

# **NOVA**

## **CANNABIS**

**DISCLOSURE & CONFIDENTIALITY POLICY**

**EFFECTIVE JUNE 26, 2021**

**NOVA CANNABIS INC.**  
**DISCLOSURE & CONFIDENTIALITY POLICY**

This disclosure & confidentiality policy (the "**Policy**") establishes procedures and guidelines that are designed to (i) permit the disclosure of information about Nova Cannabis Inc. and its Subsidiaries (collectively, the "**Company**") to the public in an informative, timely and broadly disseminated manner; and (ii) ensure that non-publicly disclosed information remains confidential. The implementation of such policies and procedures is important to developing sound disclosure practices and maintaining investor confidence, as well as complying with applicable securities laws and stock exchange rules on disclosure and trading.

The directors of the Company have approved this Policy as of June 26, 2021.

**Definitions Used in this Policy:**

Certain defined terms used in this Policy are set out in **Schedule "A" – Definitions** attached hereto.

**Terms of this Policy:**

This Policy applies to all Personnel. If there is any question or concern with respect to the application of this Policy to any Personnel or to any particular circumstance, a **Disclosure Officer** (as defined in Schedule "A" of this Policy) should be contacted for guidance.

The Company is a subsidiary of Alcanna and has entered into a Master Services Agreement and Financial Reporting and Collaboration Agreement with Alcanna to, among other things, enable the Company to meet its disclosure and reporting obligations under applicable securities laws and stock exchange rules.

**PART I**  
**DISCLOSURE**

**1. Timely Disclosure**

The Company will publicly, consistently and appropriately disclose Material Information immediately or as soon as practicable in accordance with applicable securities laws, except in circumstances where immediate release of such information would be unduly detrimental to the interests of the Company (and where the Company complies with any confidential filing obligations of the applicable securities commissions and the Exchange and maintains complete confidentiality of the information). Unusual trading marked by significant changes in the price or trading volumes of the Company's securities prior to the announcement of Material Information may embarrass the Company and may damage its reputation with the investing public.

**2. Disclosure Officers and Communication with the Public**

The names of the Disclosure Officers will be given to, and kept current with, IIROC and the Exchange as the Company's contacts. Generally, the Disclosure Officers are the only individuals authorized to communicate with analysts, institutional investors and other market professionals about information concerning the Company. Personnel who are not Disclosure Officers should refer all communications received from such persons to the Disclosure Officers.

Personnel may not communicate with media, investors, analysts or other market professionals without express permission from a Disclosure Officer and in no event shall they communicate Undisclosed Material

Information. Only a Disclosure Officer or a member of Executive Management, with the express permission from a Disclosure Officer, may disclose Undisclosed Material Information in furtherance of a business objective (for example, to professional advisors).

Without express permission from a Disclosure Officer, other than in the normal and ordinary course of their duties, Personnel are not permitted to represent to the public that they are communicating on behalf of the Company. Without limiting the generality of the foregoing, Personnel are prohibited from posting or discussing online, information which is: (i) directly or indirectly related to the Company's affairs; or (ii) obtained by such Personnel in the course of providing services to the Company. This prohibition applies to posts or discussions in such forums as internet chatrooms, Facebook, Twitter, Instagram, Reddit, LinkedIn and similar venues, websites or social media applications, without express permission from a Disclosure Officer.

Personnel shall not participate in interviews or permit photos or videos to be taken in the Company's stores or on property controlled by the Company without express permission from a Disclosure Officer. Personnel shall refer all requests for interviews, information or photos/videos to a Disclosure Officer through their manager or supervisor, and shall only be provided in accordance with the Company's privacy policy, as applicable, and applicable privacy laws.

If any Personnel is asked to discuss information about the Company, other than in the normal and ordinary course of their duties, such Personnel shall first advise a Disclosure Officer of the nature of the information to be discussed, and if permission for such discussion is granted, such Personnel shall only disclose the information approved to be disclosed for such purpose by the Disclosure Officer and shall afterwards confirm to the Disclosure Officer that only the pre-approved disclosure was made.

The Disclosure Committee, as well as the Corporate Secretary of the Company, must continue to be fully apprised of the Company's developments in order that they be in a position to evaluate and discuss those events that may have an impact on the disclosure process, e.g., the status of any merger activities, material operational developments, extraordinary transactions, major management changes, etc. The Board must also be kept aware of all material developments and significant information disseminated to the public.

### **3. What Constitutes Material Information?**

Information is material if it would reasonably be expected to have a significant effect on the market price or value of any securities of a Reporting Issuer. If you have any questions about any aspect of this Policy, your duties under it or whether information is Material Information, please contact a Disclosure Officer. If any Personnel learn of information that may be Material Information, such Personnel should immediately contact a Disclosure Officer before disclosing it to anyone (and in any event, seek permission if the communication is proposed to be made to the public). Personnel should err on the side of caution in all such matters. If the Disclosure Officer is unable to determine whether or not the information is Material Information, he or she may convene a meeting of the Disclosure Committee and, if necessary, the Board, to determine if the information is Material Information, and whether or not it should be disclosed or remain confidential. Developments, whether actual or proposed, which are likely to give rise to Material Information, and thus may require immediate disclosure, may include, but are not limited to, those events listed on **Schedule "B" – Examples of Potentially Material Information** attached hereto.

### **4. Basic Disclosure Rules**

All public disclosure of Material Information pursuant to this Policy must be made by way of press release disseminated through a widely circulated news or wire service company and in compliance with applicable securities laws and Exchange polices. For so long as securities of the Company remain listed on the TSX

Venture Exchange, each press release shall contain the following statement in a prominent location: *"Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."*

In order to maintain consistent and accurate disclosure about the Company, the following principles should generally be followed:

- (a) announcements should be factual and balanced;
- (b) unfavourable news must be disclosed as promptly and completely as favourable news;
- (c) a press release should contain enough detail to enable the media and investors to understand the substance and importance of the news it is disclosing;
- (d) avoid including unnecessary details, exaggerated reports or promotional commentary;
- (e) no selective disclosure – previously Undisclosed Material Information may not be disclosed to selected persons; if there is disclosure, it must be made widely, i.e. by way of a press release;
- (f) disclosure must be updated if earlier disclosure has become misleading as a result of intervening events; and
- (g) if Material Information is to be announced at an analyst or securityholders' meeting or a press conference or other forum, any such announcement must be coordinated with an advance general public announcement by a press release containing the relevant information.

The Company has developed and intends to maintain a routine procedure for all corporate communications. The procedure consists of drafting a press release, circulating it for review to the Disclosure Committee, the Board (with respect to significant announcements or announcements involving "earnings guidance" or financial results), and other officers as appropriate, alerting the Exchange and disseminating the release through a news or wire service company and other distribution channels so as to effect broad dissemination to the public.

Any press release containing "earnings guidance" or financial information based on the Company's financial statements (prior to the release of such financial statements) must be approved by the audit committee of the Company prior to dissemination. Where feasible, the Company will endeavor to issue earnings press releases concurrently with the filing of its quarterly or annual financial statements (or otherwise make those financial statements available, for example, by including them as part of the press release).

## **5. Conference Calls; Industry Conferences**

Conference calls may be held for quarterly and annual earnings or major corporate developments, where discussion of key aspects is accessible simultaneously to all interested parties; as participants by telephone and/or in a listen-only mode by telephone or via a webcast over the Internet. Such calls will be preceded by a press release containing all relevant Material Information. At the beginning of the call, a spokesperson for the Company will provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing, if applicable, the assumptions, sensitivities and a discussion of the risks and uncertainties.

The Company will provide advance public notice of the conference call and webcast by issuing a press release announcing the date and time, the subject matter of the call, information on how interested parties may access the call and webcast, and information regarding the availability of any archived webcast or transcript of the call. In addition, the Company may send invitations to analysts, institutional investors, the media and others invited to participate. A tape recording of the conference call and/or an archived audio webcast or transcript on the Internet will be made available following the call for a reasonable period of time (generally a minimum of 30 days), for anyone interested in listening to a recording.

In advance of an analyst conference call or industry conference, to the extent practicable, the Company will endeavor to script comments and responses to anticipated questions to identify Material Information that should be publicly disclosed and will limit comments and responses to non-material information and Material Information that has previously been publicly disclosed. After the call or presentation, a debriefing should be conducted to review what was actually said and a record of what was said should be filed in the disclosure record. If there was any unintentional selective disclosure, immediate steps should be taken to make a timely public announcement.

## **6. Forward-Looking Information and "Earnings Guidance"**

Subject to the approval and disclosure procedures provided elsewhere in this Policy, the Company may provide limited forward-looking information to enable securityholders and the investment community to better evaluate the Company and its prospects. The Company will ensure that such statements are identified as forward-looking. Moreover, meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statements and a description of the factors or assumptions that were used in making the forward-looking statements will accompany such statements.

The Company, to the extent practicable in the circumstances, will update forward-looking statements that continue to be material and that change materially.

Should the Company determine that prior financial guidance will be outside the range of the current estimates (particularly if it will likely be below the range), the Company may consider issuing a press release, followed by individual or group calls to analysts and significant investors, at the Disclosure Committee's discretion, explaining this and the reason or reasons why. This should be done to avoid "earnings surprises" to the extent possible.

## **7. Correction of Selective Disclosure**

If previously Undisclosed Material Information has been inadvertently disclosed to an analyst or any other person, the information must be generally disclosed immediately or as soon as practicable by way of a press release. The Exchange and IIROC, if applicable, should be contacted and a halt in trading in the Company's securities should be requested pending the issuance of the press release. Pending the public release of the Material Information, the parties who have knowledge of the information should be advised that the information is material, has not been generally disclosed and such persons should not trade in the securities of the Company.

## **8. Rumors**

The Company will respond consistently to market rumors in the following manner: "it is our policy not to comment on market rumors or speculation". If market activity indicates that trading is being heavily influenced by rumors, the Exchange may request, or the Company may determine, that a clarifying statement be made through a press release. A trading halt may be instituted or requested pending an

announcement by the Company. If the rumor is true, either in whole or in part, immediate disclosure will generally be required. The determination to make disclosure will be made by the Disclosure Committee.

## **9. Contact with Analysts and Others; Analyst Reports**

The Company recognizes that meetings with analysts and significant investors are an important element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or small group basis (including participating in industry conferences) as needed, and will initiate contacts or respond to calls in a timely, consistent and accurate fashion in accordance with the requirements of this Policy. The Company recognizes, however, that private meetings with analysts and other small group meetings carry with them the risk of violating the tipping provisions of securities laws and inadvertent selective disclosure, which should be avoided. The Company shall not selectively disclose information to analysts, including significant documents, particular financial information such as sales and profit figures and earnings forecasts. "No comment" is an acceptable answer to questions that cannot be answered without violating the rule against selective disclosure. After an interview, press conference, discussion with an analyst or visit to the Company's office by an analyst, a debriefing should be conducted to review what was actually said and a record of what was said should be filed in the disclosure record.

The Company will not confirm, or attempt to influence, an analyst's opinions or conclusions and will not express comfort with an analyst's model or earnings estimate, except to correct factual errors. Meetings with analysts may include general discussions regarding the Company's prospects, business environment, management philosophy and long-term strategy, but should avoid discussions regarding Undisclosed Material Information. With regard to responding to financial models or drafts of analyst reports, it is the Company's policy to review, on request, the model or report for publicly disclosed factual content only to the extent that it may affect an analyst's model, or to point out inaccuracies or omissions with reference to publicly available information about the Company. It is imperative that the control of this process be centralized through the Chief Financial Officer. The Company should confirm in writing that its review has been limited to publicly available factual information and detail what information (if any) has been provided.

The Company will generally not redistribute analyst reports to Personnel or to persons outside of the Company (including by posting such reports on its website).

The Company will consider including in its regular periodic disclosures (such as its quarterly and annual management's discussion and analysis) details about topics of interest to analysts, investors and other market participants as a means of providing more information to the marketplace generally and limiting its "selective disclosure" risks.

## **10. Quiet Periods**

In order to limit the potential for selective disclosure (and the perception or appearance of selective disclosure), the Company will observe a quarterly "quiet period" during which time there will be no earnings guidance or comment on the current financial period's operations or expected results to analysts, investors or other market professionals. The quiet period will be determined by the Chief Financial Officer and will normally commence on the day following the end of the financial period and end on the issuance of a press release disclosing the results for the period. During the quiet period, any communications with analysts, investors or other market professionals shall be limited to publicly available or non-material information.

## **11. Notification of Market Surveillance**

When the Exchange is open for trading, advance notice of a press release announcing Material Information must be provided to IIROC to determine if a halt in trading is necessary to provide time for the market to digest the news. When a press release announcing Material Information is issued outside of trading hours, IIROC should be notified before the market opens. Copies of all press releases should be supplied to IIROC and to the relevant securities regulatory authorities immediately.

## **12. Disclosure Record**

The Disclosure Committee will maintain a file containing all public information about the Company. This includes press releases, brokerage research reports, reports in the press and notes from meetings with analysts, securityholders and other market participants.

The Disclosure Committee shall meet on at least a quarterly basis to: (i) review the disclosure committee checklist provided by Executive Management; (ii) consider the Company's compliance with this Policy; (iii) draft recommendations to Executive Management, if any, to better ensure compliance with this Policy; and (iv) review the terms of this Policy and consider whether any revisions are necessary.

## **13. Electronic Communications; Company Website**

This Policy also applies to electronic communications, including the Company's website and social media of the Company or personal accounts. Accordingly, Executive Management and personnel responsible for written and oral public disclosures will also be responsible for electronic communications.

The Chief Financial Officer is responsible for updating the investor relations section of the Company's website and for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with applicable securities laws and Exchange rules.

Disclosure on the Company's website alone does not satisfy the generally disclosed requirement of applicable securities laws. Any disclosure of Material Information on the Company's website will be preceded by the issuance of a press release. All Material Information will be dated when it is posted or modified. Outdated information will be archived. The Company will, however, endeavor to concurrently post to its website all significant documents filed on SEDAR in an effort to improve investor access to its information. Where practicable, and where recommended by the Disclosure Committee, the Company will also endeavor to post on its website all supplemental information that is given to analysts, institutional investors and other market professionals such as data books, fact sheets, slides of investor presentations or other relevant materials.

The Chief Financial Officer is also responsible for responses to electronic inquiries. Only public information or information which could otherwise be provided in accordance with this Policy will be utilized in responding to electronic inquiries.

In order to ensure that no Undisclosed Material Information is inadvertently disclosed, Personnel may not participate in Internet chat rooms, social media or newsgroup discussions on matters pertaining to the Company's business, operations or its securities. Personnel who encounter a discussion pertaining to the Company should advise a Disclosure Officer promptly, so that discussion may be monitored, if determined appropriate.

The Company will not participate in, host or link to chat rooms, bulletin boards or news groups and will generally not link to or post analyst's reports on its website.

## **PART II CONFIDENTIALITY**

### **14. When Information May Be Kept Confidential**

Where the immediate disclosure of Material Information would be unduly detrimental to the interests of the Company, its disclosure may be delayed and kept confidential temporarily in accordance with applicable securities laws. Keeping information confidential can only be justified where the potential harm to the Company caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure and where confidentiality of the information is maintained.

Examples of circumstances in which disclosure might be unduly detrimental to the interests of the Company include where the immediate release of information would interfere with: (i) the ability of the Company to pursue a specific objective or strategy; (ii) ongoing negotiations; or (iii) the successful completion of a transaction.

All decisions to keep Material Information confidential must be made by either the Disclosure Committee or the Board. In such circumstances, the Company will comply with any obligation to make a confidential filing with applicable securities regulatory authorities and maintain complete confidentiality of the Material Information.

During the period prior to the disclosure of Material Information, the Disclosure Committee shall carefully monitor trading activity in the Company's securities.

### **15. Access to Confidential Information**

Personnel will be given access to Undisclosed Material Information or a Pending Material Development on an "as needed" basis only and must not disclose that information to anyone except with the prior approval of a Disclosure Officer and where such disclosure is in the necessary course of business (e.g., discussions with the Company's bankers or advisors where the disclosure of the confidential information is necessary and the persons receiving it understand that it is to be kept confidential). Other circumstances where disclosure may be considered in the "necessary course of business" may include communications with: (i) vendors, suppliers or strategic partners; (ii) other Personnel; (iii) lenders, legal counsel, auditors, underwriters, financial advisors and other professional advisors to the Company; (iv) parties to negotiations (e.g., a private placement, take-over bid, merger, business combination or acquisition); (v) labour unions and industry associations; (vi) government agencies and non-governmental regulators; and (vii) credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency's ratings generally are or will be publicly available). Selective disclosure of Material Information to an analyst, institutional investor or other market professional is not generally considered to be in the "necessary course of business". Personnel must not discuss confidential information in situations where they may be overheard or participate in discussions regarding decisions by others about such confidential information.

### **16. Disclosure of Confidential Information**

In the event that confidential information, or rumors respecting the same, is divulged in any manner (other than in the necessary course of business), the Company is required to make an announcement immediately or as soon as practicable on the matter in accordance with Part I of this Policy.

## **17. Disclosure of Information to Outsiders**

Before a meeting with other parties at which Undisclosed Material Information may be discussed in compliance with this Policy, the other parties should be told that they must not divulge that information to anyone else, other than in the necessary course of business, and that they may not trade in the Company's securities until after the information has been generally disclosed. In such circumstances, the feasibility of having such parties enter into a confidentiality agreement with the Company should be considered.

## SCHEDULE "A" DEFINITIONS

"**affiliate**" has the meaning ascribed thereto pursuant to the *Securities Act* (Alberta);

"**Alcanna**" means Alcanna Inc.;

"**Board**" means the board of directors of the Company;

"**Disclosure Committee**" means the committee of Disclosure Officers of the Company;

"**Disclosure Officers**" means the individuals who are responsible for communicating with analysts, institutional investors and market professionals and ensuring that other Personnel do not communicate confidential information about the Company, and for the purposes of this Policy are the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary;

"**Exchange**" means the primary stock exchange on which securities of the Company are listed, from time to time. As of the date hereof, the TSX Venture Exchange is the Exchange;

"**Executive Management**" means the Chair of the Board, Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, and other Senior Vice Presidents of the Company and its Subsidiaries;

"**generally disclosed**" means: (i) the information has been disseminated in a manner calculated to effectively reach the market place; and (ii) public investors have been given a reasonable amount of time to analyze the information;

"**IIROC**" means the Investment Industry Regulatory Organization of Canada;

"**Material Change**" means a change in the business, operations or capital of a Reporting Issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Reporting Issuer and includes a decision to implement such a change by (i) the board of directors of that Reporting Issuer or (ii) senior management of that Reporting Issuer who believe that confirmation of the decision by the board of directors of that Reporting Issuer is probable;

"**Material Fact**" means in relation to securities issued or proposed to be issued by any Reporting Issuer, a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of such securities;

"**Material Information**" means any information (including a Material Fact or Material Change) relating to the business and affairs of a Reporting Issuer that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the securities of that Reporting Issuer if generally disclosed (See Schedule "B" attached for Examples of Potentially Material Information);

"**Pending Material Developments**" means a proposed transaction involving the Company that would constitute Material Information; however, a decision to proceed with the transaction has not been made by the Board or by Executive Management, although there is an expectation of occurrence from the Board;

"**Personnel**" means all directors, officers and employees of the Company, and any person that provides services to the Company, including pursuant to the Management and Administrative Services Agreement between the Company and Alcanna made effective March 22, 2021;

**"Reporting Issuer"** has the meaning ascribed thereto pursuant to the *Securities Act* (Alberta), and includes the Company and any affiliate of the Company which is a reporting issuer. As of the date hereof, the Company and Alcanna are Reporting Issuers;

**"Subsidiary"** has the meaning ascribed thereto pursuant to the *Securities Act* (Alberta); and

**"Undisclosed Material Information"** means Material Information pertaining to a Reporting Issuer that has not been publicly disclosed or information that has been publicly disclosed, but a reasonable period of time for its dissemination has not passed.

## **SCHEDULE "B"**

### **EXAMPLES OF POTENTIALLY MATERIAL INFORMATION**

The following are examples of the types of events or information that may be material. This list is not exhaustive.

#### **Changes in Company Structure**

- changes in security ownership that may affect control of the Company
- major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

#### **Changes in Capital Structure**

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of securities or offerings or warrants or rights to buy securities
- any share consolidation, share exchange, or share dividend
- changes in the Company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to rights of security holders

#### **Changes in Financial Results**

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the Company's assets
- any material change in the Company's accounting policies

#### **Changes in Business and Operations**

- any development that affects the Company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers
- significant new contracts, products, patents, or services or losses of significant contracts or business
- changes to the board of directors or officers (or other management), including the departure of the Company's CEO, CFO, COO or president (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of ethics and conduct rules for directors, officers and other key employees

- any notice that reliance on a prior audit is no longer permissible
- de-listing of the Company's securities or their movement from one quotation system or exchange to another

#### **Acquisitions and Dispositions**

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

#### **Changes in Credit Arrangements**

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the Company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

#### **External Developments**

- if an external political, economic or social development will have or has had a direct effect on the business and affairs of the Company that is both material and uncharacteristic of the effect generally experienced by other companies engaged in the same business or industry, the Company should explain, where practical, the particular impact of the development on the Company.