



CANNAROYALTY STATEMENT OF POLICY AND PROCEDURE		
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Number/Subject:	A01. Mandate of the Board of Directors	
Version/Last updated:	Version 2	June 13, 2018
Reviewed by:	Board of Directors	
Approved by:	Board of Directors	
Approval date:	June 13, 2018	

CANNAROYALTY CORP.

Mandate of the Board of Directors

Purpose

The Board of Directors (the “**Board**”) of CannaRoyalty Corp. (the “**Corporation**”) is responsible for the supervision of the management of the business and affairs of the Corporation. The Board should manage the responsibilities and obligations set out below, either directly or through committees of the Board, currently consisting of the Audit Committee and the Compensation and Governance Committee, and the Regulatory Committee. The Board will, however, retain the oversight function and ultimate responsibility for these matters.

Composition

1. The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Corporation. At least a majority of the directors will be “independent” directors within the meaning of applicable securities laws, instruments, rules and policies and regulatory requirements (collectively “**Applicable Laws**”).
2. The directors of the Corporation will be elected at each annual meeting of the shareholders of the Corporation and shall serve until no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

Meetings

3. The Board shall have at least four regularly scheduled meetings in each financial year of the Corporation.
4. The Chairman of the Board (the “**Chairman**”), in consultation with the CEO, is responsible for the meeting of the Board. Prior to each Board meeting, the Chairman and the CEO should discuss agenda items for the meeting. Materials for each meeting should be distributed to the Board in advance of the meeting. Except in exceptional circumstances, draft minutes of each meeting of the Board shall be circulated to the Board for review within 14 days of the date of the relevant meeting.
5. Directors are expected to attend at least three quarters of all meetings of the Board held in each financial year of the Corporation and to adequately review meeting materials in advance of each meeting.
6. The independent directors (in this context, meaning directors who are not also senior officers or are not independent within the meaning of Applicable Laws) should hold an *in camera* session without the non-independent directors and any senior officers present at each meeting of the Board, unless such a session is not considered necessary by the independent directors present. The Chairman, if independent, should chair the *in camera* sessions.
7. The Board shall also consider as part of its regular business, activities or recommendations in one or more of the following areas of responsibility:
 - (a) any information in the public domain, so the Board members are fully informed;

- (b) risk management plan;
- (c) financing plan and budget;
- (d) regular monthly, quarterly and annual financial statements and related reports;
- (e) strategic plan and related business plan (high level);
- (f) new business opportunities;
- (g) extant litigation and possible litigation;
- (h) succession plan; and
- (i) other business.

Board Committees

8. The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a Chair elected by the Board, have a mandate or charter that is approved by the Board, setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board.

Responsibilities

Oversight of Management and the Board

9. The Board is responsible for the appointment, and replacement, of senior officers of the Corporation. The Board should ensure that appropriate succession planning, including the appointment, training and monitoring of the senior officers and members of the Board, is in place.
10. The Board is responsible for satisfying itself as to the integrity of the CEO and that the CEO creates a culture of integrity among the senior officers, and throughout the Corporation.
11. The Board should annually consider what additional skills and competencies would be helpful to the Board, with the Compensation and Governance Committee being responsible for identifying specific candidates for consideration for appointment to the Board.
12. If the Chairman is not independent within the meaning of Applicable Laws and an independent lead director is required, or is considered desirable by the Compensation and Governance Audit and Regulatory Committee, such committee will recommend a candidate for the position of lead director from among the independent members of the Board. The Board will be responsible for appointing the lead director.
13. Through the Compensation and Governance Committee, the Board should review the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and should review the compensation of the senior officers to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Corporation.

14. The Board should monitor and direct the senior officers of the Corporation in all matters concerning the interests and management of the Corporation, including through the implementation of a delegation of authority policy.
15. The Board should advise and assist the CEO in the direction of the Corporation including:
 - (a) development and approval of the Corporation's mission, long-term goals and objectives, and long-term strategies for achieving goals and objectives;
 - (b) performance of periodic risk assessment related to the direction of the Corporation; and
 - (c) approval of the Corporation's business plans including financing, marketing, new business.

Financial Matters

16. The Board is responsible for reviewing the financial and underlying operational performance of the Corporation.
17. The Board should review and approve the annual audited financial statements, management's discussion and analysis, press release and other financial information related to such annual audited financial statements, budgets and forecasts, annual information form and management information circular of the Corporation.
18. The Board is responsible to review and approve the quarterly unaudited financial statements and the management's discussion and analysis, and press release and other financial disclosure related thereto.
19. The Audit Committee should annually review, the directors' and officers' third-party liability insurance, and other insurance, of the Corporation.
20. The Board, should monitor and ensure the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and the financial reporting procedures of the Corporation.
21. The Board is responsible for considering, and if established, reviewing from time to time, a dividend policy for the Corporation.

Business Strategy

22. The Board has primary responsibility for the strategic direction of the Corporation, including the long-range and short-range goals, plans and policies of the Corporation. The Board will provide advice, and counsel the CEO with respect to matters of strategic significance and will contribute to the development of the strategic direction of the Corporation by approving, at least annually, a strategic plan and budget developed and proposed by the senior officers, subject to any changes required by the Board. The strategic plan and budget should take into account the business opportunities and business risks of the Corporation. The Board will review with the senior officers from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these factors on the strategic direction of the Corporation. The Board will review and approve the financial

objectives, plans and actions of the Corporation, including significant capital allocations and expenditures.

23. The Board is responsible for ensuring that procedures are in place to appropriately manage the principal business risks of the Corporation.
24. The Board should monitor corporate performance against the approved strategic plan and budget, including assessing operating results, to evaluate whether the business of the Corporation is being appropriately managed.
25. The Board is responsible for reviewing and approving all material transactions affecting the Corporation not contemplated in the strategic plan and budget approved by the Board.

Communications and Reporting to Shareholders

26. The Board is responsible for overseeing the continuous disclosure program of the Corporation, with a view to satisfying itself that adequate procedures are in place to ensure that material information is disclosed in accordance with Applicable Laws.
27. The Board will ensure that the Corporation has a disclosure policy which includes a framework for investor relations and public disclosure.

Corporate Governance

28. The Compensation and Governance Committee will recommend, and the Board will establish, the Board's approach to corporate governance.
29. The Board is responsible for assessing its own effectiveness in fulfilling this mandate and shall assess this mandate, as well as the mandate of each committee (considering, among other things, the recommendations of the applicable committee) from time to time at least annually.
30. The Board is responsible for evaluating the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of Applicable Laws.
31. The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct and should ensure that adequate procedures are in place to monitor compliance with the Code of Business Conduct and Ethics of the Corporation. Only the Board may grant waivers of the Code of Business Conduct and Ethics which would be to the benefit of any director or senior officer.

General

32. The Board is responsible for performing such other functions as are prescribed by law, including all Applicable Laws.
33. The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Compensation and Governance, and Regulatory Committee, retain an outside financial, legal or other advisor at the expense of the Corporation.

34. Except in exceptional circumstances, draft minutes of each meeting of the Board shall be circulated to the Board for review within 14 days of the date of such meeting.