

NOVA CANNABIS

NOVA CANNABIS INC.

INSIDER TRADING POLICY

EFFECTIVE JUNE 26, 2021

NOVA CANNABIS INC. INSIDER TRADING POLICY

INTRODUCTION

Nova Cannabis Inc. has adopted this insider trading policy (the "**Policy**") to control transactions involving securities of the Reporting Issuers (as defined below) by all directors, officers, employees and services providers of Nova and its Subsidiaries ("**Nova team members**") and to ensure Nova team members are aware of and comply with their legal obligations, this Policy and, where applicable, the policies of Alcanna Inc. ("**Alcanna**") with respect to "insider trading" and "tipping".

"**Nova**" or the "**Company**", as used in this **Policy**, means Nova Cannabis Inc. and its Subsidiaries (as defined in Section 2).

We expect every Nova team member to fully comply with all applicable legal requirements and this Policy. The objectives of this Policy are to:

- educate Nova team members about their legal obligations with respect to insider trading and tipping; and
- foster and facilitate compliance with applicable laws to prevent transactions by the Nova team members that would not be in full compliance with the legal requirements.

Scope of this Policy

This Policy applies to all Nova team members, including employees of Alcanna which provide services to Nova. Certain Nova team members, including directors, officers, and other employees of Nova, may also be subject to the insider trading policy of Alcanna. If you are such a team member, you should review and comply with the Alcanna insider trading policy.

LEGAL BACKGROUND

1. Insider Trading and Tipping

As a Nova team member, you are considered to be in a "special relationship" (as defined in Section 2) with Nova under securities laws. Because of that:

- (a) securities laws prohibit you from trading in securities of a Reporting Issuer with knowledge of a material fact or material change (as defined in Section 2) related to the Reporting Issuer that has not been generally disclosed. You are also prohibited from recommending or encouraging another person (such as a relative or friend) to trade in securities of a Reporting Issuer when you have knowledge of an undisclosed material fact or material change. These prohibited activities are commonly known as "insider trading".
- (b) with respect to public companies which are not one of the Reporting Issuers, securities laws also prohibit you from trading in (or recommending or encouraging another person to trade in) the securities of such a public company when you have knowledge of a material fact or material change regarding that other public company that has not been generally disclosed, and that knowledge was gained:
 - (i) during the course of your work at Nova;

- (ii) because you are in a "special relationship" with that other public company; or
 - (iii) because you were "tipped" by another person who was in a "special relationship" with that other public company.
- (c) Except in very limited circumstances, securities laws prohibit you from informing any other person of a material fact or material change about a Reporting Issuer or about any public company referred to in Section 1(b) above, before the material fact or material change has been generally disclosed. This prohibited activity is commonly known as "**tipping**". Both you and the person who receives the information from you could be liable under securities laws if the person who receives the information trades in securities of the Reporting Issuer or other public company. See Nova's Disclosure & Confidentiality Policy for further information.

2. Definitions

"**Alcanna**" means Alcanna Inc. together with its Subsidiaries.

"**Affiliate**" has the meaning ascribed thereto pursuant to the *Securities Act* (Alberta).

"**Blackout Employee**" means a Nova team member who is described in Section 4(a)(ii) or (iii) of this Policy.

"**blackout period**" means the period during which the Nova team members are prohibited from trading in the Company's securities in accordance with this Policy.

"**business day**" means any day excluding a Saturday, Sunday or statutory holiday in the Provinces of Alberta or Ontario.

"**Chief Financial Officer**" means the Chief Financial Officer of Nova.

"**discretionary blackout periods**" are imposed from time to time on Nova team members, in addition to the regularly scheduled blackout periods, following consultation with the Chief Financial Officer.

"**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.

"**Insider**" means a Nova team member who is described in Section 4(a)(i) of this Policy.

"**material change**" in relation to the affairs of any Reporting Issuer, means a change in the business, operations, assets or ownership of that Reporting Issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of that Reporting Issuer, or a decision to implement such a change made by: (i) senior management of that Reporting Issuer who believe that confirmation of the decision by the board of directors of that Reporting Issuer is probable; or (ii) the board of directors of that Reporting Issuer.

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

"**Material Information**" means any information relating to the business and affairs of a publicly traded company that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of that company if generally disclosed. Material Information includes both material changes and material facts. See Schedule "A" attached hereto for examples of potentially Material Information.

"**Nova team member**" means each director, officer, and employee 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.

"**regularly scheduled blackout periods**" means the blackout periods set by the Chief Financial Officer for routine and scheduled material announcements; for example, Nova team members should be subject to a regularly scheduled blackout period commencing on the eighth business day of the month following each quarter or year-end and ending on the second business day following the time at which Nova discloses its annual or quarterly financial results.

"**Reporting Issuers**" refers to Nova Cannabis Inc. and any Affiliate of Nova which is a reporting issuer, as that term is defined under Canadian securities laws, from time to time. As of the date hereof, Nova and Alcanna are Reporting Issuers.

"**special relationship**" for the purpose of this Policy means a person that is in a special relationship with Alcanna if the person:

- (a) is a Nova team member; or
- (b) is engaging in or is proposing to engage in any business or professional activity with or on behalf of any one of the Reporting Issuers, and includes, without limitation, a consultant.

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

OBLIGATIONS

3. Obligations on all Nova team members

As a Nova team member:

- (a) You cannot trade in securities of any Reporting Issuer while in possession of Material Information with respect to that Reporting Issuer that has not yet been generally disclosed. However, this prohibition does not apply to the automatic acquisition of securities pursuant to a plan established by a Reporting Issuer for dividend reinvestment or automatic share purchases or the crediting of dividend equivalents under an equity incentive plan established by a Reporting Issuer.
- (b) You cannot trade in securities of a Reporting Issuer while in possession of Material Information with respect to another Reporting Issuer that has not yet been generally disclosed and that also constitutes Material Information with respect to the first Reporting Issuer.
- (c) You cannot trade in the securities of another public company while in possession of Material Information regarding that public company which knowledge was gained during

the course of your work at Nova, if such Material Information has not been generally disclosed.

- (d) You cannot recommend or encourage another person to trade in securities of any Reporting Issuer while in possession of Material Information regarding that Reporting Issuer that has not yet been generally disclosed.
- (e) You cannot inform other people of Material Information regarding a Reporting Issuer before that Material Information has been generally disclosed, except under very limited circumstances as permitted under securities laws.
- (f) You cannot inform other people of Material Information regarding a public company where you have gained that information in the course of your work at Nova before that Material Information has been generally disclosed, except under very limited circumstances as permitted under securities laws.

Whether undisclosed information constitutes Material Information with respect to any Reporting Issuer will depend on how material that information is to an investor in that Reporting Issuer. Undisclosed information relating to Nova may be Material Information with respect to Nova even if it would not be Material Information with respect to Alcanna. Likewise, undisclosed information relating to Alcanna and Subsidiaries other than Nova may be Material Information with respect to Alcanna even if it would not be Material Information with respect to Nova.

A Nova team member who is not subject to a regularly scheduled blackout period or discretionary blackout period, and is not aware of any Material Information that has not yet been generally disclosed, must provide prior written notice to the Chief Financial Officer or Chief Executive Officer of the Company before trading in any securities of a Reporting Issuer. A Nova team member shall not trade in securities of a Reporting Issuer before receiving written acknowledgement of receipt of the notice by the Chief Financial Officer or Corporate Secretary. The notice delivered by the Nova team member to the Chief Financial Officer or Chief Executive Officer must contain a declaration that the Nova team member: (i) does not have known access to, and is not aware of, any Material Information that has not yet been generally disclosed; (ii) is familiar with this Policy; and (iii) confirms that such trading by the Nova team member would not otherwise be in violation of this policy, any securities laws, or rules of the exchange on which the Company's securities are listed.

Please contact the Chief Financial Officer or Chief Executive Officer if you have any questions about your obligations above. See Nova's Disclosure & Confidentiality Policy for more information.

4. Additional Obligations on Insiders and Blacked-out Employees

Additional obligations are imposed on Alcanna team members who are Insiders or Blacked-out Employees, as described in this Section 4.

- (a) *Insiders and Blacked-Out Employees*
 - (i) The following persons are deemed to be Insiders of Nova:
 - (A) directors and officers of Nova;
 - (B) directors and senior officers of Alcanna; and

- (C) any other employee of the Company that (i) in the ordinary course of business receives or has access to information as to material facts or material changes concerning the Company before such material fact or material change becomes generally disclosed; and (ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of Nova;
- (ii) The following Nova team members are deemed to be Blacked-out Employees of Nova during regularly scheduled blackout periods:
 - (A) All Insiders and other Nova team members at or above the vice-president job level (e.g. Presidents, Senior Vice Presidents, Managing Directors and Vice Presidents), including Nova team members in acting positions.
 - (B) All other Nova team members who receive notice from the Nova Chief Financial Officer or Corporate Secretary, or with respect to Alcanna team members, the Vice Chair and Chief Executive Officer, Chief Financial Officer, or Senior Vice President, Legal, Regulatory Affairs and HR, that they are designated Blacked-out Employees during such periods.
 - (iii) Each Nova team member who receives notice that they are a designated Blacked-out Employee during a discretionary blackout period is deemed to be a Blacked-out Employee for such period.
- (b) *Obligations on Blacked-out Employees*
 - (i) During regularly scheduled blackout periods, the affected Blacked-out Employees cannot:
 - (A) trade in any shares or debt securities of a Reporting Issuer;
 - (B) exercise share options of a Reporting Issuer;
 - (C) trade in deferred share units, performance share units or restricted share units of a Reporting Issuer;
 - (D) change the percentage contribution to an employee share purchase plan of a Reporting Issuer; or
 - (E) join or withdraw from an employee share purchase plan of a Reporting Issuer.

Blacked-out Employees may, however, continue to make purchases under an employee share purchase plan of a Reporting Issuer.
 - (ii) During a discretionary blackout period, the affected Blacked-out Employees cannot:
 - (A) disclose to any other person that they are subject to a discretionary blackout period;

- (B) trade in the securities of the Reporting Issuer specified in the blackout notice;
- (C) exercise share options of the specified Reporting Issuer;
- (D) trade in deferred share units, performance share units or restricted share units of the specified Reporting Issuer;
- (E) change the percentage contribution to an employee share purchase plan of the specified Reporting Issuer; or
- (F) join or withdraw from an employee share purchase plan of the specified Reporting Issuer.

In circumstances where there is a pending development involving the Company that would constitute Material Information, a confidential memorandum will be sent to certain Nova team members, if it is determined appropriate, informing them of the discretionary blackout period with respect to such pending development, at which time such Nova team members shall cease trading in the securities of the Company until further notice. The Chief Financial Officer and/or Corporate Secretary will be responsible for determining whether a pending development could constitute Material Information that will require a discretionary blackout period.

Blacked-out Employees subject to a discretionary blackout period may, however, continue to make purchases under an employee share purchase plan of the relevant Reporting Issuer.

5. Exceptions to trading during regularly scheduled black-out periods

Notwithstanding the prohibitions in Section 4(b)(i) imposed during a regularly scheduled blackout period, affected Blacked-out Employees who wish to do a cashless exercise of options at the end of a calendar year with the sale of the shares acquired on exercise of such options taking place after the calendar year end during the regularly scheduled blackout period commencing on January 1, may do so but only if all of the following conditions are met:

- (a) the Blacked-out Employee must provide instructions on or before the last trading day of the calendar year, to the administrator of an option plan of a Reporting Issuer, to exercise the options and sell the shares acquired on such exercise,
- (b) the instructions must be irrevocable;
- (c) the sale of shares acquired on exercise of the options must occur on the first trading day after January 1; and
- (d) at the time that the irrevocable instructions are given, the Blacked-out Employee must not:
 - (i) be in possession of any undisclosed Material Information;
 - (ii) be otherwise subject to another trading ban; or

- (iii) be otherwise prohibited by law from trading in such securities.

Any shares not sold on the first trading day after January 1 may not be sold until the regularly scheduled black-out period commencing after year end has expired and the Blacked-out Employee is not otherwise prohibited by law or this Policy from selling such shares. Therefore, if the Blacked-out Employee is unable to sell all of the shares acquired on the option exercise on the first trading day, he or she will, as a result of the condition in Section 5(c) above, be required to self-fund the option price of the unsold shares until such time that a sale is permitted.

6. **Obligation on Insiders to file Insider Reports**

(a) *Insider Reports*

Under securities laws and Nova policy, Insiders are required to file a report (the "**Insider Report**") with securities regulators any time they trade in shares, debt securities, options (including the grant and exercise of options), deferred share units, restricted share units or performance share units of a Reporting Issuer. The requirement also applies to related financial instruments, including derivatives, which includes any instrument, agreement, security or exchange contract that derives or bases its value, market price or payment obligations on the value, market price or payment obligations of a security of a Reporting Issuer or affects an Insider's economic interest in a security of a Reporting Issuer or that affects the extent to which the Insider's economic or financial interests are aligned with those of a Reporting Issuer or its securities. Insiders generally must file an Insider Report electronically through the "System for Electronic Disclosure by Insiders" ("**SEDI**") within 5 calendar days after each trade. However, some flexibility exists to report the automatic acquisition of securities pursuant to a plan established by a Reporting Issuer for dividend reinvestment or automatic share purchases or the crediting of dividend equivalents under an equity incentive plan established by a Reporting Issuer on an annual basis instead.

Securities laws provide some exemptions from filing insider reports. Please contact the Chief Financial Officer or Corporate Secretary for further information on exemptions.

(b) *Notice to Chief Financial Officer*

All Insiders must give prior notice to, and receive approval from, the Chief Financial Officer any time they wish to trade in any of the securities of any Reporting Issuer.

7. **Prohibitions against short selling, hedging and certain trading**

Nova team members at senior levels are either required or encouraged to meet specified equity ownership targets, to further align their interests with that of other shareholders. Transactions that hedge, limit or otherwise change a team member's economic interest in and exposure to the full rewards and risks of ownership in Nova securities would be contrary to this objective.

For that reason, all Nova team members who are Insiders (as defined in Section 4(a)(i) and all other Nova team members who hold job positions at or above the vice president level (e.g. Presidents, Senior Vice Presidents, Managing Directors and Vice Presidents) of Nova or any Affiliate, including individuals in acting positions, are prohibited from engaging in the following transactions with respect to Nova or Alcanna securities:

- (a) short sales,

- (b) monetization of equity awards (e.g. share options, restricted share units, performance share units, deferred share units) before vesting,
- (c) transactions in derivatives on Nova or Alcanna securities such as put and call options, or
- (d) any other hedging or equity monetization transactions where the Nova team member's economic interest and risk exposure in the Nova securities are changed, such as collars or forward sale contracts.

The prohibitions in this Section do not apply to trades associated with the exercise of Nova or Alcanna share options in accordance with Nova approved procedures.

8. Waiver

Notwithstanding any of the prohibitions contained in Section 4 and Section 7, the Chief Financial Officer may, at his or her discretion, waive the prohibitions contained in Sections 4 and 7, in exceptional circumstances, provided that the Nova team member seeking the waiver does not have any undisclosed Material Information and that making such an exception would not violate any applicable securities laws. The Chief Financial Officer will report any such waivers to the Board of Directors at the next regularly scheduled meeting of the Board of Directors.

9. Penalties

When Nova team members violate this Policy it causes, at a minimum, embarrassment to the Company, and may lead to enforcement actions being brought against such persons or the Company by securities regulatory authorities. As a result, the Company may take its own disciplinary actions, which could result in termination of employment or other disciplinary action. The Company is also entitled to pursue legal remedies through the courts. If appropriate, the Company will also report the matter to the appropriate securities regulatory authorities.

The prohibition against trading on (or informing others with respect to) undisclosed Material Information as set forth in Canadian securities legislation can be enforced through a wide range of penalties, including: (a) fines and penal sanctions; (b) civil actions for damages; (c) an accounting to the Company for any benefit or advantage received; (d) administrative sanctions by securities commissions, such as cease trade orders and removal of exemptions; and (e) criminal indictments or sanctions.

10. Amendments

This policy was approved by the Nova Board of Directors on June 26, 2021. It will be reviewed annually by the Chief Financial Officer, who will recommend any material amendments to the Board of Directors for further recommendation to the Board for approval. Amendments of a non-material nature may be approved by the Chief Financial Officer or Corporate Secretary.

**INSIDER TRADING
QUICK REFERENCE LIST**

DO NOT TRADE OR RECOMMEND/ENCOURAGE OTHERS TO TRADE IN SECURITIES OF ALCANNA INC., NOVA CANNABIS INC. OR ANOTHER PUBLIC COMPANY WHEN YOU:

- know Material Information about Alcanna or Nova which has not been generally disclosed and disseminated to the public;
- know Material Information about another public company which has not been generally disclosed and disseminated to the public and you learned of such Material Information because of your business or dealings with Nova;
- have received notice from the Chief Financial Officer or Corporate Secretary or a designee of either foregoing officer that you are subject to a blackout period; or
- have received any other notice from the Chief Financial Officer or Corporate Secretary or a designee of either foregoing officer that you cannot trade in such securities.

SCHEDULE "A"

Examples of Potentially Material Information under s. 4.3 of National Policy 51-201 – *Disclosure Standards*:

The following are examples of information that would be Material Information if they result in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of a Reporting Issuer:

- Changes in share ownership that may affect control of a company
- Major reorganizations, amalgamations or mergers
- Take-over bids, issuer bids or insider bids
- Public or private sale of additional securities
- Planned repurchases or redemptions of securities
- Planned splits of common shares or offerings of warrants or rights to buy shares
- Any share consolidation, share exchange, or stock dividend
- Changes in a company's dividend payments or policies
- The possible initiation of a proxy fight
- Material modification to rights of security holders
- A significant increase or decrease in near-term earnings prospects
- Unexpected changes in 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 a company's assets
- Any material change in the company's accounting policy
- Any development that affects the company's 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 significant losses of contracts or business
- Change to the board of directors or executive 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 corporate ethics and conduct rules for officers, directors 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
- 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
- The borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of a 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.