



true leaf

**TRUE LEAF MEDICINE INTERNATIONAL LTD.
STOCK OPTION AND TRADING POLICY**

July 12, 2018

Purpose

The purpose of the Stock Option and Trading Policy (the “**Policy**”) of True Leaf Medicine International Ltd. (the “**Company**”, “**we**”, “**us**”, or “**True Leaf**”) is to outline the general requirements that the Company’s directors, officers, employees, consultants, and representatives are required to follow when trading the Company’s securities.

The Policy will also set out the procedure for exercising incentive stock options granted in the Company and answer common questions with respect to incentive stock options.

Securities and Corporate Laws: The *Securities Act*, RSBC 1996, c 418, National Policy 51-201 *Disclosure Standards*, National Instrument 55-104 *Insider Reporting Requirements and Exemptions*, and Canadian Securities Exchange Policy 6 *Distributions* (“**Applicable Securities Laws**”) *prohibit any person from trading, either directly or indirectly, in securities of the Company with knowledge of undisclosed material information (“Inside Information”), which may affect the price or value of the securities of the Company.*

Improper trading with or disclosure of Insider Information may expose the trader, the Company, or both to investigation, regulatory, and civil and/or criminal proceedings or sanctions. This Policy will set out how to avoid confusion as to what may be considered improper trading.

Definitions

“ Consultants ”	means independent contractors (who are engaged in an employee-like capacity) of the Company or any of its subsidiaries;
“ Directors ”	means directors of the Company;
“ Disclosure Committee ”	means a committee formed by several Directors and Officers of the Company to ensure the Company is compliant with continuous disclosure obligations in addition to other material disclosure in addition to determining who is entitled to speak on behalf of the Company
“ Employees ”	means full-time, part-time, contract employees of the Company or any of its subsidiaries
“ Inside Information ”	means confidential material information relating to the Company that has not been publicly disclosed or has been publicly disclosed for less than two trading days
“ Insiders ”	means: <ol style="list-style-type: none">1. Directors or Senior Officers of the Company;2. persons who beneficially own, directly or indirectly, more than 10% of the voting securities of the Company (10% Shareholders”);3. directors or senior officers of a subsidiary of the Company; or4. directors or senior officers of 10% Shareholders.
“ Legal Team ”	means the Company’s General Counsel and Corporate Secretary, Bal Bhullar and Paralegal, Melissa Vettoretti;
“ Material Information ”	means information relating to the business of the Company that results in or would be reasonably expected to result in a significant impact to the price or value of the securities of the Company;
“ Officers ”	means officers of the Company or any of its subsidiaries;

“Persons in a Special Relationship with the Company”

means:

1. Directors, Officers, Employees and Consultants;
2. 10% Shareholders;
3. directors, officers, employees and consultants of 10% Shareholders;
4. members of an operating or advisory committee of the Company or any of its subsidiaries;
5. directors, officers, partners, and employees of a company that is engaging in any business or professional activity with the Company or any of its subsidiaries and who routinely come into contact with Material Information;
6. persons or companies that learned of Insider Information with respect to the Company or company described above and either knew or should have known that the other person or company was in such a special relationship; and
7. spouses, live-in partners or relatives (including children) of any of the individuals referred to above who reside in the same household as that individual.

“Senior Officer”

means the President, Chief Executive Officer, Executive Vice President, Chief Financial Officer, Chief Operating Officer, Chief Marketing Officer, General Counsel & Corporate Secretary, and any other such officer position of the Company that the Company determines to be a senior position.

Application

This Policy applies to the following persons who are, or may be considered privy to or in possession of Inside Information under the Applicable Securities Laws:

- Insiders;
- Persons in a Special Relationship with the Company; and
- trusts, corporations and other entities that an Insider or Person in a Special Relationship with the Company has control, direction, or an ownership interest;

(collectively referred to as **“Restricted Persons”**).

Incentive Stock Options

Incentive stock options (**“Options”**) are convertible securities the Company may choose to grant to any of its Insiders at its discretion subject to the terms and conditions of the Company’s incentive stock option plan (the **“Plan”**) and the policies of the Canadian Securities Exchange.

When the Company grants an option to an Insider (an **“Optionee”**), that Optionee then has the choice to exercise (purchase) the shares attached to each Option for the exercise price stated on the option agreement signed by the Optionee and the Company (the **“Option Agreement”**). The Option Agreement will also show what the vesting (or release) date is for the Options so the Optionee knows how many Options he or she may exercise at what time.

There is no obligation to exercise stock options. An Optionee may let his or her Options expire without exercising any of them. Options often provide a reward or perk to Insiders of a Company and allow them to purchase shares of the Company at a better than market rate if the Company’s stock is trading well and the exercise price is less than the current market price per share.

Exercising Stock Options

To exercise your Options:

You or your broker will complete the exercise form attached to your Option Agreement to indicate the following information:

- how many of your Options you are exercising (you may exercise a portion at a time or all at once, depending on how many of your Options are vested);
- how much you are submitting for payment (the number of Options you are exercising multiplied by the exercise price); and
- the registration instructions for the shares you are purchasing (the shares may be registered in your name personally or they may be registered to your broker account for deposit into CDS so you may trade the shares).

Next, you or your broker will send your Option Agreement, completed exercise form and payment to the Company's head office in Vernon, to the attention of the Accounting Department with a copy to the Legal Department. Payment may be made via cheque or wire transfer.

The Legal Team will then handle the rest and you will receive your shares in due course to the delivery address requested.

Examples of Material Information

The following is a list of examples of information that may be considered material. This list is not exhaustive, and caution must always be exercised when determining whether information is material or not: (a) changes in corporate structure; (b) changes in capital structure; (c) changes in financial results; (d) changes in business operations; (e) acquisitions and dispositions; and (f) changes in credit arrangements. If you have questions, please inquire with the Legal Department.

Trading Restrictions and Blackout Periods

There are specific timeframes that all Restricted Persons must be mindful of when considering buying or selling securities of the Company. We have highlighted the following trading restrictions and blackout periods that are the major ones to be aware of.

Trading Restrictions:

Inside Information or Material Information may not be traded on by any person with knowledge of the information until the end of the second trading day after it has been disclosed to the public.

Blackout Periods:

Restricted Persons who participate in the preparation of the Company's financial statements or who are privy to Inside Information about the Company are prohibited from, directly or indirectly, buying or selling any securities of the Company during the period beginning on the first day of the month following the end of a fiscal quarter (or the date that the Company provides notice of a blackout period) until the end of the second trading day after the financial statements of the Company for that quarter have been filed or disclosed to the public.

No Tipping

Inside Information must be kept strictly confidential at all times until it has been disclosed to the public. When a Restricted Person passes on Inside Information to people outside of the Company, this is known as "tipping". Tipping is illegal and there are serious consequences including substantial jail sentences and fines. The only time it is acceptable to provide Inside Information to a third-party is in special circumstances when it is necessary in the ordinary course of business. In these circumstances, the recipient of the Inside Information will have signed a non-disclosure agreement with a confidentiality clause and you will be provided with instruction from the Company's Disclosure Committee and the Company's legal department to provide the information. A good rule of thumb is to not provide any information to outside individuals unless you have been specifically instructed to do so.

Compliance

Restricted Persons considering buying or selling securities of the Company during a Restricted Period or Blackout Period should always consult with the Company's General Counsel and Corporate Secretary, Bal Bhullar, prior to doing so. Mr. Bhullar will be able to confirm if the Restricted Person is subject to the Restricted Period or Blackout Period or if they are able to proceed with their trade.

Insider Filings

Insiders of the Company are required to file insider reports with SEDI (*System for Electronic Disclosure of Insiders*) as soon as they become an Insider of the Company and after every change in position of his or her securities, either directly or indirectly.

Insider reports must be filed for transactions involving all securities held by the insider: common shares, Options, share purchase warrants, rights, etc.

When a Restricted Person initially becomes an Insider, his or her initial insider report may be filed within ten (10) calendar days of the date of his or her appointment. All subsequent insider reports must be filed within five (5) calendar days of any change in security position.

While insider reports are solely the responsibility of the Insider, the Company is committed to ensuring continuous disclosure obligations are met by both the Company and its Insiders. As such, the Company's paralegal, Melissa Vettoretti, is available to complete any insider filings for Insiders on request.

As there is a filing deadline, it is recommended to provide the transaction information the day following your transaction, so the filing may be completed right away. Failure to file your insider report within the prescribed timeframe will result in a \$50 late fee imposed by the British Columbia Securities Commission.

Penalties

Any Restricted Person found to be in violation of the Policy and the Applicable Securities Laws may be subject to discipline by the Company which may include probation, removal of office position, or even termination.

The Company may refer any Restricted Person found to be in violation of the Policy and the Applicable Securities Laws to the appropriate regulatory authorities, which could lead to penalties, fines, or even jail in addition to disciplinary action by the Company.

Frequently Asked Questions

If I am granted Options, does that mean I have shares in the Company? No, Options simply give you the option to purchase common shares in the Company at the price per share stated on your Option Agreement.

If I am granted Options, do I have to purchase shares in the Company? No, you are not obligated to exercise your Options. You may let your Options expire or you may choose to only exercise some of your Options instead of all. There is no obligation to the Optionee under an Option Agreement to purchase shares in the Company.

What are the tax implications of exercising Options? There are **significant** tax implications when you exercise your Options. The tax implications take effect when you exercise your Options and sell your shares. *Please consult your accountant or financial advisor for specific advice regarding payable taxes and the related tax implications of exercising your Options.*

Do I need to have a broker account in order to trade securities in the public market?

Yes, you will need to have a broker account in order to trade securities in the public market. Your broker account may be with a traditional broker firm such as PI Financial Corp., Canaccord Genuity Corp. or Leede Jones Gable. It may be a broker account through a financial advisor in a large banking institution such as RBC Dominion Securities. You may also choose to have a self-directed trading account through your bank such as a Scotia iTrade account. Determining which option is right for you will take some research and perhaps you will want to ask friends, family, or co-workers for recommendations on who their accounts are through as each option has different commission structures and different levels of service.

Are there any great articles I could read to learn more about Options?

Yes. See the link below:

<https://www.theglobeandmail.com/investing/personal-finance/gen-y-money/article-what-should-i-do-with-my-employee-stock-options/>.

What stock exchanges are the Company's common shares traded on?

The Company's common shares are traded on the Canadian Securities Exchange under the stock symbol "MJ", the OTCQB under the stock symbol "TRLF", and the Frankfurt Stock Exchange under the stock symbol "TLA".

What do I do if I am not sure if information is Inside Information?

The Company's Disclosure Committee and Legal Team are here to help guide you through the confusing and sometimes unclear Applicable Securities Laws in addition to the Company's other policies.

How do I know if I am required to file insider reports?

The Company's Legal Team will always notify Insiders when they are required to file insider reports with SEDI and will assist with setting up the Insider's SEDI profile in addition to attending to required insider filings.

Commitment

In our effort to pursue commitment and compliance to the Policy, the Company requests each Restricted Person to review the Policy periodically and whenever uncertainty arises. The Company also encourages any member of the True Leaf family to approach management with any concerns of situations that may have occurred in breach of the Policy.

All Restricted Persons are required to read and sign a copy of the Policy when they are engaged by the Company. Consultants of the Company will be required to read and sign a copy of the Policy at such time that the Consultant becomes a shareholder of the Company or is granted Stock Options.

Receipt and Acknowledgement

I, _____, hereby acknowledge that I have received and read a copy of
(Print Name)

the "Stock Option and Trading Policy". I confirm that I understand the content of the Policy and any sections I did not fully understand, I have received clarification. I understand that violating insider trading or tipping laws or regulations may subject me to civil and/or criminal penalties, and that a violation of any of the terms of the Policy may subject me to discipline by the Company which may include my termination.

Dated: _____, 20_____.

Signature