

Skills Matrix

General Public Company Experience; Corporate Strategy; Cannabis; Legal, Regulatory & Risk; Risk Management

Loreto Grimaldi – Director | Ontario, Canada



Director Since:
March 14, 2019
Age: 50

Chief Operating and Legal Officer, Tricor Automotive Group Inc. (2020), a North American finance and insurance business in the Auto Retail sector; Co-Founder, Untether Capital Inc. (2020), a North American food tech business; previously, Senior Vice President, General Counsel & Corporate Secretary, ECN Capital Corp. (ECN:TO), a North American financial services business (2017 to 2020); Director of Emblem Corp. (October 2018 to March 2019); Executive Vice President and Chief Legal Officer, Progressive Waste Solutions Ltd. (acquired by Waste Connections Inc.) (WCN:TO), a North American environmental services business (2014 to 2016); Chief Operating Officer, General Counsel and Secretary, MedAvail Technologies Inc. (MDVL:NASD), a Global healthcare technology business (2010 to 2014).

Mr. Grimaldi began his legal career at Stikeman Elliott LLP, one of Canada's largest law firms. He holds a BBA and an MBA from the Schulich School of Business (York University), and a JD from the Western University. He is called to the Bar in Ontario and the State of New York, and is an active member of the American Bar Association, the Association of Corporate Counsel, the National Association of Corporate Directors, and the Institute of Corporate Directors. Mr. Grimaldi is a graduate of the Directors Education Program of the Institute of Corporate Directors (ICD.D), and is Adjunct Professor at the Schulich School of Business. He is the former Chair of the Board of Governors of Villanova College and is a former member of the Board of Directors of Hospice Vaughan.

Securities Held

Common Shares(1)	DSUs(2)	At-Risk Value of Common Shares and DSUs(3)	Options(4)	At-Risk Value of Common Shares, DSUs and Options(5)
108,377 (9)	59,628	$92,403	209,425(10)	$92,403

Board and Committee Positions/Membership and Attendance

Independent Member of the Board Member, Governance Committee Chair, HR and Compensation Committee	Board Meetings Attended 2020(7): 43 of 45 – 96% Governance Committee Meetings Attended 2020: 8 of 8 – 100% HR and Compensation Committee Meetings Attended 2020: 5 of 5 – 100%

Skills Matrix

General Public Company Experience; Accounting, Corporate Finance & M&A; Corporate Strategy; Medical & Health Care; Legal, Regulatory & Risk; Risk Management; Operations; Human Resources; Information Technology

Luciano Galasso – Director | Ontario, Canada

Director Since:
January 31, 2021
Age: 65

Partner and CFO at Zzen Group of Companies (2004 to present); Director at Ignite International Brands (January 2019 to present).

Mr. Galasso is a Chartered Professional Accountant, CA, CPA and holds the Institute of Corporate Directors ICD.D designation. He is a Partner with the Zzen Group of Companies, a company in the real estate and manufacturing sectors, where he is the CFO and head of strategic developments for the manufacturing operations. He is also Chair of the Board of Directors for Titanium Transportation Group, a trucking and logistics business listed on the TSX. In addition, Mr. Galasso is the President of the Board of Directors of the Meta Foundation, a member of the Board for the St. Christopher Children's Home, and a member of the Dean's Advisory Board for the Faculty of Management at Laurentian University.

Securities Held

Common Shares[(1)]	DSUs[(2)]	At-Risk Value of Common Shares and DSUs[(3)]	Options[(4)]	At-Risk Value of Common Shares, DSUs and Options[(5)]
200,000	30,998	$17,048	Nil	$127,048

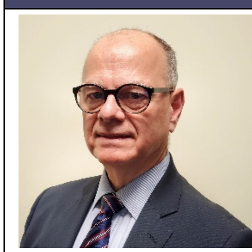
Current Board and Committee Positions/Membership and Attendance

Independent Member of the Board Member, Strategic Planning Committee	Board Meetings Attended 2020: N/A Strategic Planning Committee Meetings Attended 2020: N/A

Skills Matrix

General Public Company Experience; Accounting, Corporate Finance & M&A; Corporate Strategy; Cannabis; Legal and Regulatory Risk; Risk Management; Operations; Human Resources

Carlo Sistilli – Director | Ontario, Canada



Director Since:
January 31, 2021
Age: 64

CFO at Arista Homes Limited (2003 to present).

Mr. Sistilli is a Chartered Professional Accountant and a Certified Management Accountant, CPA, CMA. As Chief Financial Officer and member of the Senior Management team of Arista Homes, Carlo plays a key role in overall operations including evaluation of mergers and acquisitions. Prior to Arista, he co-founded and served as CFO, member of the M&A team and member of the Board of Directors of an Internet start-up company, playing a key role in taking the company public on the Alberta Ventures Exchange. He is also a member of the Board of Directors and Chair of the Audit Committee of Edesa Biotech, Inc., a company listed on NASDAQ. In addition, Mr. Sistilli is an officer and a member of the Board of Directors of Mother of Mercy Centre, a charity operating in Ontario.

Securities Held

Common Shares[(1)]	DSUs[(2)]	At-Risk Value of Common Shares and DSUs[(3)]	Options[(4)]	At-Risk Value of Common Shares, DSUs and Options[(5)]
34,000	30,998	$17,048	Nil	$35,748

Current Board and Committee Positions/Membership and Attendance

Independent Member of the Board Member, Audit Committee	Board Meetings Attended 2020: N/A Audit Committee Meetings Attended 2020: N/A

Skills Matrix

General Public Company Experience; Accounting, Corporate Finance & M&A; Corporate Strategy; Legal and Regulatory Risk; Risk Management; Operations; Information Technology

Michael LeClair – Director | Ontario, Canada

Director Since:
N/A
Age: 64

Director at Greenspace Brands Inc. (2019 to present); Chair of the Independent Board of Trustees of Centurion Financial Trust (2016 to 2018); Chief Investment Officer of Constant Power Inc. (2016 to 2018); Director at Envest Corp. (2016 to present); Director of WestPark Healthcare Centre (2019 to present); Interim CEO of WestPark Healthcare Centre Foundation (April 2014 to September 2014); Managing Director of Integrated Asset Management – Private Debt Group (2002 to 2015).

Michael LeClair is an experienced director and strategic advisor with an extensive background in corporate finance, mergers and acquisitions and private equity. Mr. LeClair, through his management company, GML Legacy Corp., is Chair of the board of independent trustees of Centurion Financial Trust, is a member of the board and Chair of the Audit Committee of Greenspace Brands Inc., an organic and natural food company, is a member of the board of Envest Corp., a private company that is an independent power producer and recycling entity and acted as the Chief Investment Officer of Constant Power Inc. (2016-2018) prior to arranging its sale on behalf of its sole shareholder. Prior to joining the board of trustees of Centurion Financial Trust, Mr. LeClair acted as Managing Director of Integrated Asset Management – Private Debt Group (2002-2015), an institutional debt fund specializing in providing financing solutions for mid-market Canadian companies including small to medium-sized energy projects in North America. He is currently a member of the board of directors of WestPark Healthcare Centre and is a member of the Investment Committee of the Toronto Atmospheric Fund. Throughout his career, he has served in various executive capacities including Interim CEO of WestPark Healthcare Centre Foundation, a Toronto based hospital foundation, Vice President, Corporate Development at Chubb Security (1998-2001), a global security company, and as a strategic advisor and director for a number of Canadian and U.S. private companies. Mr. LeClair is a Certified Corporate Director with a degree from the Rotman School of Management at the University of Toronto and holds a Bachelor of Science degree from the University of Western Ontario.

Securities Held

Common Shares[1]	DSUs[2]	At-Risk Value of Common Shares and DSUs[3]	Options[4]	At-Risk Value of Common Shares, DSUs and Options[5]
N/A	N/A	N/A	N/A	N/A

Current Board and Committee Positions/Membership and Attendance

N/A[11]	Board Meetings Attended 2020: N/A

Skills Matrix

General Public Company Experience; Accounting, Corporate Finance & M&A; Corporate Strategy; Cannabis; Risk Management; Operations; Medical & Health Care

Ian Troop – Director | Ontario, Canada

Director Since:
N/A
Age: 61

President at Demickmore Ltd. (2014 to present); Director at Specialty Liquid Transportation (2018 to 2019); Director at West Park Healthcare Centre Foundation (2015 to present); Chairman of YMCA Oakville/Halton (2017 to present); Campaign Cabinet Member at United Way Hamilton & Halton (2019 to present); Member of the Canadian Paralympic Committee (2021 to present); Chairman and Founder at Halton Community Benefits Network (2016 to present); Chairman at Isologic Radiopharmaceuticals (Canada) (2016 to 2018); Director at Freestyle Canada (2014 to 2018); Chief Executive Officer for Toronto 2015 Pan & Para Pan Am Games (2010 to 2013).

Ian Troop is an experienced director and business leader of for-profit and not-for-profit organizations in Canada and internationally. Mr. Troop's career is highlighted by 20 years at Procter & Gamble leading businesses in Mexico, Poland and North America, and VP Strategy Planning for Baby Care, a $5 billion Global Business unit. For 6 years Mr. Troop was President of ConAgra Foods' International Division where he built a $1.4 billion global branded packaged Food business. Mr. Troop followed his passion for sport and was CEO of the Toronto 2015 Pan/Para Pan American Games. This organization delivered the largest sports event in Canadian history on schedule and under budget. His significant private equity experience includes Operating Advisor at OMERS Private Equity and Chairman of Isologic Radiopharmaceuticals through a successful transaction.

	Mr. Troop has his ICD.D accreditation and served on not for profit boards, as well as public, joint venture, and private equity owned business boards. Ian graduated with a Bachelor of Business Administration from Wilfrid Laurier University, where he was an all-star football player, drafted professionally by the Hamilton Tiger-Cats. Mr. Troop was named the Wilfrid Laurier University Alumnus of the Year in 2009; one of Laurier's top 100 Alumni of the past 100 years in 2011. In 2012, Mr. Troop was awarded a Queen Elizabeth II Diamond Jubilee medal for his "significant community achievements", and in 2019 he was awarded the Sovereign's Medal for Volunteers by the Governor General of Canada.

Securities Held

Common Shares(1)	DSUs(2)	At-Risk Value of Common Shares and DSUs(3)	Options(4)	At-Risk Value of Common Shares, DSUs and Options(5)
N/A	N/A	N/A	N/A	N/A

Current Board and Committee Positions/Membership and Attendance

N/A(12)	Board Meetings Attended 2020: N/A

Skills Matrix

General Public Company Experience; Accounting, Corporate Finance & M&A; Corporate Strategy; Medical & Health Care; Risk Management; Operations

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 deferred share unit plan (the "**DSU Plan**") to receive deferred share units ("**DSUs**"). For additional information regarding this plan, please see "Statement of Executive Compensation".
3. Calculated as of April 26, 2021 using the closing price of the common shares on the TSX of $0.55 per share.
4. Until June 30, 2020, directors were eligible to participate in the Company's stock option plan. For additional information regarding stock options ("**Options**") held by directors, please see "Statement of Executive Compensation – Director Compensation".
5. Calculated as of April 26, 2021 using the closing price of the common shares on the TSX of $0.55 per share less the applicable exercise price for Options.
6. Ms. Ray was granted these Options on joining the Board. These have an exercise price of $2.65.
7. In 2020, the Board held 45 meetings, which includes special meetings which were called in response to (i) numerous constructive discussions with certain activist shareholders of the Company and (ii) the COVID-19 pandemic. The Board expects that the number of Board meetings will decrease to normal levels for a public company after the Meeting and once the COVID-19 pandemic has ended.
8. Mr. Sandler was granted these Options on joining the Board. These have an exercise price of $0.60.
9. 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 Health. The balance of the common shares held by Mr. Grimaldi have been acquired through market trades.
10. Mr. Grimaldi was granted 250,000 options of 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 were exchanged for 250,000 Aleafia Replacement Options. Each Aleafia Replacement Option is exercisable at an exercise price of $1.37 to purchase 0.8377 of a common share of Aleafia Health.
11. Mr. LeClair is expected to be apppointed as the Chair of the Audit Committee and as a member of the Strategic Planning Committee following election at the Meeting.
12. Mr. Troop is expected to be apppointed as a member of the HR and Compensation Committee and the Strategic Planning Committee following election at the Meeting.

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 Circular, or has been within 10 years before the date of this 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 Circular, or has been within 10 years before the date of this 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 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. 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 as well as certain additional disclosure is presented below.

Board of Directors

Composition of the Board

The Board is currently comprised of seven (7) directors: Lea M. Ray, Mark Sandler, Daniel Milliard, Loreto Grimaldi, Glenn Washer, Luciano Galasso and Carlo Sistilli. As detailed under "Particulars of Matters to be Acted Upon – 3. Election of Directors", if each of the director nominees are elected at the Meeting, the Board will be comprised of five (5) of the same directors, with Messrs. Milliard and Washer not standing for re-election to the Board.

The Board has considered the independence under NI 58-101 of each of its current seven (7) directors and the director nominees. The Board has concluded that all of its current seven (7) directors and the director nominees are "independent" for purposes of board membership within the meaning of that term under NI 58-101.

Other Directorships

Lea M. Ray is currently a director of Patriot One Technologies Inc. and it is a reporting issuer in Canada. Lu Galasso is currently the chair of the board of directors of Titanium Transportation Group and it is a reporting issuer in Canada. Mr. Galasso is also a director of Ignite International Brands, Ltd. and it is a reporting issuer in Canada. Carlo Sistilli is currently a director of and chair of the audit committee of Edesa Biotech, Inc. and it is a reporting issuer in the United States. Michael LeClair is currently a director of Greenspace Brands Inc. and it is a reporting issuer in Canada. No other director of the Company is also a director of another reporting issuer (or the equivalent) in Canada or elsewhere.

Independent Director Meetings

Prior to April 27, 2020, the Board had two (2) directors who were not considered independent. The independent directors met from time-to-time, as they determined was necessary, and at such meetings the non-independent directors and members of management were not in attendance. During the financial year ended December 31, 2020, the independent directors held two such meetings. At the majority of other meetings of the Board during this period, members of management were not in attendance for at least a portion of each meeting. Since May 7, 2020, the Board has been composed entirely of independent directors. In 2021, prior to April 26, 2021, the Board has held 22 meetings, and at the majority of such meetings members of management are not in attendance for at least a portion of each meeting.

Chair of the Board

As of May 19, 2020, the Acting Chair of the Board has been Lea M. Ray, who is considered an independent director. Following the Meeting, the Board will formally elect an independent Chair of the Board.

Attendance at Meetings of the Directors

During the most recently completed financial year, the Board had four standing committees:

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

The attendance record at meetings of the Board and its committees for each individual director standing for re-election at this Meeting is set out in the director profiles above. The Governance Committee reviews the attendance record of each director as part of its regular assessment process.

Board Mandate

A copy of the Board's mandate is attached as Schedule "A" to this Circular.

Position Descriptions

The Board has adopted position descriptions for the Chair of the Board, the directors generally, the Chairs of the Board's committees and the CEO. These position descriptions describe the responsibilities for each position and are available at www.aleafiahealth.com/about/corporate-governance.

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, and the business and operations of the Company, all new directors are given the opportunity to meet with the Chair of the Board, the Chairs of committees and other directors, the CEO, the CFO, the Chief Legal Officer ("**CLO**") and other members of the executive management team, to ask questions and become familiar with the Company as part of the onboarding process. New directors are presented with information packages prepared by management that include incorporation documents, by-laws, the Board and committee charters, all Board-related position descriptions, 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 generally facilitates education on an ongoing basis to existing directors. This education typically takes place through annual retreats, presentations by the Chair of the Governance Committee on topical issues and providing texts and articles on corporate governance and related topics. Due to the global COVID-19 pandemic, in order to keep board members and employees safe and to comply with pandemic-related restrictions, the Company has paused education programs. Despite the pandemic-related disruptions, the Company remains committed to its continuing education mandate and will resume active pursuit of this mandate after the pandemic restrictions have been lifted.

Management regularly provides reports to the Board on the Company's business and affairs. In 2019, the Company joined the Institute of Corporate Directors (ICD), which provides a year-round continuing education program to directors and other resources. The Board holds periodic retreats. During February 2020, the Board held a strategic retreat in Grimsby, Ontario. The one-and-a-half-day agenda included a full day session with a leading corporate governance expert on key corporate governance practices. Management also keeps the Board apprised of new developments in the cannabis industry and 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. As a component of the Board's 2020 strategic retreat, directors were given the opportunity to participate in formal tours of Aleafia Health's production facilities located in Grimsby, Ontario and Paris, Ontario. On September 30, 2020, the Board and the entire executive management team held a strategic virtual meeting specifically to discuss in detail the cannabis market and the Company's commercial strategies going forward.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics ("**Code**"). The Code is applicable to all directors, officers and employees of the Company and its subsidiaries.

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

The Code addresses each of the following issues, among others:

- compliance with laws, regulations, rules and policies;
- 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 and release of information;
- gifts and favours from suppliers, vendor and contractors;
- fair dealing; and
- reporting of any illegal or unethical behaviour.

The Board is responsible for monitoring compliance with the Code. A waiver of the Code will be granted only in exceptional circumstances and when generally consistent with the underlying rationale that informs the Code. Only the Board or the Governance Committee may grant any waivers for the benefit of the Company's directors or senior management. The CEO or the Chair of the Governance Committee, as applicable, must approve any waiver for the benefit of employees other than senior management.

The Code is available at www.aleafiahealth.com/about/corporate-governance.

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, skills and experience. As discussed under "Election of Directors – Nomination Rights", the Company entered into a director nomination agreement dated January 31, 2021 with the Nominating Shareholders. Pursuant to this agreement, the Company agreed to set the size of the Board at seven (7) directors at this Meeting.

The Board has a Governance Committee that serves as the Board's nominating committee. The Governance Committee is currently composed entirely of independent directors. Prior to May 15, 2020, a majority of the Governance Committee was composed of independent directors. The current members of the Governance Committee are Mark Sandler, Lea M. Ray and Loreto Grimaldi. Mark Sandler currently chairs the Governance Committee. Following the Meeting and assuming each of the director nominees are elected to the Board, membership of the Governance Committee is expected to be comprised of the following independent directors: Mark Sandler, Lea Ray and Carlo Sistilli. Mark Sandler will continue to chair the Governance Committee. A copy of the Governance Committee Charter is available online www.aleafiahealth.com/about/corporate-governance.

A copy of the Governance Committee Charter is available online at www.aleafiahealth.com/about/corporate-governance. One of the main responsibilities of the Governance Committee is to recommend candidates for election to the Board with a view to ensuring 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 the Board considers to be necessary for the Board, as a whole, to possess;
- the competencies and skills 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.

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 sets of the Board and its individual directors but what competencies and skills the Board, as a whole, should possess, a process informed by a skills matrix exercise.

The following skills matrix identifies the skills of the director nominees.

Skill	Ray	Sandler	Grimaldi	Galasso	Sistilli	LeClair	Troop
General Public Company Experience	✓	✓	✓	✓	✓	✓	
Accounting, Corporate Finance & M&A	✓		✓	✓	✓	✓	✓
Corporate Strategy	✓	✓	✓	✓	✓	✓	✓
Cannabis		✓		✓		✓	
Medical & Health Care	✓		✓			✓	✓
Legal, Regulatory & Risk		✓	✓	✓	✓		
Risk Management	✓	✓	✓	✓	✓	✓	✓
Operations	✓		✓	✓	✓	✓	✓
Human Resources	✓		✓	✓			
Information Technology			✓		✓		

On March 1, 2021, the Governance Committee, with the Board's approval, retained a search consultant (the "**Search Consultant**") to (i) review the skills matrix and provide advice to the Governance Committee regarding key gaps in skills; (ii) advise on the creation of a profile for ideal director candidates, (iii) screen candidates and develop a roster of qualified candidates; and (iv) assist with candidate interviews and the final selection of nominees for the Board. In framing the search, the Governance Committee focused on finding candidates who had significant functional/technical expertise and operational leadership in certain areas, including corporate development, corporate finance, retail sales & operations, corporate transactions, consumer packaged goods, cannabis or medical. Additionally, candidates were targeted who possessed substantial experience on mature boards, ideally of public companies.

The Search Consultant compiled a pool of experienced and qualified candidates from a variety of sources: the Institute of Corporate Directors, targeted advertisements, the Search Consultant's own sources and individuals identified by current directors for consideration. The search resulted in approximately eleven potentially qualified candidates. From this pool, a short list of six candidates was identified and selected on the basis that those individuals appeared to best meet the Board's current needs, bring the necessary complementary skills and experience, and fit with the Board going forward. The short-listed candidates were interviewed by the Governance Committee during April 2021. In April and May 2021, the Governance Committee selected two candidates to be recommended as director nominees for election at the Meeting. Following the Governance Committee's recommendations, the Board unanimously approved Mr. Michael LeClair and Mr. Ian Troop as director nominees for election at the Meeting. The composition of the four Board committees that is proposed to take effect immediately following the Meeting as described in this Circular was also unanimously supported by all of the current directors as well as the director nominees.

As discussed under "Election of Directors – Nomination Rights", the Company entered into a director nomination agreement dated January 31, 2021 with the Nominating Shareholders. Pursuant to this agreement, the Company agreed to nominate seven directors for election at the Meeting, consisting of: Messrs. Galasso and Sistilli as nominees of the Nominating Shareholders; four current directors of the Company, or such other nominee(s) as the Governance Committee may recommend and the Board may approve if any such persons are not prepared to continue to stand for election at the Meeting; and one independent director selected following a search process and approval by the Board, having regard to the Company's corporate governance and director nomination policies and the skills matrix of the Board. Ms. Ray and Messrs. Sandler and Grimaldi constitute the current director nominees standing for re-election. Mr. LeClair and Mr. Troop have been recommended and approved as independent directors nominated for election at the Meeting. The Governance Committee believes that all seven (7) director nominees hold the key skills, expertise, and experience outlined above.

Human Resources and Compensation

The Board has an HR and Compensation Committee. The HR and Compensation Committee is currently composed entirely of independent directors. Prior to May 15, 2020, a majority was composed of independent directors. The current members of the HR and Compensation Committee are Loreto Grimaldi and Glenn Washer. Loreto Grimaldi currently chairs the HR and Compensation Committee. Mr. Washer is not standing for re-election at the Meeting. Following the Meeting and assuming each of the director nominees are elected to the Board, membership of the HR and Compensation Committee is expected to be comprised of the following independent directors: Lea Ray, Loreto Grimaldi, Mark Sandler and Ian Troop. Lea Ray will chair the HR and Compensation Committee.

A copy of the HR and Compensation Committee Charter is available online at www.aleafiahealth.com/about/corporate-governance. As to its responsibilities, the HR and Compensation Committee is responsible for: (a) overseeing the Company's human resources function, including matters relating to compensation, employee insurance benefits programs, 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 and 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.

Other Committees of the Board

In addition to the Governance Committee and the HR and 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 M. Ray, Daniel Milliard and Carlo Sistilli. Lea M. Ray currently chairs the Audit Committee. Prior to May 19, 2020, Mark Sandler was a member of the Audit Committee. Mr. Milliard is not standing for re-election at the Meeting. Following the Meeting and assuming each of the director nominees are elected to the Board, membership of the Audit Committee is expected to be comprised of the following independent directors: Carlo Sistilli, Michael LeClair and Lu Galasso. Michael LeClair will chair the Audit Committee. Ms. Ray will continue to attend Audit Committee meetings for the time being to support an orderly transition of the chair role to Mr. LeClair. A copy of the Audit Committee Charter is attached as Schedule "A" to the Company's Annual Information Form dated March 31, 2021 and is available online at www.aleafiahealth.com/about/corporate-governance. For information regarding external auditor service fees paid by the Company, please see "Appointment of Auditor – External Auditor Service Fees" in this Circular.

The current members of the Strategic Planning Committee are Daniel Milliard, Mark Sandler, Glenn Washer, and Lu Galasso. Daniel Milliard currently chairs the Strategic Planning Committee. Messrs. Milliard and Washer are not standing for re-election at the Meeting. Following the Meeting and assuming each of the director nominees are elected to the Board, membership of the Strategic Planning Committee is expected to be comprised of the following independent directors: Loreto Grimaldi, Lu Galasso, Ian Troop, and Michael LeClair. Loreto Grimaldi will chair the Strategic Planning Committee. A copy of the Strategic Planning Committee Charter is available online www.aleafiahealth.com/about/corporate-governance. While the ultimate responsibility for overseeing the Company's strategic plan rests with the Board as a whole, the Strategic Planning Committee is responsible for overseeing the Company's strategic planning process, including the development, on at least an annual basis, of its strategic plan, which takes into account, among other things, the opportunities and risks of the business. The Strategic Planning Committee also advises senior management on potential commercial opportunities.

Assessments

The Board conducted its first formal corporate governance assessment in early 2020. This involved, among other things, the Governance Committee arranging for a survey of the directors with respect to their views on the effectiveness and contribution of the Board and each Board committee. The survey was conducted by the Company's General Counsel and the aggregated and anonymized results were provided to the Chair of the Governance Committee. The Governance Committee then met to discuss the survey results. The survey results were then shared with the Board. Related to its responsibility to recommend the directors to be nominated for election by the shareholders at the Meeting, the Governance Committee also separately discussed and assessed the effectiveness and contribution of the Board as a whole, as well as the effectiveness and contribution of individual directors, both at the Board level and committee level.

The Board conducted a subsequent formal corporate governance assessment in early 2021 based on the same process as outlined above. The Governance Committee met and considered the report earlier in 2021. The Board will meet in due course to discuss the survey results and any recommendations from the Governance Committee.

Director Term Limits and Other Mechanisms of Board Renewal

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

Representation of Women on the Board and in Executive Officer Positions

The Board is committed to diversity principles and best practices and the belief that a diverse group of directors and executive officers makes prudent business sense and supports better corporate governance. From the Board's perspective, diversity promotes the inclusion of different ideas, mitigates against groupthink and ensures that the organization draws upon the broadest pool of qualified candidates.

Form 58-101F1 requires disclosure relating to the representation of women on the Board and in executive officer positions, with particular reference to policies and targets.

The Board has adopted a written Board Diversity Policy relating to the identification and nomination of women directors. The Board has not adopted a formal target regarding women on the Board. It has however adopted an aspirational target of having at least 25% of the Board being composed of women. The Board Diversity Policy is available online at www.aleafiahealth.com/about/corporate-governance.

The Board has previously considered the level of representation of women on the Board in identifying and nominating candidates for election to the Board, having appointed Lea M. Ray to the Board in October 2018. The Governance Committee's recent search for two independent director candidates considered diversity and representation of women, members of visible minorities, aboriginal persons and people with disabilities in its search. There is currently one (1) woman on the Board (or 14.3% of the Board is composed of women). Ms. Ray is nominated for re-election to the Board at the Meeting.

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 is one (1) woman (11.1%) serving in an executive officer position at the Company.

Environment, Social and Governance

The Company recognizes the increasing focus being placed on environmental, social and governance ("**ESG**") matters, particularly in the cannabis industry in which the Company operates. The Company recognizes that the business of planting, growing, harvesting and marketing cannabis, as an agricultural product, is impacted by weather conditions, climate, and other environmental factors. While the Company does not currently have a formal ESG policy or mandate, the Board and senior management intend to place greater emphasis on ESG issues in the day-to-day business activities and strategic initiatives going forward.

APPOINTMENT OF AUDITOR

Manning Elliott LLP, Chartered Professional Accountants, is the Company's auditor, and was first appointed as the Company's auditor in January 2017.

External Auditor Service Fees

For the years ended December 31, 2020 and 2019, 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)
2020	442,991	139,500	53,700	9,878
2019	310,000	60,000	40,000	35,028

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

Compensation Discussion & Analysis

<u>Compensation Governance</u>

Composition of the HR and Compensation Committee

The Board has an HR and Compensation Committee. A majority of the HR and Compensation Committee has been composed of independent directors and now the HR and Compensation Committee is composed entirely of independent directors. The current members of the HR and Compensation Committee are Loreto Grimaldi and Glenn Washer, each of whom are independent. Loreto Grimaldi currently chairs the HR and Compensation Committee. Mr. Washer is not standing for re-election at the Meeting. Following the meeting and assuming each of the director nominees is elected to the Board, membership of the HR and Compensation Committee is expected to be comprised of the following independent directors: Lea Ray, Loreto Grimaldi, Mark Sandler and Ian Troop. For more information on the composition of the HR and Compensation Committee, see "Statement of Corporate Governance Practices – Human Resources and Compensation".

Experience and Skills of the HR and Compensation Committee

Ms. Ray is and has been a director and committee chair for a number of boards of directors. She is currently the Chair of the Board of RFA Bank of Canada (previously Street Capital Group Inc. and Street Capital Bank of Canada) and a Director of ProDemnity Insurance Company. Commencing February 2020, she was also a director of Patriot One Technologies Inc. Ms. Ray was Vice President, Corporate Finance/CFO for Warner Bros. Entertainment Groups of Companies in Canada. Ms. Ray is a Chartered Professional Accountant and holds an ICD.D designation granted by the Institute of Corporate Directors.

Over a 25-year career, Mr. Grimaldi has held a number of senior executive roles within large publicly-traded and private companies with operations across North America and globally, including as Chief Operating and Legal Officer of Tricor Automotive Group Inc., Chief Operating

Officer and General Counsel of MedAvail Technologies Inc., (MDVL: NASD) EVP and Chief Legal Officer of Progressive Waste Solutions Ltd. prior to its merger with Waste Connections Inc. (WCN:TO), and SVP General Counsel of ECN Capital Corp. (ECN:TO). In these leadership positions, Mr. Grimaldi worked closely with board compensation committees in the creation, adjustment and periodic market assessment of executive compensation arrangements for the senior leadership of these organizations. Moreover, as a member of the senior management team within these companies (in senior operational and legal roles), Mr. Grimaldi has advised on a wide range of complex executive compensation and human resources issues including executive onboarding, restructuring and talent management.

Mr. Sandler has been a member of the Ontario bar for over 40 years. He is the senior partner of Cooper, Sandler, Shime & Bergman LLP, and practices as an appellate and trial lawyer in criminal and regulatory matters. Much of Mr. Sandler's practice has been devoted to "white collar" litigation involving consideration of the accuracy of financial statements, books and records and management disclosures. He served an elected Bencher of the Law Society of Upper Canada for just under 12 years, and chaired its Appeal Panel and Tribunal Committee. He was also a member and Chair of the Board of the Law Foundation of Ontario. Mr. Sandler is also a former Commissioner of the Ontario Securities Commission and served as a member of its human resources and compensation committee.

Ian Troop is an experienced director and business leader of for-profit and not-for-profit organizations in Canada and internationally. Mr. Troop's career is highlighted by 20 years at Procter & Gamble leading businesses in Mexico, Poland and North America, and VP Strategy Planning for Baby Care, a $5 billion Global Business unit. For 6 years Mr. Troop was President of ConAgra Foods' International Division where he built a $1.4 billion global branded packaged Food business. Mr. Troop followed his passion for sport and was CEO of the Toronto 2015 Pan/Para Pan American Games. This organization delivered the largest sports event in Canadian history on schedule and under budget. His significant private equity experience includes Operating Advisor at OMERS Private Equity and Chairman of Isologic Radiopharmaceuticals through a successful transaction.

Skills and experience that enable the HR and Compensation Committee to make decisions on the suitability of the Company's compensation policies and practices include:

Lea Ray (Chair)	Director at ProDemnity Insurance Company; Director at Patriot One Technologies Inc; Director at RFA Bank of Canada (previously Street Capital Group Inc.)
Loreto Grimaldi	Chief Operating and Legal Officer of Tricor Automotive Group Inc. SVP General Counsel & Secretary of ECN Capital Corp. (ECN:TO) EVP and Chief Legal Officer – Progressive Waste Solutions Ltd. (WCN:TO) COO and General Counsel – MedAvail Technologies Inc. (MDVL: NASD)
Mark Sandler	Senior Partner at Cooper, Sandler, Shime & Bergman LLP, a law firm Bencher of the Law Society of Upper Canada Commissioner, Ontario Securities Commission
Ian Troop	Chief Executive Officer for Toronto 2015 Pan & Para Pan Am Games President and Chief Operating Officer or ConAgra Goods International

Responsibilities of the HR and Compensation Committee

The HR and Compensation Committee's responsibilities with respect to compensation include:

- reviewing the Company's overall compensation philosophy;
- 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, including:
  - reviewing the corporate goals and objectives relevant to the compensation of the CEO and the other executive officers of the Company and recommending those goals and objectives to the Board;
  - evaluating the CEO's performance in light of his or her goals and objectives and recommending to the Board its assessment of the CEO's performance and compensation;
  - in consultation with the CEO, evaluating the other executive officers' performances in light of their goals and objectives and recommending to the Board its assessment of the other executive officers' performances and compensation;
  - reviewing the adequacy, amount and form of compensation to be paid to each director and making recommendations to the Board based on this review;
  - reviewing and making recommendations to the Board with respect to the adoption and amendment of incentive compensation and equity-based plans, including the number of securities that may be issued under those plans during any particular period;
- with respect to disclosure, obtaining advice on and tracking disclosure requirements related to compensation and reviewing the Company's compensation-related disclosure before the Company publicly discloses such information; and
- reviewing and approving the selection and terms of reference of any outside consultants retained to provide benchmark analysis and advice on compensation programs.

A copy of the HR and Compensation Committee Charter is available online at www.aleafiahealth.com/about/corporate-governance.

Compensation Consultants

In 2020, following approval of the Board, the HR and Compensation Committee engaged Willis Towers Watson ("**Towers Watson**"), an independent compensation consultant, to provide advice on the competitiveness and effectiveness of compensation programs for the Company's employees, including executive officers. Towers Watson's mandate included a comprehensive review of short and long-term incentives. In fulfilling this mandate, Towers Watson, among other things, reviewed the Company's compensation practices (including potential comparator companies, pay and performance positioning and performance metrics), plan designs and pay levels compared to potential comparator companies, and provided advice and recommendations to the HR & Compensation Committee accordingly. This compensation analysis was also informed by the HR and Compensation Committee's comprehensive compensation review in 2019, for which the Company engaged Hugessen Consulting Inc. ("**Hugessen**"), another independent compensation consultant.

Towers Watson was first retained in September 2020, while Hugessen was first retained in April 2019. Fees paid by the Company to the independent compensation consultants for these services are as follows:

Financial Year	Executive Compensation-Related Fees	All Other Fees
2020	$83,700(1)	Nil
2019	$53,610(2)	Nil

Notes:

1. Fees paid to Willis Towers Watson.
2. Fees paid to Hugessen Consulting Inc.

Compensation Philosophy and Objectives

The primary objectives of the Company's executive compensation program are 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 Company and its shareholders and to reward corporate and individual performance.

The following principles guided these objectives in 2020:

- Compensation should be fair, reasonable to shareholders, and take into consideration what comparable companies pay for similar positions.
- Compensation should reward pay on the basis of performance.
- An appropriate portion of total compensation should be equity-based, in order to better align the long-term financial interests of executives with those of the Company and its shareholders.
- Long-term performance should be emphasized, to de-emphasize short-term performance that may not create long-term benefits and to mitigate risk.
- Compensation should be transparent to executives and to shareholders.
- Compensation should provide sufficient flexibility to adjust to the Company's changing business needs, competitive environment, and market practices.
- A significant portion of total compensation should be variable, and linked to individual and corporate goals and performance.

Elements of Compensation

The Company's executive compensation program consists of fixed and "at risk" compensation, provided in a mix of cash and equity. Executive compensation is reviewed and assessed annually by the HR and Compensation Committee, which makes recommendations to the Board on executive compensation to ensure value and continued alignment with the interests of the Company and its shareholders.

In 2020, the Board adopted a formal bonus plan that aligns bonuses with pre-determined objectives. See “Annual Cash Bonuses” below. The Board also continues to exercise discretion and apply its judgment in determining the total compensation package for each executive, and takes into account:

- the Company’s compensation philosophy and objectives, as set out above;
- the overall business performance of the Company, including corporate performance against objectives (both quantitative and qualitative), business and financial circumstances and, where appropriate, its relative performance against peers;
- the duties and responsibilities of the individual executive officer, and their length of service with the Company;
- the performance of the individual executive officer, and their contributions to the Company’s success;
- the Company’s financial resources, and specifically, cash balances required to pursue the Company’s business plans and otherwise fund operations; and
- the state of play in the cannabis industry and the prudent use of cash resources in light of rapid changes in the industry.

The principal components of total compensation and the objectives they are intended to achieve are summarized in the following table, and described further below.

Compensation Element	Form	Description	Objectives
Annual base salary	Fixed, cash-based	A fixed level of compensation.	Attract qualified leaders, motivate and reward strong business performance, with an emphasis on personal responsibility and performance.
Short-term incentives	At-risk, cash-based	While still subject to discretion, a cash payment depending on achievement of pre-determined corporate and individual objectives.	Encourage executives to meet specified performance targets related to corporate and individual objectives.
Long-term incentives	At-risk, equity-based and/or cash-based	Discretionary equity-based payment in the form of Options.	Retain executives and reward long-term financial and operating performance of the Company and share price growth, aligning interests of executives with those of the Company and its shareholders.

Base Salary

Base salary is the primary tool for attracting talent, forms a fixed component of the overall compensation paid by the Company to secure an executive officer's services, and is typically determined with general reference to, among other things, base salary at potential comparator companies. Base salary is intended to fit into the Company's overall compensation objectives. To date, modest increases to base salaries have been awarded to several executive officers in order to bring base salaries closer to potential comparator company levels, however salaries remain below market levels. In making the decision that paying below market salaries is an appropriate strategy, the Board took into account the Company's size relative to its peers, the Company's current financial results and the general volatility of the cannabis industry. The Board determined that cost containment on salaries is a prudent measure until the Company has a more predictable financial outlook, and at that time, the Board intends to re-evaluate salaries and competitiveness against market peers. The Board concluded that the risk of compensation related departures or failure to attract the right talent as a result of paying below market levels is acceptable in these circumstances.

Base salary is reviewed periodically. While payment of the base salary is not "at risk", any increases are subject to (i) the Company's performance (ii) the executive officer's individual performance and (iii) the Board's discretion. The HR and Compensation Committee considers the following factors in setting and adjusting base salaries:

- the level of responsibility related to each executive officer's position;
- compensation paid comparatively to each executive officer;
- the experience of the executive officer; and
- the executive officer's overall performance versus established goals and objectives.

Incentive Compensation

Annual Cash Bonuses

Annual cash bonuses are a short-term variable element of compensation that reward each executive officer for both corporate and individual performance. Annual cash bonuses are intended to fit into the Company's overall compensation objectives by linking individual compensation to the performance of both the Company and the individual.

For 2020, the HR and Compensation Committee determined that each executive officer would be eligible for a discretionary cash bonus, of which 80% is based on corporate objectives applicable to all executive officers and 20% is based on personal performance in achieving individualized objectives. However, notwithstanding meeting, exceeding, or failing to meet corporate and personal objectives, the Board maintains discretionary authority in respect of the award of a bonus, subject to applicable law.

The corporate objectives for 2020 included goals and weightings as follows:

Objectives	Goals	Weight
Revenue	• Cost per gram reductions; labour cost savings (year over year) • Wholesale revenue growth • Medical product revenue growth • Recreational revenue growth	25%
Adjusted EBITDA[(1)]	• Manufacturing efficiency improvements at each grow and production facility • Production and operational cost optimization at the Paris campus • Operational cost optimization within the clinic network • Headcount optimization throughout 2020	25%
Active Patient Count	• Patient and physician outreach growth • Sales growth of the Company's medical products	25%
Business Continuity	• Develop an agile and adaptable workplace focusing on value-add activities • Launch of a virtual call centre for Nurse Practitioners and Physicians • Develop, implement, and roll out home delivery, and continually improve Aleafia's Business Continuity Management System to ensure minimal disruption	25%

Notes:

1. Adjusted EBITDA is calculated as operating income (loss), excluding (i) amortization and depreciation, (ii) changes in fair value of inventory sold, (iii) unrealized gain on fair value biological assets, (iv) share-based payments and (v) one-time business transaction fees. Adjusted EBITDA is widely used by industry participants and analysts to measure company performance.

The corporate objectives include minimum thresholds (at 60%) that must be met for any bonus to be earnable as well as a high-performance threshold that if met, would provide for a maximum of 120% of the total amount earnable in connection with the corporate objective to be paid.

Bonus amounts earnable are prorated between the minimum thresholds and high-performance thresholds for each objective, with 100% of the amount earnable being paid if the goal for the given corporate objective is met. Notwithstanding the foregoing thresholds, the Board maintains complete discretion over the amount of any award.

The personal objectives, including goals and weightings, for the executive officers were determined in collaboration between the applicable executive officers, the Vice-President of Human Resources and the HR and Compensation Committee.

The HR and Compensation Committee determined that 2020 annual cash bonuses, if awarded, will be capped at a maximum of 35% of base salary (subject to the high-performance thresholds being met and the Board's ultimate discretion on the award of any bonus as discussed above) in order to mitigate excessive risk-taking and limit potential windfalls.

The HR and Compensation Committee is continuing to evaluate the metrics, criteria, and threshold for annual cash bonuses in 2021.

Option Grants and RSU Awards

Share-based compensation is a long-term, at-risk, variable element of compensation that directly and indirectly aligns the interests of executive officers with those of the Company and its shareholders, discourages excessive risk-taking, and encourages retention. The components of the share-based compensation paid by the Company are typically time-based.

During the first quarter of 2021 the Board adopted a framework for awarding share-based compensation as recommended by Towers Watson and based on the following guiding principles:

(i) provide market competitive compensation for executive roles, supporting the attraction and retention of talent, (ii) balance structure and flexibility, allowing the organization to be agile in the evolving cannabis industry, (iii) be scalable through the organization's phase of growth and development, (iv) motivate and reward for performance goals aligned with the short-term and longer-term business strategies, (v) align the interests of executives with shareholders, and (vi) reflect good governance practices in Canada for organizations at a similar stage of life cycle.

The framework contemplates an annual issuance of incentive securities made up of a blend of restricted share units ("**RSUs**") (25%) and Options (75%) for employees at or above the director level. Options are issued for upside potential and RSUs for their downside protection. The Board may make ad-hoc awards in special circumstances, for new employees or to address retention concerns. This blended approach is generally aligned with market practices among the Company's peers. Generally, the aggregate annual issuance of Options and RSUs will not exceed 2.5% of the Company's issued and outstanding common shares, with the intent that the overall level of dilution will be managed to a maximum of 10% over the long term. Options issued under the Company's stock option plan (the "**Stock Option Plan**") will maintain a five year term and vest in equal parts every six months over a period of two years, consistent with the Company's current practices. RSU grants under the Company's restricted share unit plan (the "**RSU Plan**") will vest in equal parts every six months over a period of two years and shall settle in shares, although the Company may in future explore settlement in cash in order to manage dilution.

Each year the CEO will make recommendations to the HR and Compensation Committee regarding individual share-based compensation for all eligible recipients except for the CEO. The HR and Compensation Committee will review the appropriateness of the recommendations from the CEO for all eligible employees and accept or adjust the recommendations. The HR and Compensation Committee will make recommendations to the Board regarding the share-based compensation for the CEO. In making its recommendation to the Board regarding share-based compensation to the CEO, the HR and Compensation Committee considers relevant market data and other information.

Share-based compensation directly ties an executive officer's compensation to shareholder returns, as well as the performance of both the Company and the individual over the long term.

Perquisites and Personal Benefits

The Company provides certain perquisites and benefits to its executive officers, which can include health and insurance benefits, parking and car allowances. Given the relatively nominal nature of these perquisites and benefits, they do not affect decisions about other elements of compensation. The Company has no pension plan or other programs related to retirement funding.

Termination and Change of Control Benefits

Executive officers also have termination and change of control provisions in their agreements. See "Summary Compensation Table – Discussion of Summary Compensation Table – Legacy Arrangements" and "Termination and Change of Control Benefits". For the termination and change of control provisions applicable in the 2020 Executive Agreements (as defined below), the HR and Compensation Committee took into account market standards for termination and change of control benefits when determining the events that trigger payment under these arrangements.

Anticipated Changes to Compensation Policies and Practices

The Company does not currently expect to make any significant changes to its executive compensation policies and practices for fiscal 2021 other than as disclosed in this Circular.

Benchmarking

Given the rapidly evolving and dynamic nature of the cannabis industry in 2020 that will likely continue through 2021 and beyond, the HR and Compensation Committee has generally reviewed and considered compensation programs at potential comparator companies. Through its engagement of Towers Watson as discussed under "Compensation Discussion and Analysis – Compensation Consultants", the Company conducted a benchmarking analysis in 2020.

The HR and Compensation Committee has determined, based on the advice of Towers Watson, that it is appropriate to establish the Company's peer group based on the competitive landscape the Company competes within, and as a result and the peer group is comprised of other Canadian public companies in the cannabis industry, as well as other comparable Canadian public companies in related industries.

The comparator group used in fiscal year 2020 for compensation benchmarking purposes was composed of the following companies:

Cannabis Industry Peer Group	Related Industry Peer Group
Delta 9 Cannabis Inc.	Goodfood Market Corp.
Emerald Health Therapeutics	Knight Therapeutics Inc.
HEXO Corp.	MAV Beauty Brands Inc.
MediPharm Labs Corp.	Neptune Wellness Solutions Inc.
OrganiGram Holdings Inc.	Nuvo Pharmaceuticals Inc.
The Supreme Cannabis Company, Inc.	Theratechnologies Inc.
The Valens Company Inc.	Waterloo Brewing Ltd.
Village Farms International, Inc.	Xenon Pharmaceuticals Inc.
WeedMD Inc.	
Zenabis Global Inc.	

Risk Management

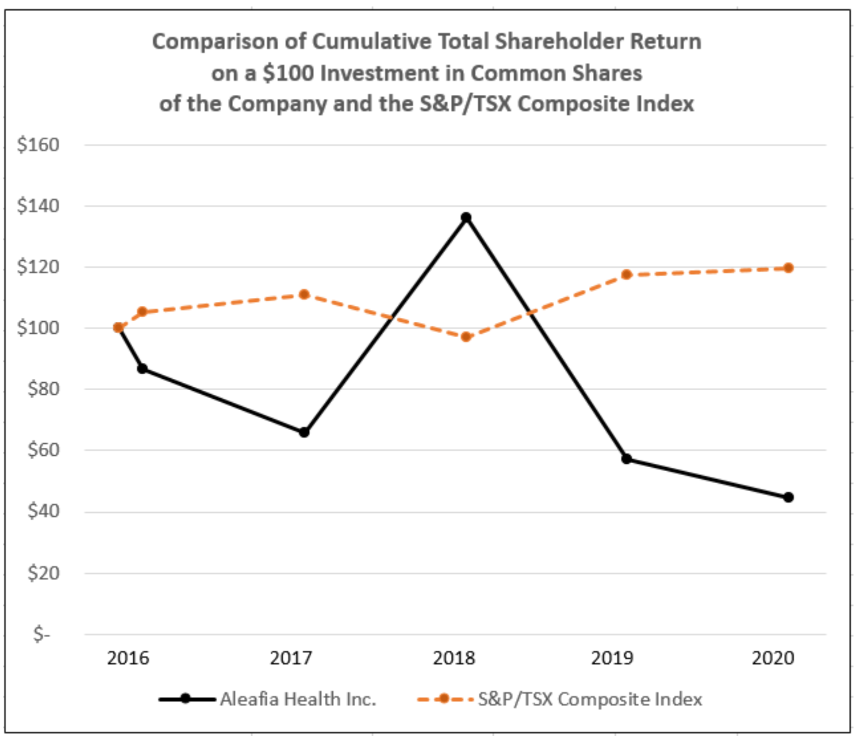
The Board has overall responsibility for the oversight of the Company's risk management, including risks that arise from compensation policies and practices. Through the HR and Compensation Committee, the Board oversees the Company's compensation programs to ensure that they do not encourage inappropriate or excessive risk taking. The HR and Compensation Committee has not formally considered the implications of the risks associated with the Company's compensation policies or practices. However, when setting compensation levels, the Board and HR and Compensation Committee seek to limit risk by offering a balance of short-term and long-term compensation. As a part of reviewing compensation levels, the Board and HR and Compensation Committee are seeking an appropriate balance of base salary, variable pay opportunities based on corporate and personal performance and Option grants to balance the short-term and long-term interests of the Company by tying compensation to the achievement of the business objectives of the Company, while also ensuring that executive officers have sufficient equity exposure to align their interests with the interests of the Company and its shareholders. Except as otherwise disclosed in this Circular, to date, the Board and HR and Compensation Committee have not identified any risks arising from the Company's compensation policies and practices that would be reasonably likely to have a material adverse effect on the Company.

Financial Instruments

The Company amended its Stock Trading Policy on December 2, 2020 to prohibit insiders from engaging in the following transactions with respect to securities of the Company: (i) short sales; (ii) monetization of security awards (such as stock options, deferred and restricted share units, and other equity-like securities); (iii) transactions in derivatives on Company securities (such as put and call options); (iv) any other hedging or securities monetization transactions where the individual's economic interest and risk exposure in the Company's securities are changed (such as collars or forward sales contracts); and (v) short-term speculative transactions, such as buying or selling Company securities on the market with the intention of quickly reselling or buying back such securities. Consequently, reporting insiders of the Company may not purchase financial instruments that are designed to hedge or offset a decrease in market value of the Company's equity securities granted as compensation to or held, directly or indirectly, by such reporting insiders. The prohibitions in this section do not apply to trades associated with the exercise of stock options or other trades associated with Company approved equity-based compensation awards. Prior to this time, reporting insiders of the Company were strongly discouraged from engaging in such transactions.

Performance Graphs

The following graph illustrates the cumulative return on a $100 investment in the Company's common shares made on November 6, 2016, the date the Company became a reporting issuer, as compared with the cumulative return on a $100 investment in the S&P/TSX Composite Index made on the same date.



As a relatively new company in a relatively new industry, the recent trend shown by the foregoing graph (i.e. a decline in share price) does not reflect the trend in the Company's compensation to executive officers (i.e. an increase in executive compensation as the executive management team has grown).

Summary Compensation Table

The table below (presented in accordance with Form 51-102F6 – *Statement of Executive Compensation* ("**Form 51-102F6**") under National Instrument 51-102 – *Continuous Disclosure Obligations*) sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the financial years ended December 31, 2020, 2019 and 2018 in respect of the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**") and the other three most highly compensated executive officers of the Company. Collectively, these individuals are referred to as the "**NEOs**".

The following individuals were the Company's NEOs for the year ended December 31, 2020: Geoffrey Benic – CEO; Benjamin Ferdinand – CFO; Tricia Symmes – Chief Commercial Officer ("**CCO**"); Geoff Cowper-Smith – CLO & Corporate Secretary; and Keith White – President, Clinic Operations.

Summary Compensation Table

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards[1] ($)	Non-equity incentive plan compensation ($)		All other compensation[2] ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans		
Geoffrey Benic[3] *CEO*	2020	221,667	N/A	N/A	Nil	N/A	13,655	235,321
	2019	180,000	N/A	821,873[(1)(e)]	30,000	N/A	12,319	1,044,192
	2018	90,000	N/A	3,593,629[(1)(a); (1)(c)]	Nil	N/A	6,160	3,689,789
Benjamin Ferdinand[4] *CFO*	2020	195,513	N/A	N/A	17,500	N/A	4,551	217,564
	2019	150,000	N/A	632,210[(1)(e)]	25,000	N/A	Nil	807,210
	2018	56,250	N/A	1,754,783[(1)(b); (1)(c)]	Nil	N/A	Nil	1,811,033
Tricia Symmes[5] *CCO*	2020	107,144[6]	N/A	183,384[(1)(f)]	17,500	N/A	6,528	314,556
	2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Geoff Cowper-Smith[7] *CLO*	2020	208,461	N/A	N/A	17,500	N/A	3,834	229,796
	2019	182,576	N/A	1,298,587[(1)(d); (1)(e)]	10,000	N/A	255	1,491,418
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Keith White[8] *President, Clinic Operations*	2020	185,513	N/A	N/A	15,000	N/A	19,460	219,972
	2019	147,548	N/A	1,412,526[(1)(d); (1)(e)]	10,000	N/A	16,023	1,586,098
	2018	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes

1. These amounts represent the fair value of the Options at the date of grant and represent the amount of share-based compensation expense recorded during the financial year for the particular individual. Option-based awards are valued using the Black-Scholes stock option valuation methodology for the year ended December 31, 2020. The grants were valued using the following assumptions:

   a. June 28, 2018: Option value: $0.8554 (assuming exercise price of $1.25; risk-free rate of return of 2.02%;

volatility estimate of 105.21%; expected life (years) of 3.2; dividend rate of nil); and June 28, 2018 Option value: $0.9422 (assuming exercise price of $0.82; risk-free rate of return of 2.02%; volatility estimate of 105.21%; expected life (years) of 3.20; dividend rate of nil.)

b. August 2, 2018: Option value: $0.4870 (assuming exercise price of $0.65; risk-free rate of return of 2.26%; volatility estimate of 104.88%; expected life (years) of 3.29; dividend rate of nil.).

c. October 1, 2018: Option value: $1.9501 (assuming exercise price of $2.61; risk-free rate of return of 2.42%; volatility estimate of 87.73%; expected life (years) of 3.46; dividend rate of nil).

d. February 22, 2019: Option value: $1.5636 (assuming exercise price of $2.16; risk-free rate of return of 1.80%; volatility estimate of 80.42%; expected life (years) of 3.85; dividend rate of nil); and June 25, 2019: Option value: 0.5469 (assuming exercise price of $1.07; risk-free rate of return of 1.80%; volatility estimate of 80.42%; expected life (years) of 3.85; dividend rate of nil).

e. September 10, 2019: Option value: $0.6322 (assuming exercise price of $1.03; risk-free rate of return of 1.44%; volatility estimate of 80.42%; expected life (years) of 4.40; dividend rate of nil).

f. August 24, 2020: Option value: $0.3056 (assuming exercise price of $0.50; risk-free rate of return of 0.44%; volatility estimate of 81.683%; expected life (years) of 4.38; dividend rate of nil.).

2. Includes all perquisites, including health and insurance benefits, parking costs, and car, fuel and toll allowances, as applicable.

3. Geoffrey Benic was appointed CEO of the Company effective June 28, 2018. He entered into a formal employment agreement effective July 3, 2018. That agreement was superseded by a new employment agreement effective March 6, 2020 which resulted in an increase to Mr. Benic's salary. See "Legacy Arrangements" and "2020 Executive Agreements" below.

4. Benjamin Ferdinand was appointed CFO of the Company effective August 20, 2018. He entered into a formal employment agreement effective August 6, 2018. That agreement was superseded by a new employment agreement effective March 4, 2020 which resulted in an increase to Mr. Ferdinand's salary. See "Legacy Arrangements" and "2020 Executive Agreements" below. On May 15, 2021, Mr. Ferdinand delivered his resignation to the Company. His last day of employment is anticipated to be June 10, 2021. After the effective date of the termination of his employment, the Company expects to retain Mr. Ferdinand for several months on an independent contractor basis in order to support an orderly transition of his prior employment responsibilities.

5. Tricia Symmes was appointed CCO of the Company effective August 24, 2020. She entered into an employment agreement effective July 5, 2020.

6. Prior to being appointed as COO of the Company effective August 24, 2020, Tricia Symmes served as an independent contractor to the Company.

7. Geoff Cowper-Smith was appointed General Counsel of the Company effective February 4, 2019. He entered into a formal employment agreement effective December 21, 2018. That agreement was superseded by a new employment agreement effective May 29, 2020 and at that time he was appointed CLO and Corporate Secretary of the Company. See "Legacy Arrangements" and "2020 Executive Agreements" below.

8. Keith White was appointed President, Clinic Operations of the Company effective February 11, 2019. He entered into a formal employment agreement effective January 14, 2019. That agreement was superseded by a new employment agreement effective March 12, 2020. See "Legacy Arrangements" and "2020 Executive Agreements" below. On May 10, 2021, Mr. White's employment was amicably terminated in connection with the Company's sale of certain clinic assets. The Company expects to retain Mr. White for several months on an independent contractor basis in order to support an orderly transition of his prior employment responsibilities.

Discussion of Summary Compensation Table

Additional factors necessary to understand the information disclosed in the Summary Compensation Table above include the terms of each NEO's employment agreement and the Company's Stock Option Plan (disclosed further below).

Legacy Arrangements

Geoffrey Benic, CEO:

Pursuant to an employment agreement dated effective July 3, 2018, Mr. Benic has served as CEO since June 28, 2018, and was entitled 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. On March 6, 2020, Mr. Benic executed a new employment agreement with the Company and his base salary was increased to $230,000.

Mr. Benic is eligible to participate in the Stock Option Plan and grants thereunder are based on individual performance. Entitlements with respect to Options upon termination are governed by the terms and conditions of the Stock Option Plan. Grants of Options in September 2019 and 2019 bonus payments were tied to the execution of Mr. Benic's new employment agreement. One-half of such Options have since vested. Mr. Benic is also entitled to participate in the Company's group benefit plans.

Benjamin Ferdinand, CFO:

Pursuant to an employment agreement dated effective August 6, 2018, Mr. Ferdinand has served as CFO since August 20, 2018, and was entitled 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. On March 4, 2020, Mr. Ferdinand executed a new employment agreement with the Company and his base salary was increased to $200,000.

Mr. Ferdinand is eligible to participate in the Stock Option Plan and grants thereunder are based on individual performance. Entitlements with respect to Options upon termination are governed by the terms and conditions of the Stock Option Plan. Grants of Options in September 2019 and 2019 bonus payments were tied to the execution of Mr. Ferdinand's new employment agreement. One-half of such Options have since vested. Mr. Ferdinand is also entitled to participate in the Company's group benefit plans.

Tricia Symmes, CCO:

Pursuant to an employment agreement dated effective July 5, 2020, Ms. Symmes has served as CCO since August 24, 2020, and was entitled to receive a gross annual base salary of $200,000, with the amount and timing of any salary increase to be wholly discretionary to the Company.

Ms. Symmes is eligible to participate in the Stock Option Plan and grants thereunder are based on individual performance. Entitlements with respect to Options upon termination are governed by the terms and conditions of the Stock Option Plan. Grants of Options in August 2020 were tied to the execution of Ms. Symmes' employment agreement. One-quarter of such Options have since vested. Ms. Symmes is also entitled to participate in the Company's group benefit plans.

Geoff Cowper-Smith, CLO & Corporate Secretary:

Pursuant to an employment agreement dated effective December 18, 2018, Mr. Cowper-Smith was appointed as General Counsel commencing February 4, 2019 and was entitled to receive a gross annual base salary of $200,000, with the amount and timing of any salary increase to be wholly discretionary to the Company. On May 29, 2020, Mr. Cowper-Smith executed a new employment agreement with the Company and was appointed CLO & Corporate Secretary.

Mr. Cowper-Smith is eligible to participate in the Stock Option Plan and grants thereunder are based on individual performance. Entitlements with respect to Options upon termination are governed by the terms and conditions of the Stock Option Plan. Grants of Options in September 2019 and 2019 bonus payments were tied to the execution of Mr. Cowper-Smith's new employment agreement. One-half of such Options have since vested. Mr. Cowper-Smith is also entitled to participate in the Company's group benefit plans.

Keith White, President, Clinic Operations:

Pursuant to an employment agreement dated effective January 14, 2019, Mr. White has served as President, Clinic Operations, and was entitled to receive a gross annual base salary of $165,000, with the amount and timing of any salary increase to be wholly discretionary to the Company. On March 12, 2020, Mr. White executed a new employment agreement with the Company and his base salary was increased to $170,000.

Mr. White was eligible to participate in the Stock Option Plan and grants thereunder are based on individual performance. Entitlements with respect to Options upon termination are governed by the terms and conditions of the Stock Option Plan. Grants of Options in September 2019 and 2019 bonus payments were tied to the execution of Mr. White's new employment agreement. One-half of such Options since vested. Mr. White was also entitled to participate in the Company's group benefit plans.

2020 Executive Agreements

During Q4 2019 and Q1 2020, the HR and Compensation Committee and the NEOs negotiated new forms of executive agreements and during the period of March to October of 2020, each NEO agreed to enter into a new agreement with the Company (the "**2020 Executive Agreements**"). The 2020 Executive Agreements are in substantially the same form for each NEO and the only differences relate to quantum of remuneration, duration of paid vacation and certain perquisites.

The Board believes that the 2020 Executive Agreements are superior to the legacy agreements from the Company's perspective as the agreements: (i) include market non-competition and non-solicit restrictive covenants in favour of the Company; (ii) protect the Company from the possibility of large common law severance claims in the event of the termination of the NEO without cause; and (iii) serve to retain the NEOs with downside protection in the form of severance in the event that the Company determines to carry out a without cause termination.

For information as to the termination provisions and change of control benefits provided in the above agreements, see "Termination and Change of Control Benefits" below.

Other Information

There were no re-pricings during the financial year ended December 31, 2020. During the financial year ended December 31, 2020, no changes were made to the Stock Option Plan or the RSU Plan other than those approved at the meeting of shareholders held on June 30, 2020.

The option-based awards reported in the Summary Compensation Table above are for Options awarded pursuant to the Stock Option Plan. During 2020, 600,000 Options were awarded to the NEOs.

As an aggregate of 600,000 Options were granted to the NEOs in 2020, the NEO Option grant rate in 2020 as a percentage of the number of common shares outstanding as at December 31, 2020 was 0.20%. As a total of 4,755,000 Options were granted by the Company in 2020, the total Option grant rate in 2020 as a percentage of the number of common shares outstanding was 1.58%.

During 2020, no RSUs were awarded to the NEOs.

Incentive Plan Awards

<u>Outstanding Option-Based and Share-Based Awards</u>

The following table (presented in accordance with Form 51-102F6) sets forth for each NEO all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Geoffrey Benic *CEO*	1,000,000(2)	0.82	Jun. 28, 2023	Nil	N/A	N/A	N/A
	250,000(2)	1.25	Jun. 28, 2023	Nil			
	1,250,000(2)	2.61	Oct. 1, 2023	Nil			
	1,300,000(3)	1.03	Sept. 10, 2024	Nil			
Benjamin Ferdinand *CFO*(4)	600,000(2)	0.65	Aug. 1, 2023	Nil	N/A	N/A	N/A
	750,000(2)	2.61	Oct. 1, 2023	Nil			
	1,000,000(3)	1.03	Sept. 10, 2024	Nil			
Tricia Symmes *CCO*	600,000(5)	0.50	Aug. 24, 2025	Nil	N/A	N/A	N/A
Geoff Cowper-Smith *CLO*	550,000(2)	2.16	Feb. 22, 2024	Nil	N/A	N/A	N/A
	570,819(6)	1.07	Feb. 22, 2024	Nil			
	200,000(3)	1.03	Sept. 10, 2024	Nil			

Keith White *President, Clinic Operations*[7]	600,000**[2]** 636,207**[6]** 200,000**[3]**	2.16 1.07 1.03	Feb. 22, 2024 Feb. 22, 2024 Sept. 10, 2024	Nil Nil Nil	N/A	N/A	N/A

Notes

1. Based on the closing price of the common shares on the TSX on December 31, 2020, being $0.47, less the exercise price, multiplied by the number of unexercised Options, whether vested or unvested.
2. In accordance with the change of control provisions in the Stock Option Plan, these Options vested upon the closing of the Emblem transaction.
3. These Options vest over a 3-year period from their grant date of September 10, 2019.
4. On May 15, 2021 Mr. Ferdinand delivered his resignation to the Company. His last day of employment is anticipated to be June 10, 2021. After the effective date of the termination of his employment, the Company expects to retain Mr. Ferdinand for several months on an independent contractor basis in order to support an orderly transition of his prior employment responsibilities. The Company and Mr. Ferdinand are currently engaged in discussions regarding how vested and unvested Options he holds will be treated after his employment termination date in light of such a potential transition agreement.
5. The Options vest over a 5-year period from their grant date of August 24, 2020.
6. These Options vested immediately upon issuance.
7. On May 10, 2021 Mr. White's employment was amicably terminated in connection with the Company's sale of certain clinic assets. Mr. White's unvested options accelerated and vested on the effective date of his termination. His vested options will remain exercisable until expiry in accordance with the terms of his employment agreement and the option grant agreement.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned during the most recently completed financial year for each incentive plan award.

Name	Option-based awards—value vested during the year ($)	Share-based awards—value vested during the year ($)	Non-equity incentive plan compensation—value earned during the year ($)
Geoffrey Benic *CEO*	Nil[1]	N/A	Nil
Benjamin Ferdinand *CFO*	Nil[2]	N/A	17,500
Tricia Symmes *CCO*	N/A[3]	N/A	17,500
Geoff Cowper-Smith *CLO*	Nil[4)]	N/A	17,500
Keith White *President, Clinic Operations*	Nil[5]	N/A	15,000

Notes

1. Represents: (a) 216,667 Options granted on September 10, 2019, and which vested on March 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.43; and (b) 216,666 Options granted on September 10, 2019, and which vested on September 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.53.
2. Represents: (a) 166,667 Options granted on September 10, 2019, and which vested on March 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.43; and (b) 166,666 Options granted on September 10, 2019, and which vested on September 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.53.

3. No Options vested during the most recently completed financial year.

4. Represents: (a) 33,333 Options granted on September 10, 2019, and which vested on March 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.43; and (b) 33,334 Options granted on September 10, 2019, and which vested on September 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.53.

5. Represents: (a) 33,333 Options granted on September 10, 2019, and which vested on March 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.43; and (b) 33,334 Options granted on September 10, 2019, and which vested on September 10, 2020. There was no value since the exercise price of the Options at $1.03 was higher than the closing price of the common shares on the TSX on the vesting date of $0.53.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

There were no exercises of Options during the most recently completed financial year by any NEO. The financial year-end value of unexercised Options on an aggregated basis for each NEO was nil, calculated based on the closing price of the common shares on the TSX on December 31, 2020, which was $0.47 per share, less the exercise price of the Options. For more information on Options held by each NEO, see “Incentive Plan Awards - Outstanding Option-Based and Share-Based Awards”.

Discussion of Incentive Plan Awards

The significant terms of all plan-based awards, including non-equity incentive plan awards, issued or vested, or under which Options have been exercised, during the year, or outstanding at year end, are set out above in the Compensation Discussion and Analysis and below under “Other Information – Stock Option Plan” and “Other Information – RSU Plan”. No Options held by the NEOs were exercised during the financial year ended December 31, 2020.

As indicated above, subject to the Board exercising its discretionary authority in respect of the award of annual cash bonuses, the HR and Compensation Committee determined that each NEO was eligible for an annual cash bonus (see “Annual Cash Bonuses” above) which was capped at a maximum of 35% of base salary (subject to the high-performance thresholds being met as discussed above). On this basis, the maximum cash bonus each NEO could be awarded was as follows:

Name	Maximum 2020 Cash Bonus	Actual 2020 Cash Bonus
Geoffrey Benic *CEO*	$93,380	Nil
Benjamin Ferdinand *CFO*	$81,200	$17,500
Tricia Symmes *COO*	$81,200	$17,500
Geoff Cowper-Smith *CLO*	$81,200	$17,500
Keith White *President, Clinic Operations*	$69,020	$15,000

The HR and Compensation Committee is continuing to evaluate the metrics, criteria, and threshold for annual cash bonuses in 2021.

Pension Plan Benefits

The Company does not provide a defined benefit plan or a defined contribution plan for any of its executive officers, nor does it have a deferred compensation plan for any of its executive officers.

Termination and Change of Control Benefits

As discussed above under “2020 Executive Agreements”, during 2020 each NEO entered into a new employment agreement. These agreements provide for the following termination and change of control benefits:

In the event a NEO is terminated without cause or terminates employment for “good reason”, the NEO would be entitled to receive a separation package consisting of the following:

- any accrued but unpaid base salary and bonus;
- a lump sum cash payment equal to 12 months of base salary;
- a lump sum cash payment equal to the target amount of the NEO’s bonus that would have been eligible to be earned (less any amount already paid as accrued but unpaid bonus);
- continuation of the NEO’s employment-related benefits for 12 months, subject to certain exceptions;
- immediate acceleration and vesting of all unvested Options held by the NEO and extension of the exercise period until the latest date that would have applied immediately prior to the NEO’s termination; and
- reasonable executive-level outplacement services, not to exceed $25,000, for a period of 12 months or until the NEO accepts an offer of employment.

“Good reason” is defined as:

- a material change in the NEO’s overall authority and responsibilities with the Company, including a material and fundamental change in the nature or scope of the duties of the NEO;
- a decrease in the NEO’s base salary; or
- a material decrease in the NEO’s compensation and benefits (provided that variability in discretionary bonus awards are not to be considered in determining if there has been a material decrease).

In the event that a NEO is terminated without cause or terminates his employment for good reason within 6 months of a “change of control”, the lump sum cash payment and continuation of benefits described above are each increased from 12 months to 18 months.

A "change of control" is defined as:

- a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its affiliates, with respect to which all or substantially all of the persons or entities who were the beneficial owners of the issued and outstanding shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than fifty percent (50%) of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;

- the sale, exchange or other disposition to a person or entity other than an affiliate of the Company, of all, or substantially all, of the Company's assets; or

- a change in the composition of the board of directors of the Company which occurs at a single meeting of the shareholders or upon the execution of a shareholders' resolution, such that individuals who are members of the board of directors immediately prior to such meeting or resolution cease to constitute a majority of the board of directors, without the board of directors, as constituted immediately prior to such meeting or resolution, having approved of such change.

For illustrative purposes, in accordance with Form 51-102F6, if the NEO had been terminated without just cause on December 31, 2020, the applicable compensation period (relevant for both base salary and continued participation in the Company's benefits plans), the amounts payable and the value of Options vested as of such date would have been as follows:

Illustrative Termination Amounts

Name	Compensation period	Aggregate amount payable for base salary	Aggregate amount payable for accrued incentive payments(1)	Aggregate amount payable for perquisites and benefits(2)	Option-based awards - Value vested(3) ($)
Geoffrey Benic *CEO*	12 months	230,000	80,500	13,655	Nil
Benjamin Ferdinand *CFO*(4)	12 months	200,000	70,000	4,551	Nil
Tricia Symmes *CCO*	12 months	200,000	70,000	6,528	Nil
Geoff Cowper-Smith *CLO*	12 months	200,000	70,000	3,834	Nil
Keith White *President, Clinic Operations*(5)	12 months	170,000	59,500	19,460	Nil

Notes

1. Assuming that 100% of the NEO's cash bonus is paid out excluding any high-performance threshold being met.
2. The actual amounts of perquisites for all NEOs have been disclosed in the Summary Compensation Table and it has been assumed that payment of these amounts would continue for the compensation period. This does not include

the value of premiums for the continuation of health and dental benefits.

3. The value of Options vested as of December 31, 2020 was calculated using the closing price of the common shares on the TSX on December 31, 2020, which was $0.47 per share, less the exercise price of the Options.
4. In connection with Mr. Ferdinand's departure, he is not entitled to any severance. Mr. Ferdinand's employment agreement contains customary confidentiality covenants and certain restrictive covenants that will continue to apply following his departure, including non-competition and non-solicitation provisions.
5. In connection with Mr. White's departure, he received severance equal to 12 months of his base salary, in the gross amount of $170,000; $59,500 for accrued incentive payments, based on his 2020 target bonus compensation; and a payment equal to 12 months of his car allowance benefit, in the gross amount of $18,000. Mr. White's benefits are also being continued during the 12-month severance period. The incremental value associated with such continued benefits entitlements is valued at approximately $3,367. Mr. White's employment agreement contained customary confidentiality covenants and certain restrictive covenants that continue to apply following his departure, including non-competition and non-solicitation provisions.

Stock Option Plan and RSU Plan

The Stock Option Plan provides that 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). If either of these provisions had been triggered as of December 31, 2020, all unvested Options held by the NEOs would have vested. However, the value of such Options would have been Nil as the closing price of the common shares on the TSX on December 31, 2020 was $0.47 per share, which is less the exercise price of the NEOs' Options.

The RSU Plan contains similar provisions. However, none of the NEOs held RSUs at December 31, 2020.

Director Compensation

Director Compensation Table

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation earned by the directors for the Company's most recently completed financial year.

Director Compensation Table

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	All other compensation[1] ($)	Total ($)
Julian Fantino[2]	28,269	Nil	Nil	Nil	124,059[3]	152,328
Raf Souccar[4]	18,846	Nil	Nil	Nil	107,422[5]	126,268
William Stewart[6]	25,000	Nil	Nil	Nil	Nil	25,000
Mark Sandler	59,375	10,625	Nil	Nil	Nil	70,000
Lea M. Ray	76,779	18,125	Nil	Nil	Nil	94,904
Daniel Milliard[7]	50,000	12,500	Nil	Nil	Nil	62,500

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	All other compensation[1] ($)	Total ($)
Loreto Grimaldi	59,375	10,625	Nil	Nil	Nil	70,000
Rhonda Lawson[8]	32,645	10,625	Nil	Nil	Nil	43,270
Glenn Washer[9]	32,645	10,625	Nil	Nil	Nil	43,270

Notes

1. Reimbursement to each of the directors for expenses and fees was made during the year. These reimbursements were not considered perquisites, as they were integrally and directly related to the performance of each director's duties.
2. Julian Fantino resigned as a director of the Company on April 27, 2020.
3. Julian Fantino served as Executive Chair from March 26, 2018 until June 28, 2018 pursuant to an employment agreement and he continued to be employed by the Company through 2018. Pursuant to the employment agreement, upon the change of 50% or more of the directors of the Board during any 12 month period, the employment agreement immediately terminated and Mr. Fantino was entitled to a change of control payment in an amount equal to 12 months base salary and 100% of any accrued bonus. On May 24, 2019, the Company agreed to pay Mr. Fantino an amount of $281,250 over twelve months, in satisfaction of such change of control payment obligation. Mr. Fantino also had the benefit of a vehicle.
4. Raf Souccar resigned as a director of the Company on April 27, 2020.
5. Raf Souccar served as CEO of the Company from March 26, 2018 until June 28, 2018 pursuant to an employment agreement and he continued to be employed by the Company through 2018. Pursuant to the employment agreement, upon the change of 50% or more of the directors of the Board during any 12 month period, the employment agreement immediately terminated and Mr. Souccar was entitled to a change of control payment in an amount equal to 12 months base salary and 100% of any accrued bonus. On May 24, 2019, the Company agreed to pay Mr. Souccar an amount of $240,000 over twelve months, in satisfaction of such change of control payment obligation.
6. William Stewart resigned as a director of the Company on May 7, 2020.
7. Daniel Milliard is not standing for re-election at the Meeting.
8. Rhonda Lawson was appointed as a director of the Company effective May 16, 2020. Ms. Lawson resigned as a director of the Company on January 27, 2021.
9. Glenn Washer was appointed as a director of the Company effective May 16, 2020. Mr. Washer is not standing for re-election at the Meeting.

Discussion of Director Compensation Table

Significant factors necessary to understand the information disclosed in the Director Compensation Table above include the Board's fee and stipend structure and the Company's Stock Option Plan and RSU Plan (disclosed further below).

Board Fees

The Board, at the recommendation of the HR and Compensation Committee, determines director compensation from time to time. Effective October 1, 2020, the Board determined that directors would receive fees as follows:

Role	Fees[1] ($)
Base Director Fee[2]	85,000
Chair of the Audit Committee[3]	20,000
Chairs of Other Committees[4]	15,000
Chair of the Board[5]	40,000

Notes

1. Fees are prorated for each month the individual director fulfills the applicable role.
2. Prior to October 1, 2020, this fee was $50,000. Pursuant to the Equity Ownership Guidelines discussed below, a director must receive no less than 50% of the base director fee in the form of DSUs until such time as the applicable threshold is satisfied.
3. Prior to October 1, 2020, this fee was $10,000.
4. Prior to October 1, 2020, this fee was $10,000.
5. Prior to October 1, 2020, this fee was $25,000.

At the meeting of the Company's shareholders held on June 30, 2020, shareholders approved a new deferred share unit plan for directors and approved amendments to the RSU Plan, which resulted in non-executive directors of the Company no longer being eligible to participate in the RSU Plan. Pursuant to these developments, the Board amended the Stock Option Plan to remove director participation under the Stock Option Plan. During 2020, no Options or RSUs were granted/awarded to directors and 148,431 DSUs were awarded to directors.

Equity Ownership Guidelines

Effective October 1, 2020, the Board established formal equity ownership guidelines requiring each non-employee director to hold at least three (3) times his or her annual base retainer fee for serving as a director of the Company in Common Shares and/or DSUs, based on the higher of: (i) the acquisition cost of such Common Shares and/or DSUs, as applicable; and (ii) the value of the Common Shares and/or DSUs, as applicable, based on the market price of the Common Shares. Each director is required to comply with this equity ownership requirement by no later than five (5) years from: (i) the adoption of the guidelines; or (ii) the date of becoming a director. As the equity ownership guidelines were established recently, no directors have yet met the equity ownership requirements. Until the minimum shareholding is achieved, each non-executive director must receive a minimum of 50% of their annual retainer fee in DSUs. Once the minimum shareholding is achieved, each non-executive director may elect to receive their annual base retainer fee in cash, DSUs, or any combination thereof.

Other Information

There were no re-pricings during the financial year ended December 31, 2020. During the financial year ended December 31, 2020, no changes were made to the Stock Option Plan, the RSU Plan or the DSU Plan other than those approved at the meeting of shareholders held on June 30, 2020.

Other than the DSU Plan, the Company did not have any other share-based or option-based award programs for directors in place during the financial year ended December 31, 2020.

Incentive Plan Awards for Directors

Outstanding Options-Based Awards and Share-Based Awards

The following table (presented in accordance with Form 51-102F6) sets forth for each director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-based awards[1]				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[2] ($)	Number of shares or units of shares that have not vested (#)[3]	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)[4]
Mark Sandler	500,000[5]	0.60	Apr. 23, 2023	Nil	21,567	N/A	10,136
Lea M. Ray	250,000[5]	2.65	Oct. 5, 2023	Nil	36,790	N/A	17,291
Daniel Milliard[6]	209,425[7]	1.51	May 1, 2023	Nil	25,373	N/A	11,925
Loreto Grimaldi	209,425[8]	1.37	Nov. 6, 2023	Nil	21,567	N/A	10,136
Rhonda Lawson[9]	Nil	Nil	Nil	Nil	21,567	N/A	10,136
Glenn Washer[10]	Nil	Nil	Nil	Nil	21,567	N/A	10,136

Notes

1. Until June 30, 2020, directors were eligible to participate in the Company's stock option plan.
2. Determined based on the closing price of the common shares on the TSX on December 31, 2020, being $0.47, less the exercise price, multiplied by the number of unexercised Options, whether vested or unvested.
3. Consists of DSUs.
4. Determined based on the closing price of the common shares on the TSX on December 31, 2020, being $0.47, multiplied by the number of vested DSUs held.
5. In accordance with the change of control provisions in the Stock Option Plan, these Options vested upon the closing of the Emblem transaction.
6. Mr. Milliard is not standing for re-election at the Meeting.
7. Mr. Milliard was granted 250,000 options by 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, each such option vested fully, and became exercisable to purchase 0.8377 of a common share of Aleafia Health at the same exercise price. Each such option remains exercisable to Mr. Milliard during his tenure on the Company's Board and thereafter, subject to the May 1, 2023 expiration date.
8. Mr. Grimaldi was granted 250,000 options by 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, each such option vested fully, and became exercisable to purchase 0.8377 of a common share of Aleafia Health at the same exercise price. Each such option remains exercisable to Mr. Grimaldi during his tenure on the Company's Board and thereafter, subject to the November 6, 2023 expiration date.

9. Rhonda Lawson was appointed as a director of the Company effective May 16, 2020. Ms. Lawson resigned as a director of the Company on January 27, 2021.
10. Glenn Washer was appointed as a director of the Company effective May 16, 2020. Mr. Washer is not standing for re-election at the Meeting.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table (presented in accordance with Form 51-102F6) sets forth details of the value vested or earned by each director during the most recently completed financial year for each incentive plan award.

Name	Option-based awards—value vested during the year ($)	Share-based awards—value vested during the year ($)	Non-equity incentive plan compensation—value earned during the year ($)
Mark Sandler	N/A	10,568(1)	N/A
Lea M. Ray	N/A	18,027(2)	N/A
Daniel Milliard	N/A	12,433(3)	N/A
Loreto Grimaldi	N/A	10,568(1)	N/A
Rhonda Lawson(4)	N/A	10,568(1)	N/A
Glenn Washer(5)	N/A	10,568(1)	N/A

Notes

1. Represents 21,567 DSUs granted on October 1, 2020, which vested on issuance in accordance with the DSU Plan. DSUs are not eligible to be settled until after the participant has ceased to be a director of the Company. The value vested during the year of DSU-based awards was calculated using the closing price of the common shares on the grant date, which was $0.49.
2. Represents 36,790 DSUs granted on October 1, 2020, which vested on issuance in accordance with the DSU Plan. DSUs are not eligible to be settled until after the participant has ceased to be a director of the Company. The value vested during the year of DSU-based awards was calculated using the closing price of the common shares on the grant date, which was $0.49.
3. Represents 25,373 DSUs granted on October 1, 2020, which vested on issuance in accordance with the DSU Plan. DSUs are not eligible to be settled until after the participant has ceased to be a director of the Company. The value vested during the year of DSU-based awards was calculated using the closing price of the common shares on the grant date, which was $0.49.
4. Rhonda Lawson was appointed as a director of the Company effective May 16, 2020. Ms. Lawson resigned as a director of the Company on January 27, 2021.
5. Glenn Washer was appointed as a director of the Company effective May 16, 2020.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

The following table sets forth details of the exercise of Options during the most recently completed financial year by each director and the financial year-end value of unexercised Options on an aggregated basis.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)[1]	Unexercised Options at Financial Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at Financial Year-End ($)[2] Exercisable/ Unexercisable
Julian Fantino[3]	Nil	Nil	N/A	N/A
Raf Souccar[4]	Nil	Nil	N/A	N/A
Mark Sandler	Nil	Nil	500,000 / 0	Nil/Nil
William Stewart[5]	Nil	Nil	N/A	N/A
Lea M. Ray	Nil	Nil	250,000 / 0	Nil/Nil
Daniel Milliard[6]	Nil	Nil	209,425 / 0	Nil/Nil
Loreto Grimaldi	Nil	Nil	209,425 / 0	Nil/Nil
Rhonda Lawson[7]	Nil	Nil	N/A	N/A
Glenn Washer[8]	Nil	Nil	N/A	N/A

Notes

1. The aggregate value realized would be calculated using the sale price of the common shares realized by each director following the exercise of Options by each director, less the exercise price of the Options.
2. The value of unexercised Options was calculated using the closing price of the common shares on the TSX on December 31, 2020, which was $0.47 per share, less the exercise price of the Options.
3. Julian Fantino resigned as a director of the Company on April 27, 2020.
4. Raf Souccar resigned as a director of the Company on April 27, 2020.
5. William Stewart resigned as a director of the Company on May 7, 2020.
6. Daniel Milliard is not standing for re-election at the Meeting.
7. Rhonda Lawson was appointed as a director of the Company effective May 16, 2020. Ms. Lawson resigned as a director of the Company on January 27, 2021.
8. Glenn Washer was appointed as a director of the Company effective May 16, 2020. Mr. Washer is not standing for re-election at the Meeting.

Discussion of Incentive Plan Awards for Directors

The significant terms of all plan-based awards, issued or vested, or under which Options have been exercised, during the year, or outstanding at year end, are set out below under "Other Information – Stock Option Plan" and "Other Information – RSU Plan". No Options held by the directors were exercised during the financial year ended December 31, 2020. No RSUs have been granted to directors. As of April 26, 2021, 455,841 DSUs have been granted to directors.

Prior to January 1, 2019, it was the practice of the Company to grant Options in connection with the recruitment of a new director. At the time of joining the Board, directors were granted Options to provide a long-term ownership perspective on the direction of the Company. At the meeting of the Company's shareholders held on June 30, 2020, shareholders approved the DSU Plan for directors and approved amendments to the RSU Plan, which resulted in non-executive directors of the Company no longer being eligible to participate in the RSU Plan. Pursuant to these approvals and amendments, the Board amended the Stock Option Plan to remove director participation under the Stock Option Plan and no directors were granted options following June 30, 2020.

OTHER INFORMATION

Securities Authorized for Issuance Under Equity Compensation Plans

The Company has a Stock Option Plan, an RSU Plan, and a DSU Plan under which Options, RSUs, and DSUs respectively, are granted. Grants of Options, RSUs, and DSUs have been determined by the Board, more recently with the assistance of the HR and Compensation Committee, and are only granted in compliance with applicable laws and regulatory policy.

The following table provides information as at December 31, 2020 regarding the number of common shares authorized for issuance under the Company's Stock Option Plan (which includes Options originally issued under Emblem's incentive stock option plan (the "**Emblem Option Plan**")), RSU Plan, and DSU 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, including Options originally issued under the Emblem Option Plan, the RSU Plan, and the DSU plan)	26,260,632	$1.06	20,717,009
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	26,260,632	$1.06	20,717,009

Equity-Based Compensation Plans

The Company's Stock Option Plan and RSU Plan were initially approved by shareholders on December 6, 2018. The Stock Option Plan was amended, restated and approved by shareholders at the annual and special meeting of shareholders held on June 17, 2019, and was further amended by the Board to remove director participation under the Stock Option Plan pursuant to the Company's shareholders approving the DSU Plan for directors at the annual and special meeting of shareholders held on June 30, 2020. The RSU Plan was most recently amended, restated and approved by shareholders at the annual and special meeting of shareholders held on June 30, 2020. In particular, non-executive directors of the Company are no longer eligible to participate in the RSU Plan, and instead participate in the DSU Plan.

<u>Stock Option Plan</u>

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 available upon request to the Company at 85 Basaltic Road, Concord, Ontario, L4K 1G4, tel. (416) 860-5665.

- **Eligible persons:** Only senior officers, employees and consultants of Aleafia Health or its subsidiaries are eligible to receive Options under the Stock Option Plan.

- **Fixed plan:** The Stock Option Plan is a fixed plan. The maximum number of common shares issuable under the Stock Option Plan shall not exceed 20% of the number of common shares issued and outstanding as at the date of the Stock Option Plan (being May 10, 2019), inclusive of all common shares reserved for issuance pursuant to previously granted Options under any other equity compensation plan, including for greater certainty but without limitation, the Company's RSU Plan. For greater certainty, as of May 10, 2019, the Company had 34,819,805 common shares available for issuance (which amount was based on 20% of the issued and outstanding common shares on May 3, 2019 (54,874,411), less the number of shares reserved for previously issued RSUs under the RSU Plan (2,000,000) and less the number of shares reserved for issuance to holders of previously issued options (13,578,500), including options received by holders of options of Emblem Corp. ("**Emblem**") in connection with the plan of arrangement completed on March 14, 2019 (4,476,106)). Options that have been cancelled or that have expired without being exercised in full shall continue to be issuable under the Stock Option Plan. Options that have been exercised will reduce the total number of Options available to be granted thereunder.

- **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.

- **Blackout periods:** If the expiry date of an Option falls during a blackout period, the expiry date shall be automatically extended to the date which is 10 business days following the end of the blackout 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 90^{th} 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 30^{th} 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 (i) as may be required by the policies of the TSX; or (ii) 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); or
- 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).

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;
- amending the Stock Option Plan as is necessary for Options to qualify for favourable treatment under applicable tax laws;
- 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 (subject to any applicable extension permitted by a blackout extension);
- 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

- o 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.

As at December 31, 2020, the Company had Options issued and outstanding that were exercisable for 26,260,632 common shares (this includes common shares issuable upon the exercise of options received by holders of options of Emblem), representing 8.7% of all issued and outstanding common shares at such time. As at December 31, 2020, there were 20,568,578 common shares in the aggregate remaining available for issuance under the Company's equity compensation plans, including the Stock Option Plan, representing 6.83% of all issued and outstanding common shares at such time.

RSU Plan

The RSU Plan is administered by the HR and Compensation Committee under the supervision of the Board or, if no HR and 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 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 Company and its shareholders. The RSU Plan was most recently amended, restated and approved by shareholders at the annual and special meeting of shareholders held on June 30, 2020, which resulted in non-executive directors of the Company no longer being eligible to participate in the RSU Plan. No director of the Company currently holds any RSUs.

Each RSU entitles the holder thereof to one common share in the Company upon settlement. The HR and Compensation Committee may determine from time to time the number of common shares issuable under the RSU Plan within the overall maximum number of common shares issuable under the Company's security-based compensation arrangements (i.e. among the Stock Option Plan, the RSU Plan and DSU Plan, collectively) of 54,874,411 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 available upon request to the Company at 85 Basaltic Road, Concord, Ontario, L4K 1G4, tel. (416) 860-5665.

- **Eligible persons:** The HR and Compensation Committee may grant RSUs to officers, key employees and consultants of the Company or a subsidiary of the Company under the RSU Plan.

- **Fixed plan:** The RSU Plan is a fixed plan. The number of common shares issuable under the RSU Plan shall be determined from time to time by the HR and Compensation Committee, provided that at no time may the number of common shares issuable under the RSU Plan, 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 (54,874,411), inclusive of all RSUs, DSUs and incentive options reserved for issuance at such time (20,054,606). If a grant of RSUs 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 RSU Plan with respect to such grant shall, to the extent of any such termination, again be available for making grants under the RSU Plan. If common shares are delivered pursuant to a grant, then that number of common shares will be deducted from the aggregate number of common shares available for issuance under the Company's security-based compensation arrangements.

- **Vesting:** Each RSU will vest in such manner as determined by the HR and 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.

- **Blackout periods:** If the effective date of a grant, or the date of vesting of a grant, falls within a blackout period, it shall be automatically extended to the date which is ten business days following the end of such blackout period.

- **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 and 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 and 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 and Compensation Committee or Board, as applicable, may make the following amendments to the RSU 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;

- o 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;
- o 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;
- o amendments to the RSU Plan that are of a "housekeeping" nature; and
- o and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.

As at December 31, 2020, the Company had no RSUs issued and outstanding, representing 0% of all issued and outstanding common shares at such time. As at December 31, 2020, there were 20,568,578 common shares in the aggregate remaining available for issuance under the Company's equity compensation plans, including the RSU Plan, representing 6.83% of all issued and outstanding common shares at such time.

DSU Plan

The DSU Plan is administered by the HR and Compensation Committee under the supervision of the Board or, if no HR and Compensation Committee exists at any given time, the DSU Plan is administered by the Board. The DSU Plan provides eligible participants an opportunity to receive DSUs 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 Company and its shareholders. The DSU Plan was approved by shareholders at the annual and special meeting of shareholders held on June 30, 2020.

Each DSU entitles the holder thereof to one common share in the Company upon settlement. The Board may determine from time to time the number of common shares issuable under the DSU Plan within the overall maximum number of common shares issuable under the Company's security-based compensation arrangements (i.e. among the Stock Option Plan, the RSU Plan and DSU Plan, collectively) being 54,874,411 common shares.

A summary of the material terms of the DSU Plan is set forth below. The summary information is qualified in its entirety by the full text of the DSU Plan, a copy of which is available upon request to the Company at 85 Basaltic Road, Concord, Ontario, L4K 1G4, tel. (416) 860-5665.

- **Eligible persons:** The Board may grant DSUs to any director of the Company who is not an employee of the Company or a subsidiary of the Company under the DSU Plan.
- **Fixed plan:** The DSU Plan is a fixed plan. The number of common shares issuable under the DSU Plan shall be determined from time to time by the Board, provided that at no time may the number of common shares issuable under the DSU Plan, 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 (54,874,411), inclusive of all DSUs, RSUs and incentive options reserved for issuance at such time

(20,054,606). If a grant of DSUs 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 DSU Plan with respect to such grant shall, to the extent of any such termination, again be available for making grants under the DSU Plan. If common shares are delivered pursuant to a grant, then that number of common shares will be deducted from the aggregate number of common shares available for issuance under the Company's security-based compensation arrangements.

- **Vesting:** Each DSU will vest in such manner as determined by the Board at the time of grant.

- **Redemptions of DSUs:** A participant may elect up to two separate dates as of which either a portion (specified in whole percentages or number of DSUs on any one date) or all of the DSUs credited to the participant's account shall be redeemed by filing one or two irrevocable written redemption elections with the Corporate Secretary of the Company in accordance with the terms of the DSU Plan.

- **Settlement of DSUs:** A participant whose DSUs are redeemed under the DSU Plan shall be entitled to receive on the applicable release date, in full settlement of the DSUs that have vested, as a single distribution and not in installments, a cash payment, a number of common shares equal to such number of DSUs vested, or any combination of cash and Common Shares, as determined by the Board, subject to the applicable DSU award agreement. Settlement in shares shall be made by way of the issuance by the Company of one common share for each DSU being settled in shares as of the relevant date. Settlement of DSUs in cash shall be made by way of the lump sum payment in accordance with the terms of the DSU Plan. No fractional shares will be issued and any fractional DSUs shall be settled in cash in accordance with the terms of the DSU Plan.

- **Limitations:** The DSU 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 DSU 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:** All shares issuable and all amounts payable to a participant under the DSU Plan shall be issued or paid on or before December 31 of the calendar year commencing immediately after the participant has ceased to hold the office of Director for any reason whatsoever, including death, and is not an employee of the Company or a subsidiary.

- **Change of control:** In the event of a Change in Control (as defined in the DSU Plan), all covered DSUs shall vest as of the effective date of such Change in Control. In the event that a participant ceases to hold the office of director for any reason whatsoever, including death (and is not an employee of the Company or a subsidiary of the Company), within 12 months following a Change of Control, the Board may, in its discretion, determine that, the participant shall receive a payment in cash in accordance with the terms of the DSU Plan.

- **Transferability:** The rights or interests of a participant under the DSU 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 Board may amend, suspend or terminate the DSU Plan or the DSUs granted thereunder at any time without the approval of shareholders, provided that: (i) the Board does not alter any rights with respect to an DSU previously granted under the DSU 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 DSU Plan or any DSUs previously granted under the DSU Plan that would result in:

    - an increase to the DSU Plan maximum or the number of common shares issuable under the DSU Plan;
    - a change in the term of any DSUs;
    - amendment provisions granting additional powers to the Board to amend the DSU Plan or entitlements thereunder;
    - a reduction in the Fair Market Value (as defined in the DSU Plan) in respect of any DSU benefitting an insider;
    - any change to the categories of individuals eligible to be selected for grants of DSUs where such change may broaden or increase the participation under the DSU Plan;
    - any changes to the insider participation limits described in Section 2.4.4 of the DSU Plan;
    - any amendments that increase the participation limits described in Section 2.4.3 of the DSU Plan;
    - an amendment to the prohibitions on assignment or transfer of DSUs as described in Section 4.9.2 of the DSU Plan; and
    - an amendment to the amendment provisions as described in Section 4.3.1 of the DSU Plan.

The Board may make the following amendments to the DSU Plan, or any outstanding DSU grants, without obtaining approval of any participant under the DSU Plan or shareholder approval:

- amendments to the terms and conditions of the DSU Plan necessary to ensure that the DSU 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 DSU Plan respecting administration of the DSU Plan and eligibility for participation under the DSU Plan;

- amendments to the provisions of the DSU Plan respecting the terms and conditions on which grants may be made pursuant to the DSU Plan;

- amendments to the DSU Plan that are of a "housekeeping" nature;

- amendments to the provisions relating to a Change of Control; and

- and any other amendments, fundamental or otherwise, not requiring shareholder approval under applicable laws or applicable policies of the TSX.

As at December 31, 2020, the Company had 148,431 DSUs issued and outstanding, representing 0.05%% of all issued and outstanding common shares at such time. As at December 31, 2020, there were 20,568,578 common shares in the aggregate remaining available for issuance under the Company's equity compensation plans, including the DSU Plan, representing 6.83% of all issued and outstanding common shares at such time.

Overhang, Dilution and Burn Rates

	2020			2019		2018	
	Options	**RSUs**	**DSUs**	**Options**	**RSUs**	**Options**	**RSUs**
Overhang[1]	15.6%			17.0%		16.0%	
Dilution[2]	8.7%	0.0%	0.5%	9.0%	0.0%	8.0%	0.0%
Burn Rate[3]	1.6%	0.0%	0.05%	7.6%	0.9%	9.4%	0.0%

Notes

1. The total number of Common Shares issuable under the Company's security-based compensation arrangements, expressed as a percentage of the total number of Common Shares outstanding as at December 31st of each year on a non-diluted basis.
2. The total number of Options, RSUs or DSUs, outstanding, expressed as a percentage of the total number of common shares outstanding as at December 31st of each year on a non-diluted basis.
3. The number of Options, RSUs or DSUs granted in a financial year, expressed as a percentage of the weighted average number of common shares outstanding for the financial year on a diluted basis.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of April 26, 2021, 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 directors 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, 2020 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 that has formally requested a copy thereof as required pursuant to applicable laws and are available on SEDAR at www.sedar.com and on the Company's website at www.aleafiahealth.com/investors/financials. No vote with respect to such financial statements or auditor's report is required or proposed to be taken at the Meeting.

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 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.

Unless authority to do so is withheld, the Management Proxyholders intend to vote FOR the resolution.

3) Election of Directors

At the Meeting, shareholders will vote on the election of directors. Only those individuals disclosed as nominees in this Circular or nominated in accordance with the Company's Advance Notice By-law shall be eligible to be elected as a director at the Meeting.

It is the intention of the persons named in the Proxy, if not expressly directed to the contrary in such Proxy, to vote such proxies **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.

Unless authority to do so is withheld, the Management Proxyholders intend to vote FOR the election of the nominees whose names are set out under the heading "Election of Directors" above. Management does not expect that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the Meeting, the Management Proxyholders will vote for another nominee at their discretion unless the Proxy specifies the common shares are to be withheld from voting in the election of the directors.

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.

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, 2020, which were filed on SEDAR on March 25, 2021.

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 mail card enclosed with the Notice of Meeting, 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.

85 Basaltic Road
Concord, Ontario
L4K 1G4

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions regarding the information contained in this Circular or requests for assistance in completing the form of proxy, please contact your broker or intermediary or Computershare Investor Services Inc. at 1-800-564-6253.

DIRECTORS' APPROVAL

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

DATED at Toronto, Ontario, on the 20th day of May, 2021.

BY ORDER OF THE BOARD

"Lea M. Ray"

Lea M. Ray
Acting Chair of the Board

SCHEDULE "A"

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

The Board will be 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. The Chair of the Board, with the support, advice and involvement of the Lead Director, will act as the effective leader of the Board, including ensuring that the Board is able to successfully carry out its duties and responsibilities.

(ii) If the Chair of the Board is absent or unable or unwilling to act then the Lead Director, if applicable, shall act as chair of the meeting. If there is no Lead Director appointed, or if appointed and the Lead Director is also absent or unable or unwilling to act, then 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, if 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 of the Board and 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, with the support, advice and involvement of the Lead Director, if applicable, and 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 is responsible for developing and setting the agenda for Board meetings, with the support, advice and involvement of the Lead Director, if applicable, 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 directors to meet without any members of management present. The independent directors may also meet from time to time, as may be required, 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 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.

Original Approval Date:	December 7, 2018
Revised and Approved:	May 24, 2019
Approved by:	Board of Directors

SCHEDULE "B"

Virtual Annual General Meeting Code of Procedure (the "Code")

1. Application

This Code shall govern the conduct of virtual annual general meetings of shareholders (each, a "**Meeting**") of Aleafia Health Inc. (the "**Corporation**"). It is a complement to the provisions of the *Business Corporations Act (Ontario)*, including the regulations or guidelines thereunder, (the "Act"), and to the Corporation's General By-Laws. In case of conflict, the Act shall prevail.

In order to facilitate a fair and productive Meeting, we ask your cooperation in observing the following procedures:

2. Business of the Meeting

The business to be conducted at the Meeting is set forth in the Notice of Meeting and Management Proxy Circular (the "**Circular**"). We will strictly follow the agenda of Meeting as set out in the Circular.

3. Registered Shareholders and Non-Registered Shareholders

Only persons shown on the register of shareholders at the close of business on May 17, 2021 and duly appointed proxyholders (including nonregistered shareholders who have duly appointed themselves as proxyholders), will be entitled to vote at the Meeting. Please follow the instructions provided in the Circular to participate at the Meeting. If you have voted your shares prior to the start of the Meeting, and your vote has been received by the Corporation's scrutineers, then there is no need to vote those shares during the Meeting, unless you wish to revoke or change your vote.

Shareholders and duly appointed proxyholders entitled to vote at the Meeting may vote by proxy in advance of the Meeting. Non-registered shareholders who have not duly appointed themselves as proxyholders will be able to attend the Meeting as guests. Guests are able to attend the Meeting but are not able to submit questions or vote their shares (if any).

4. Questions

Shareholders and duly appointed proxyholders may submit questions during the Meeting using the "Ask a Question" field provided in the web portal. Questions may be submitted at any point in advance of, or during, the Meeting but must be submitted prior to the commencement of voting on the matter to which they relate. Subject to this Code, all questions relating to a matter subject to a vote at the Meeting will be addressed prior to the closing of voting on such matter.

Following termination of the formal business of the Meeting, the Corporation will address any appropriate general questions received from shareholders and duly appointed proxyholders regarding the Corporation.

5. Pertinence and Good Order

In order to facilitate a respectful and effective Meeting, only questions of general interest to all shareholders will be answered, if your question is related to an individual matter a Corporation representative will contact you after the Meeting.

6. Specific Questions

If there are any matters of individual concern to a shareholder and not of general concern to all shareholders, or if a question posed was not otherwise answered, such matters may be raised separately after the meeting by contacting the Corporation's Investor Relations department by sending an e-mail to IR@AleafiaHealth.com.

7. Recording

A recording of the webcast will be available on the Corporation's website for approximately one year from the date of the Meeting. Any other recording of the Meeting is prohibited.