



**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
FOR THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
to be held on October 27, 2015**

September 28, 2015

## APHRIA INC.

### NOTICE OF ANNUAL AND SPECIAL SHAREHOLDER MEETING

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of shareholders of Aphria Inc. (the “**Aphria**” or the “**Company**”) will be held on Tuesday, October 27, 2015 at 1:30 p.m. (Eastern Time) at the office of Aphria, 245 Talbot St. W, Suite 103, Leamington, Ontario N8H 1N8 for the following purposes:

1. to receive the annual audited financial statements of the Company for the financial year ended May 31, 2015, together with the report of the auditor thereon;
2. to elect directors of the Company to hold office until the close of the next annual meeting of the shareholders of the Company or until their successors shall be elected or appointed;
3. to re-appoint the auditor of the Company, to hold office until the close of the next annual meeting of the shareholders of the Company or until a successor is appointed, and to authorize the directors of the Company to fix the remuneration of the auditor;
4. to re-approve the stock option plan for the Company;
5. to confirm general By-Law No. 3 adopted by Aphria’s board of directors on September 28, 2015, the full text of which is set out in Schedule “B-1” to Exhibit “B” to the accompanying Management Information Circular; and
6. considering other business that may properly come before the Meeting or any adjournment thereof.

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business (5:00 p.m. (Toronto time)) on September 25, 2015 (the “**Record Date**”). Only shareholders whose names have been entered in the register of Aphria shareholders as of close of business on the Record Date are entitled to receive notice of and vote at the Meeting.

Registered shareholders may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting, or any adjournment or postponement thereof, in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the form of proxy must be received by Aphria’s transfer agent Computershare Trust Company of Canada at its offices at 100 University Avenue, 8<sup>th</sup> Floor, North Tower, Toronto, ON, M5J 2Y1 (according to the instructions on the proxy), not less than forty-eight (48) hours (other than a Saturday, Sunday or holiday) immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time).

If you are a nonregistered holder of common shares and have received these materials through your broker or through another intermediary, please follow the instructions set out in the voting instruction form or other instructions received from the financial intermediary to ensure that your common shares will be voted at the Meeting.

Dated this 28<sup>th</sup> day of September, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

“*Vic Neufeld*”

Vic Neufeld

Chief Executive Officer

## TABLE OF CONTENTS

NOTICE OF ANNUAL AND SPECIAL SHAREHOLDER MEETING .....	(i)
MANAGEMENT INFORMATION CIRCULAR .....	1
Record Date and Quorum .....	1
PROXY RELATED MATTERS .....	1
Solicitation of proxies.....	1
Appointment and Revocation of Proxies.....	1
Voting of Proxies.....	2
Advice to Nonregistered Shareholders .....	2
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF .....	3
BUSINESS OF THE MEETING .....	3
Receipt of Financial Statements and Auditors Report.....	3
Election of Directors.....	3
Appointing auditors .....	6
Re-Approval of Stock Option Plan.....	7
Confirmation of New General By-Law .....	8
STATEMENT OF EXECUTIVE COMPENSATION .....	8
Compensation Discussion and Analysis .....	8
Elements of Compensation Program .....	9
Executive Compensation .....	10
Employment Management and Consulting Agreements .....	12
Directors and officers liability insurance.....	12
Equity Compensation Plan Information as of the Fiscal Year Ended May 31, 2015 .....	13
Indebtedness of Directors and Officers .....	13
Interests of Informed Persons in Material Transactions .....	13
STATEMENT OF CORPORATE GOVERNANCE PRACTICES .....	14
General .....	14
Board of Directors .....	14
Other Public Company Directorships Held .....	16
Orientation and Continuing Education .....	16
Nomination of Directors.....	16
Compensation.....	16
Board Committees .....	17
ADDITIONAL INFORMATION .....	17
APPROVAL.....	18

## EXHIBITS AND SCHEDULES

EXHIBIT “A”	OPTION PLAN RESOLUTION
SCHEDULE “A-1”	INCENTIVE STOCK OPTION PLAN
EXHIBIT “B”	GENERAL BY-LAW RESOLUTION
SCHEDULE “B-1”	BY-LAW NO. 3
EXHIBIT “C”	AUDIT COMMITTEE CHARTER

## APHRIA INC.

### MANAGEMENT INFORMATION CIRCULAR

In this document, “you” and “your” refer to the shareholder. “We”, “us”, “our”, the “Company” and “Aphria” refer to Aphria Inc. The information in this document is presented at September 28, 2015, unless otherwise indicated.

This management information circular (the “Circular”) is for the annual and special meeting (the “Meeting”) of shareholders of Aphria (“Shareholders”) to be held on Tuesday, October 27, 2015 at 1:30 p.m. (Eastern Time) at the office of Aphria, 245 Talbot St. W, Suite 103, Leamington, Ontario N8H 1N8. Provided you are a Shareholder as of the Record Date (defined below) you have the right to vote the common shares of the Company (the “Common Shares”) for the appointment of auditors, election of directors, the confirmation of new by-laws of the Company and the approval of the stock option plan of Aphria, and any other items that may properly come before the Meeting or any adjournment of the Meeting.

To help you make an informed decision, please read this Circular and our financial statement and Management’s Discussion & Analysis for the year ended May 31, 2015. This Circular gives you valuable information about the Company and the matters to be dealt with at the Meeting. Financial information is provided in our comparative annual financial statements and related management discussions and analysis for the financial year ended May 31, 2015. All currency amounts referred to in this Circular are expressed in Canadian dollars, unless stated otherwise.

#### Record Date and Quorum

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business (5:00 p.m. (Toronto time)) on September 25, 2015 (the “Record Date”). If you held Common Shares as of the close of business on the Record Date, you have the right to cast one vote per Common Share on any resolution to be voted upon at the Meeting.

Pursuant to the by-laws of Aphria, subject to the OBCA in respect of a majority shareholder, a quorum for the transaction of business at any meeting of Shareholders is two persons present in person or representing by proxy, at least 10% of the issued and outstanding Common Shares entitled to vote at the meeting.

### PROXY RELATED MATTERS

#### Solicitation of proxies

**This Circular is provided in connection with the solicitation of proxies by the management of Aphria for use at the Meeting for the purposes set forth in the accompanying Notice of Meeting and the associated costs will be borne by the Company.** The solicitation of proxies will be conducted primarily by mail. However, directors, officers and regular employees of Aphria may also solicit proxies by telephone, facsimile, e-mail or in person without special compensation.

#### Appointment and Revocation of Proxies

Shareholders who are unable to attend the Meeting and vote in person may still vote by appointing a proxyholder. The enclosed form of proxy names Vic Neufeld, Chief Executive Officer of the Company and Cole Cacciavillani, Chief Operating Officer of the Company.

**A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons designated in the form of proxy provided by Aphria to represent the Shareholder at the Meeting. To exercise this right, the Shareholder should strike out the names of management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy.** Make sure that the person you appoint is aware that he or she has been appointed and attends the meeting. In order to be effective, Shareholders must send their proxy to

Aphria's registrar and transfer agent, Computershare Trust Company of Canada ("**Computershare**") at its offices at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, ON, M5J 2Y1 or by telephone at 1-866-732-8683 (according to the instructions on the proxy), not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting, being Friday October, 23, 2015 (subject to any adjournment or postponement). The chair of the Meeting may waive this cut-off at his discretion without notice but proxies will not be accepted by the chair at the Meeting. The proxy shall be in writing and executed by the respective Shareholder or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

In addition to revocation in any other manner permitted by applicable laws, a Shareholder may revoke a proxy by signing and dating a written notice of revocation and delivering it:

- (a) to the office of Computershare at the address set forth above at any time up to and including the close of business on the last Business Day before the day of the applicable Meeting, or any adjournment or postponement thereof (the notices of revocation will be forwarded to Aphria's registered office); or
- (b) to the chair of the Meeting before the vote is taken.

### **Voting of Proxies**

The Common Shares represented by an effective proxy will be voted or withheld from voting in accordance with the instructions specified therein on any ballot that may be called. **Where no choice is specified, the Common Shares will be voted in favour of the matters set forth therein.** The enclosed form of proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, or any adjournment or postponement thereof. As at the date of this Circular, management is not aware of any amendments, variations, or other matters which may be brought before the Meeting. If such should occur, the persons designated by management will vote in accordance with their best judgment, exercising discretionary authority.

### **Advice to Nonregistered Shareholders**

You are a Nonregistered Shareholder if your shares are registered in the name of a nominee, such as a brokerage firm, through which you purchased the shares; a bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans. In Canada, the vast majority of such shares held by Nonregistered Shareholders are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Inc., which company acts as a nominee of many Canadian brokerage firms. Shares held by brokers or their nominees can only be voted for or against resolutions upon the instructions of the Nonregistered Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of Aphria do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Nonregistered Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Nonregistered Shareholders in order to ensure that their shares are voted at the Meeting. Often the form of proxy supplied to a Nonregistered Shareholder by its broker is identical to the form of proxy provided by Aphria to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Nonregistered Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the voting instruction forms or proxy forms to the Nonregistered Shareholders and asks the Nonregistered Shareholders to return the proxy of voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Nonregistered Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

**If you are a Nonregistered Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.**

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Company consists of an unlimited number of Common Shares. There were 52,479,587 Common Shares of the Company outstanding as of September 25, 2015, each share carrying the right to one vote. Each shareholder of record at the close of business on the Record Date is entitled to vote at the Meeting the shares registered in his or her name on that date.

Listed below are the names and other information concerning persons who, to the knowledge of the directors or officers, directly or indirectly, had beneficial ownership or control or direction over, as of September 25, 2015, more than 10% of the Common Shares:

Name and Municipality of Residence	Common Shares Owned or Controlled	Percentage of Outstanding Common Shares
COLE CACCIAVILLANI <sup>(1)</sup> Leamington, ON	9,944,444	18.9%
JOHN CERVINI <sup>(2)</sup> Leamington, ON	11,500,001	21.9%

Notes:

- (1) Mr. Cacciavillani owns 8,166,667 Common Shares directly and exercises control over an additional 1,777,777 Aphria Shares held by the Cacciavillani Family Trust.
- (2) Mr. Cervini owns 10,666,667 Common Shares directly and 833,334 Common Shares indirectly through Fulfill Holdings Inc., a company which he is the President and sole shareholder of.

## **BUSINESS OF THE MEETING**

### **Receipt of Financial Statements and Auditors Report**

The audited financial statements of the Aphria for the financial year ended May 31, 2015 and the report of the auditors thereon will be placed before the Meeting. Approval of the Shareholders is not required in relation to the financial statements.

### **Election of Directors**

The articles of the Company provide that the board of directors (the “**Board**”) shall consist of a minimum of 3 directors and a maximum of 15, with the actual number to be determined from time to time by the board. The board has determined that, at the present time, there will be 7 directors.

Directors appointed at the Meeting will serve, subject to the by-laws of the Company and applicable corporate law, until the end of the next annual shareholder meeting or until his successor is elected or appointed, unless his office is earlier vacated. All of the individuals who have been nominated as directors are currently members of the board and were elected as part of the business combination between Pure Natures Wellness Inc. d/b/a Aphria and Black Sparrow Capital Corp., as described in the joint management information circular dated October 28, 2014, except for Mr. Kozlov, who is a new nominee.

The Board recommends that Shareholders vote **FOR** the election of the nominees whose names are set forth below. **If you do not specify how you want your shares voted, the directors named as proxyholders in the enclosed proxy form intend to cast the votes represented by proxy at the Meeting for the election as directors of the nominee directors in this circular.** Management does not anticipate that any of the nominees for election as a director will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets forth certain information regarding the nominees, their position with the Company, their principal occupation or employment during the last five years, the dates upon which the nominees became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of September 25, 2015:

Name and Municipality of Residence	Position with Aphria	Director of Aphria Since	Principal Occupation, Business or Employment During Preceding Five Years	Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(4)</sup>
VIC NEUFELD <sup>(5)</sup> Lakeshore, ON	President, Chief Executive Officer and Director	December 1, 2014 <sup>(1)</sup>	Chief Executive Officer of Aphria	671,514 (1.3%)
COLE CACCIAVILLANI Leamington, ON	Chief Operating Officer and Director	December 1, 2014 <sup>(1)</sup>	Chief Operating Officer of Aphria	9,944,444 <sup>(2)</sup> (18.9%)
JOHN CERVINI Leamington, ON	Chief Agronomist Officer and Director	December 1, 2014 <sup>(1)</sup>	Chief Agronomist Officer of Aphria	11,500,001 <sup>(3)</sup> (21.9%)
CARL MERTON <sup>(5)(6)</sup> Tecumseh, ON	Director	December 1, 2014	Chief Financial Officer of Reko International Group Inc.	10,000 (0.02%)
DENNIS STAUDT <sup>(5)(6)</sup> Kingsville, ON	Director	December 1, 2014 <sup>(1)</sup>	Retired Partner at PricewaterhouseCoopers LLP	60,000 (0.1%)
PHILIP WADDINGTON <sup>(6)</sup> Chelsea, QC	Director	December 1, 2014 <sup>(1)</sup>	Consultant	Nil (0%)
ROBERT KOZLOV Toronto, ON	Director	To be elected at the Meeting	Partner at Norton Rose Fulbright Canada LLP	25,000 (0.05%)

Notes:

- (1) Mr. Cacciavillani was a director of the predecessor corporation to Aphria, Pure Natures Wellness Inc. (“PNW”) from its incorporation on June 3, 1994. Mr. Neufeld became a director and officer of PNW on June 3, 2014. Mr. Cervini became a director of PNW on July 17, 2013. Mr. Staudt became a director of PNW on July 1, 2014. Mr. Waddington became a director of PNW on August 14, 2014.
- (2) Mr. Cacciavillani owns 8,166,667 Aphria Shares directly and exercises control over an additional 1,777,777 Aphria Shares held by the Cacciavillani Family Trust.
- (3) Mr. Cervini owns 10,666,667 Aphria Shares directly and 833,334 Aphria Shares indirectly through Fulfill Holdings Inc., a company which he is the President and sole shareholder of.
- (4) Based on 52,479,587 Common Shares outstanding as of September 25, 2015.
- (5) Member of the Audit Committee.
- (6) Member of the Compensation & Nominating Committee (the “C&N Committee”).

Each nominee has confirmed his eligibility and willingness to serve as a director if elected and, in the opinion of the Board and management of Aphria, the proposed nominees are qualified to act as directors of the Company.

The following are brief biographies for each of the persons proposed by management to be nominated for election as directors:

*Vic Neufeld – President, Chief Executive Officer and Director*

Vic Neufeld is the President and Chief Executive Officer of Aphria. Vic is the former CEO of Jamieson Laboratories (“**Jamieson**”) Canada’s largest manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. Vic brings 15 years of experience as a chartered accountant and partner with Ernst & Young and 21 years as CEO of Jamieson. During his tenure with Jamieson, the company went from \$20 million in annual sales to over \$250 million and expanded the company’s distribution network to over 40

countries, building Jamieson to a globally recognized brand name. Vic, a native of Leamington, Ontario, earned a Bachelor's degree in Economics from Western University, Honours degree in business from the University of Windsor and an MBA from the University of Windsor. Vic is also a CPA.

*Cole Cacciavillani – Chief Operating Officer and Director*

Cole Cacciavillani, Aphria's co-founder, is an industrial engineer with 35 years of experience in the agricultural and greenhouse industry. Cole has accumulated expertise gained over generations of how to best utilize nature's light and organic properties combined with proprietary growing techniques and technologies produces a superior, safe and cost effective product. Cole sits on a number of charitable and associative boards including serving as: past Chairman of the Board for Leamington Memorial District Hospital as well as serving on the Hospital's Foundation Board. Cole was a founding chair of The Ontario Greenhouse Alliance; serves on the board of The Agricultural Institute of Ontario, Police Services Board, F.V. Energy Co-op, and the Leamington Economic Development Committee. Currently he serves as Co-Chair of Fundraising for the Erie Shores Campus Hospice. Cole's dedication to his community has received much recognition, including: the Queen Elizabeth II Diamond Jubilee Medal, which is awarded to honour significant contributions and achievements by Canadians. Ontario's greenhouse industry recognized Cole's leadership and vision as the founding Chair of the industry organization with its first service award. Recently Cole was awarded the St. Clair alumni distinction award based on the success he pursued within the community.

*John Cervini – Chief Agronomist Officer and Director*

John Cervini, Aphria's co-founder, comes from fourth generation growers in southwestern Ontario with hydroponic agricultural experience. Together with his father and brother, John helped established Lakeside Produce, one of North America's leading sales and marketing companies selling fresh produce from Canada to multinational retailers throughout North America. John is a leading innovator in greenhouse growing technology and has also overseen greenhouse expansion to Carpinteria, California and Guadalajara, Mexico. John's focus on improved efficiencies, healthier quality and the latest research studies made him a driving force in creating an industry leading food safety program before any sector wide standards or mandate. John understands the need and importance of product safety, product traceability and standardized industry procedures. John is the founding chair of the Ontario Greenhouse Marketing Association remains involved in the industry as part of the Ontario Greenhouse Vegetable Growers Association.

*Carl Merton – Director*

Carl Merton, Director, has over 20 years of financial and business experience, having spent almost 12 years combined with Ernst & Young LLP and KPMG LLP prior to serving as Vice-President, Special Projects at Atlas Tube Canada ULC and his current position as Chief Financial Officer of Reko International Group Inc. ("**Reko**") (TSXV: REK) since October 2007. Carl is a Chartered Professional Accountant, Chartered Accountant and as a Fellow of the Canadian Institute of Chartered Business Valuators (the "**CICBV**"). As the Chief Financial Officer of Reko, Carl is responsible for leading strategic discussions, acquisitions and divestitures, budgeting, financing, financial reporting and internal controls. He holds a B.Comm. Hon. in Sports Administration from Laurentian University, and has served as a past Chair of both the CICBV and the International Association of Professional Business Valuators.

*Dennis Staudt – Director*

Dennis Staudt, Director, has over 35 years' experience providing business advice to private companies in Southwestern Ontario, having spent most of his career with PricewaterhouseCoopers LLP ("**PwC**"), including 22 years as a partner in the Audit and Assurance Group. Prior to being admitted to partnership, Dennis spent almost two years with PwC Germany in their Duesseldorf office. Following his retirement from PwC in 2012, Dennis continues to provide business advisory services to a number of private companies, primarily in the manufacturing and greenhouse sectors. He is also Vice-President of Staudt Farms Limited, a family owned farming operation in Leamington, Ontario. Dennis graduated from the University of Windsor in 1977 with a Bachelor of Commerce Degree. He obtained his Chartered Accountant (Ontario) designation in 1979 and his Certified Public Accountant (Illinois) designation in 1999. Dennis is also Advisory Board Member at the University of Windsor Centre for



Executive and Professional Education. Dennis is Past Chair of the Leamington District Memorial Hospital Foundation, the Art Gallery of Windsor and the Art Gallery of Windsor Foundation. He also previously served on the Board of Governors of the University of Windsor and taught as a Sessional Lecturer in Accounting.

*Dr. Philip Waddington – Director*

Dr. Philip Waddington, Director, a trained naturopathic physician, is a leader in the field of regulating natural health products. From January 2000 to August 2008 Dr. Waddington served as the inaugural Director General of the Natural Health Products Directorate (NHPD) of Health Canada. Under his leadership, a new regulatory framework was defined, developed and implemented in Canada. The Natural Health Product Regulations developed under his watch are considered among the best practices by many countries and are being modeled internationally. Philip received his training from the Canadian College of Naturopathic Medicine. He holds an MBA from the Richard Ivey School of Business at the University of Western Ontario and a B.Sc. Hon. in Biology from Queen’s University. He currently works as a consultant; helping companies deal with any regulatory, NHPD or government strategy issues.

*Robert Kozlov – Director*

Robert Kozlov is a senior partner at the law firm Norton Rose Fulbright Canada LLP where he practises corporate - commercial law, with a particular focus on private mergers and acquisitions, strategic alliances, and major commercial contracts, including those involving the supply, distribution and franchising of products and services, and the protection and licensing of intellectual property rights. He has extensive experience advising clients on a wide array of commercial arrangements, including the drafting and negotiation of licensing, distribution, supply, franchise and development, joint-venture, sponsorship, co-promotion, advertising and marketing (including promotional contests), and services agreements for Canadian-based clients respecting their local operations, including in regard to their dealings with the Ministry of Health (Ontario), as well as their international expansion and distribution of products in multiple foreign jurisdictions. He also advises foreign companies in regard to their business operations in Canada, from initial set-up to compliance with local registration and regulatory requirements. As a registered trade-mark agent, Mr. Kozlov has acted for Canadian and foreign companies in protecting and enforcing their intellectual property rights, including providing validity opinions and pursuing action against infringers.

**Appointing auditors**

The Board, on the advice of the audit committee, recommends that the Shareholders vote **FOR** MNP LLP to be reappointed as auditors of Aphria until the next annual meeting of Shareholders. MNP LLP have been the auditors of Aphria since 2014. Prior to 2014, when Aphria was a private corporation, the auditors were also MNP LLP.

**The persons named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled FOR the re-appointment of MNP LLP as auditors of Aphria for the term expiring with the next annual meeting of Shareholders, and to authorize the Board to fix their remuneration, unless otherwise directed by the Shareholders appointing them.**

The aggregate fees billed for professional services rendered by MNP LLP for the fiscal years ended May 31, 2015 and 2014, are as set out below (including estimates).

	<b>May 2015 (\$)</b>	<b>May 2014 (\$)</b>
Audit Fees <sup>(1)</sup>	58,850	29,960
Audit Related Fees <sup>(2)</sup>	-	-
Tax Fees <sup>(3)</sup>	5,000	10,000
All Other Fees	-	-

Notes:

- (1) Includes fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Includes services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

## Re-Approval of Stock Option Plan

Aphria currently has in place a "rolling" Incentive Stock Option Plan (the "**Plan**") which was initially approved by shareholders of the Company on December 1, 2014. The purpose of the Plan is to (i) provide directors, officers, consultants and key employees of the Company ("**Eligible Persons**") with additional incentive; (ii) encourage stock ownership by such Eligible Persons; (iii) increase the proprietary interest of Eligible Persons in the success of the Company; (iv) encourage Eligible Persons to remain with Aphria or its subsidiaries; and (v) attract new directors, employees and officers. The Plan requires the approval of Shareholders each year in the annual general meeting of Shareholders in accordance with the TSX-V Policy 4.4 – "*Incentive Stock Options*". A copy of the Plan is attached hereto as Schedule "A-1" to Exhibit "A".

The Plan is a rolling plan with the Company authorized to issue that number of options which is 10% of the issued and outstanding share capital at the date of the grant of shares, less the aggregate number of shares reserved for issuance or issuable under any Share Compensation Arrangement (as defined in the Plan). As a result, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares available for issuance under the Plan.

Options may be granted under the Plan only to directors, officers, employees and consultants of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The number of Common Shares reserved for issue to any one person pursuant to the Stock Option Plan may not exceed 5% of the issued and outstanding Common Shares at the date of such grant, unless the Company has obtained approval by a majority of the votes cast by the shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates. The number of Common Shares issuable to (i) any one consultant, or (ii) parties providing investor relation services, in any 12 month period, cannot exceed 2% of the issued and outstanding Common Shares.

In connection with certain change of control transactions, including a take-over bid, merger or other structured acquisition, the Board may accelerate the vesting date of all unvested options such that all optionees will be entitled to exercise their full allocation of options and in certain circumstances where such optionee's employment is terminated in connection with such transactions, such accelerated vesting will be automatic.

Options granted under the Plan will have an exercise price of not less than the closing price of the Common Shares on the TSX-V on the day prior to the date of the grant, less any discount permitted by the policies of the TSX-V.

As at the date hereof, current directors, officers, key employees and consultants of the Company hold options to acquire an aggregate of 4,750,000 Common Shares.

At the Meeting, Shareholders of the Company will be asked to consider, and if thought fit, approve a motion to re-approve the Plan. The resolution (the "**Option Plan Resolution**") which will be put forward to the Shareholders of the Company for approval at the Meeting is attached hereto as Exhibit "A".

The Board recommends that Shareholders vote **FOR** the Option Plan Resolution.

**Unless specifically instructed to vote against the Option Plan Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the Plan. In order to be effected, this ordinary resolution must be approved by a majority of the votes cast in respect thereof.**

### **Confirmation of New General By-Law**

At the Meeting, Shareholders will be asked to confirm the adoption By-Law No. 3 of the Company, which has been adopted by the Board. The following discussion is qualified in its entirety by the text of By-Law No. 3, which is attached hereto as Schedule “B-1” to Exhibit “B”.

By-Law No. 3 contemplates, among other things, the following: (a) providing the Board with the flexibility to hold shareholder meetings anywhere in Canada; (b) increasing the minimum quorum for shareholder meetings to two persons present in person or represented by proxy holding not less than 10% of the total number of votes attached to all shares that carry the right to vote at the meeting; (c) reflecting the proper jurisdiction and governing statute the Company; and (d) the repeal of By-Law No. 1 of the Company.

A copy of the full text of the resolution approving By-Law No. 3 is annexed to this management proxy circular as Exhibit “B” (**General By-Law Resolution**). In order to be effective, the General By-Law Resolution must be approved by not less than a majority of the votes cast by holders of Common Shares present in person or represented by proxy at the Meeting.

The Board recommends that Shareholders vote **FOR** the General By-Law Resolution.

**Unless specifically instructed to vote against the General By-Law Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the General By-Law Resolution.**

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Company’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company’s executive officers, in particular, the four identified named executive officers (the “**NEOs**”), namely, Vic Neufeld, Chief Executive Officer, Jonathan Leong, Chief Financial Officer, Cole Cacciavillani, Chief Operating Officer, and John Cervini, Chief Agronomist Officer, for the period ended May 31, 2015. Mr. Leong acts as the Chief Financial Officer pursuant to a financial management agreement between the Company and ALOE Finance Inc. (“**ALOE**”).

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation and governance matters, the Board has established a compensation and nomination committee (the “**C&N Committee**”). For more information on the C&N Committee see “*Statement of Corporate Governance – Board Committees – C&N Committee*”.

As of September 28, 2015, the C&N Committee is comprised of Dennis Staudt, Philip Waddington and Carl Merton, each of whom is “independent” within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”).

All three C&N Committee members have direct experience that is relevant to their responsibilities in executive compensation and enable them to make decisions on the suitability of Aphria’s compensation policies and practices. They have all had senior executive roles in corporations where they were required to make decisions and determinations vis-à-vis executive compensation. For more detail please refer to their respective biographies under “*Business of the Meeting – Election of Directors*” in this Circular.

Aphria's compensation practices are designed to retain, motivate and reward its executive officers for their performance and contribution to the Company's long-term success. The Board seeks to compensate the Company's executive officers by combining short and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation. The Board seeks to tie individual goals to the area of the executive officer's primary responsibility. These goals may include the achievement of specific financial or business development goals. The Board also seeks to set company performance goals that reach across all business areas and include achievements in finance/business development and corporate development.

#### *Risk Management Principles of Compensation Programs*

The mandate of the C&N Committee includes an annual review of Aphria's compensation policies and practices to confirm that they are designed to align with Aphria's risk management principles and to ensure that they do not encourage inappropriate or excessive risk. Aphria's compensation policies and practices incorporate features that seek to mitigate risk without diminishing the incentive nature of the compensation and to encourage and reward prudent business judgment and appropriate risk-taking over the long term to increase shareholder value.

The role of the C&N Committee in this respect includes reviewing each of the components of an executive's compensation to ensure there is an overall balance among long-term and short-term incentives commensurate with Aphria's corporate strategy and goals. The C&N Committee also reviews Aphria's compensation policies and practices to determine whether they may encourage excessive or inappropriate risk. The C&N Committee may adjust the relevant weighting of various components of an executive's compensation based on such review, and if required, amend or supplement specific components as appropriate.

#### **Elements of Compensation Program**

The compensation of the NEOs will include three major elements: (a) base salary, (b) an annual, discretionary cash bonus and (c) long-term equity incentives, consisting of stock options granted under the Plan and any other equity plan that may be approved by the Board. These three principal elements of compensation are described below.

The C&N Committee, in conjunction with the Board, has established an appropriate comparator group for purposes of setting the future compensation of the NEOs. The NEOs will not benefit from pension plan participation. Perquisites and personal benefits are not a significant element of compensation of the NEOs.

#### *Base Salary*

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to our success, the position and responsibilities of the NEOs and competitive industry pay practices for other other medical marijuana investment companies of comparable size.

Aphria does not engage compensation consultants for the purposes of performing benchmarking or apply specific criteria for the selection of comparable medical marijuana businesses. Other comparable businesses that may be considered for benchmarking purposes include other small capitalization public Canadian medical marijuana companies. Increases in base salary are at the sole discretion of the Board, with input from the C&N Committee.

#### *Annual Cash Bonus*

The Board, in its sole discretion, may award Named Executive Officers with an annual bonus of up to 200% of such Named Executive Officer's base salary for that year, payable in cash. Annual bonuses will be awarded based on qualitative and quantitative performance standards, and will reward performance or the named executive officer individually. The determination of a Named Executive Officer's performance may vary from year to year depending on economic conditions and conditions in the medical marijuana industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance

### Stock Option Plan

The Plan provides directors, officers, key employees and consultants of the Company with the opportunity to participate in the Plan, at the discretion of the Board. The Board determines the level of stock options granted from time-to-time based on (i) its assessment of the appropriateness of doing so in light of the competitiveness of total compensation and compensation practices within companies of a size comparable with the Company for positions involving similar responsibilities and complexity; (ii) the long-term strategic objectives of the Company; (iii) the Company's need to retain or attract particular key personnel; and (iv) the number of options already outstanding and overall market conditions. The Board will take into account previous grants of options when considering new grants.

The Plan is intended to provide executives with the promise of longer term rewards which appreciate in value with the favourable future performance of the Company. The Board believes that the Plan provides a method of retention and motivation for the executives of the Company and also aligns senior management's objectives with long-term stock price appreciation.

See "Business of the Meeting – Approval of Stock Option Plan" for more information on the Plan.

### Executive Compensation

#### Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs and directors for services rendered in all capacities during the fiscal years ended May 31, 2015 and 2014.

Table of compensation excluding compensation securities							
Name and Principal Position	Fiscal period	Salary, consulting fee, retainer or commission	Bonus	Committee or meeting fees	Value of perquisites	All other compensation	Total compensation
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
VIC NEUFELD <sup>(1)</sup> Chief Executive Officer and Director	2015	120,000	-	-	-	185,000 <sup>(5)</sup>	305,000
	2014	-	-	-	-	-	-
COLE CACCIAVILLANI <sup>(2)</sup> Chief Operating Officer and Director	2015	120,000	-	-	-	-	120,000
	2014	186,875	-	-	-	150,000 <sup>(6)</sup>	336,875
JOHN CERVINI <sup>(3)</sup> Chief Agronomist Officer and Director	2015	120,000	-	-	-	-	120,000
	2014	186,875	-	-	-	150,000 <sup>(6)</sup>	336,875
JONATHAN LEONG <sup>(4)</sup> Chief Financial Officer	2015	120,000	-	-	-	-	120,000
	2014	-	-	-	-	-	-
CARL MERTON Director	2015	3,000	-	-	-	-	3,000
	2014	-	-	-	-	-	-
DENNIS STAUDT Director	2015	3,000	-	-	-	-	3,000
	2014	-	-	-	-	-	-
PHILIP WADDINGTON Director	2015	3,000	-	-	-	-	3,000
	2014	-	-	-	-	-	-

Notes:

- (1) Vic Neufeld was appointed President and Chief Executive Officer on June 3, 2014. Mr. Neufeld did not receive any compensation in his role as a director.
- (2) Mr. Cacciavillani did not receive any compensation in his role as a director.
- (3) Mr. Cervini did not receive any compensation in his role as a director.
- (4) Jonathan Leong was appointed Chief Financial Officer on June 3, 2014.
- (5) Includes compensation for consulting services provided prior to going public.
- (6) Includes compensation awarded for obtaining the preliminary Health Canada license.

### Compensation Securities Table

The following table discloses the particulars of the option-based awards outstanding to NEOs and directors of the Company as at May 31, 2015, including awards granted before the most recently completed financial year.

Name and Position	Number of securities underlying unexercised options and percentage of class <sup>(1)</sup>	Date of issue or grant	Option Exercise Price (\$)	Closing price of underlying security on date of grant (\$)	Closing price of underlying security at year end (\$)	Option Expiration Date
VIC NEUFELD Chief Executive Officer and Director	1,000,000	June 2, 2014	0.60	0.60	1.02	June 2, 2019
	210,000	November 11, 2014	1.10	1.10	1.02	November 11, 2017
JONATHAN LEONG Chief Financial Officer	50,000	June 2, 2014	0.60	0.60	1.02	June 2, 2019
COLE CACCIAVILLANI Chief Operating Officer and Director	500,000	June 2, 2014	0.60	0.60	1.02	June 2, 2019
JOHN CERVINI Chief Agronomist Officer and Director	500,000	June 2, 2014	0.60	0.60	1.02	June 2, 2019
CARL MERTON Director	50,000	December 8, 2014	1.10	1.10	1.02	December 8, 2017
DENNIS STAUDT Director	50,000	June 2, 2014	0.60	0.60	1.02	June 2, 2019
PHILIP WADDINGTON Director	50,000	August 18, 2014	1.10	1.10	1.02	August 18, 2019

### Exercise of Stock Options by NEOs and Directors

The following table sets forth information concerning the exercise of options by NEOs and directors that vested during the year ended May 31, 2015.

Name and Position	Number of underlying securities exercised (#)	Exercise Price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
VIC NEUFELD Chief Executive Officer and Director	-	N/A	N/A	N/A	N/A	N/A
JONATHAN LEONG Chief Financial Officer	-	N/A	N/A	N/A	N/A	N/A
COLE CACCIAVILLANI Chief Operating Officer and Director	-	N/A	N/A	N/A	N/A	N/A

Name and Position	Number of underlying securities exercised (#)	Exercise Price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
JOHN CERVINI Chief Agronomist Officer and Director	-	N/A	N/A	N/A	N/A	N/A
CARL MERTON Director	-	N/A	N/A	N/A	N/A	N/A
DENNIS STAUDT Director	-	N/A	N/A	N/A	N/A	N/A
PHILIP WADDINGTON Director	-	N/A	N/A	N/A	N/A	N/A

### Employment Management and Consulting Agreements

Aphria currently has employment agreements in place with Vic Neufeld, Cole Cacciavillani, and John Cervini and the financial management agreement with ALOE, pursuant to which Jonathan Leong, provides his services as Chief Financial Officer.

The employment agreements with Messrs. Neufeld, Cervini and Cacciavillani provide for, among other things, the continuation of each executive's employment for a term of five years, subject to termination in certain specified events. The financial management agreement with ALOE is subject to a one-year term.

Messrs. Neufeld, Cervini and Cacciavillani are each entitled to a salary at the rate of \$120,000 per annum, an annual discretionary bonus of up to 200% of the base salary, to be approved by the Board and stock options pursuant to the Plan or any other equity plan as may be approved by the Board.

In the event Messrs. Neufeld, Cervini or Cacciavillani are terminated without cause, in each case within two years following a Change of Control (as defined in their respective employment agreements), they will be entitled to receive a lump sum payment, to be at least one year's base salary, up two years if the executive has been employed for at least six years. In the event that Messrs. Neufeld, Cervini or Cacciavillani are terminated without cause, they will be entitled to a payment equal of at least six months base salary up to one year's base salary if the executive has been employed for at least six years.

Mr. Leong provides the services of a Chief Financial Officer, through ALOE, pursuant to a financial management agreement. ALOE receives a monthly fee of \$10,000 (plus additional fees for any services provided in addition to acting as a Chief Financial Officer) and Mr. Leong receives stock options of Aphria pursuant to the Plan. In the event of a Change in Control (as defined in the financial management agreement), and if within six months of such Change in Control (i) there is an adverse change in any of the duties, powers, rights, discretion, fees or benefits of Mr. Leong, (ii) there is a diminution of Mr. Leong's title, or (iii) there is a change in the person or body to whom Mr. Leong reports (unless such person or body is of equivalent rank or stature or such change is as a result of the resignation or removal of such person or the persons comprising such body), then ALOE shall be entitled to terminate the financial management agreement and to receive a payment equal to of 6 months' worth of fees. In the event that Mr. Leong's services are terminated without cause within 6 months of a Change in Control, ALOE will be entitled to a payment equal to of 6 months' worth of fees.

### Directors and officers liability insurance

The Company maintains directors' and officers' liability insurance ("**D&O Insurance**") for its directors and officers. The D&O Insurance insures the Company and its directors and officers against liability arising from wrongful acts of the Company's directors and officers in their capacity as directors and officers of the Company,

subject to limitations, if any, contained in the *Business Corporations Act* (Ontario), and has an aggregate policy limit of \$5,000,000.

### Equity Compensation Plan Information as of the Fiscal Year Ended May 31, 2015

Pursuant to the Plan, the maximum aggregate number of Common Shares which may be subject to options is 10% of the Common Shares outstanding from time to time.

Plan Category	Number of shares issuable upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (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	4,750,000	\$0.81	497,958
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	4,750,000	\$0.81	497,958

#### *Narrative Discussion of Stock Option Plans and Other Incentive Plans*

Please refer to the section above entitled “*Business of the Meeting – Approval of Stock Option Plan*” for a description of the Plan and its significant terms.

#### **Indebtedness of Directors and Officers**

No individual who is, or at any time during the most recently completed fiscal year of the Company was, a director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate of any of the foregoing is, or at any time since the beginning of the most recently completed fiscal year of the Company has been, indebted to the Company or any of its subsidiaries (other than in respect of amounts which would constitute routine indebtedness) or was indebted to another entity, which such indebtedness is, or was at any time since the beginning of the most recently completed fiscal year of the Company, 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.

#### **Interests of Informed Persons in Material Transactions**

Aphria leases its greenhouse facilities from Cacciavillani and F.M. Farms Ltd. operating as CF Greenhouses (“**CF Greenhouses**”). CF Greenhouses is a greenhouse growing company controlled in part by Cole Cacciavillani, Director and Chief Operating Officer of Aphria. The lease agreement expires on December 31, 2018 with two additional 5 year renewal options available at the Company’s discretion.

Pursuant to a support services agreement between Aphria and CF Greenhouses (the “**Support Services Agreement**”), Aphria is able to leverage already established contacts between CF Greenhouses and Aphria and allows Aphria to use the existing knowledge and experience of CF Greenhouses’ employees in its operations. In particular, much of the equipment used for the production of medical marijuana is the same or similar to that of other agricultural products and many of the contracted employees for CF Greenhouses have been trained to use this equipment. Under the Support Services Agreement, through the shared use of CF Greenhouses’ employees, Aphria is able to maximize labour efficiencies and have labour expenses much lower than the industry average.

For additional information on these transactions, refer to the financial statements of Aphria for the year ended May 31, 2015.



## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### General

The Board and management believe that sound and effective corporate governance is essential to Aphria's performance. Aphria has adopted certain practices and procedures to ensure that effective corporate governance practices are followed and that the Board functions independently of management. In addition, the C&N Committee of the Board reviews Aphria corporate governance practices and procedures on a regular basis to ensure that they address significant issues of corporate governance.

The following sections set out a description of Aphria corporate governance practices as approved by the Board and in accordance with the requirements set forth in NI 58-101.

### Board of Directors

#### *Independence*

The board is currently comprised of 6 directors, 3 of whom are independent. Independence is determined in accordance with National Instrument 52-110 Audit Committees. Messrs. Neufeld, Cacciavillani and Cervini are not considered to be independent as a result of their executive officer positions with the Company.

#### *Common Board Memberships*

The board has not adopted a policy limiting the number of directors who sit on the board of another public company but believes disclosure of common board memberships is important, which can be found under "*Statement of Corporate Governance Practices - Other Public Company Directorships Held*".

#### *Meetings of Independent Directors*

The independent directors on the Board and each of the Committees meet as required without Management present, typically this is managed by an in camera session during Board meetings.

During the period from December 1, 2014 to May 31, 2015, the board and the committees met as follows

	<b>Meetings Held</b>
Board	6
Audit Committee	3
C&N Committee	1

#### *Attendance*

Since December 1, 2014 the Board has met a total of 6 times. The attendance record of each director is set out below:

<b>Director</b>	<b>Board Meetings Attended</b>
Vic Neufeld	6
Cole Cacciavillani	5
John Cervini	6
Carl Merton	6
Dennis Staudt	6
Philip Waddington	6

### *Chair of the Board*

Messrs. Cacciavillani and Cervini, serve as Co-Chairs of the Board, and are not considered independent due their role as founders of Aphria, and their officer positions. The primary functions of the chair are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's responsibilities under its mandate. The chairs' key responsibilities include duties relating to setting board meeting agendas, chairing board and shareholder meetings, director development, providing in-put on potential director candidates, providing feedback to the Chief Executive Officer and communicating with shareholders and regulators.

### *Mandate of the Board of Directors*

The Board is responsible for supervising the management of Aphria business and affairs. The Board's principal responsibilities relate to the stewardship of management and are summarized below:

- **Strategic planning** - the Board reviews and approves Aphria's strategic planning process and annual strategic plan in light of Management's assessment of emerging trends, the competitive environment, risk issues and significant business practices and products;
- **Risk management** - the Board reviews management reports on material risks associated with our businesses and operations, the implementation by Management of systems to manage these risks and material deficiencies in the operation of these systems;
- **Human resources management** - the Board with assistance from the C&N Committee reviews Aphria's approach to human resource management and executive compensation, the extent to which senior management fosters a culture of integrity and succession planning for the Chief Executive Officer and key senior management positions;
- **Financial corporate governance** - the Board with assistance from the C&N Committee reviews Aphria's approach to corporate governance, director independence, Aphria's code of ethics and conduct, and policies relating to reputation and legal risk;
- **Financial information** - the Board with assistance from the Audit Committee reviews Aphria's internal controls relating to financial information, management reports on material deficiencies relating to those controls and the integrity of Aphria's financial information and systems;
- **Communications** - the Board reviews Aphria's overall communications strategy, measures for receiving shareholder feedback and compliance with Aphria's disclosure policy;
- **Board Committees** - the Board establishes committees and their mandates and requires committee chairs to present a report to the board on material matters considered by the committee at the next board meeting;

The mandate of the Board is reviewed and considered by the Board for approval each year.

## Other Public Company Directorships Held

The following table sets out the directors and officers of the Company that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Vic Neufeld	Reko International Group Inc., Canada	TSXV	Director	December 2004 - Present
Carl Merton	Reko International Group Inc., Canada	TSXV	Chief Financial Officer	October 2007 - Present
Jonathan Leong	SustainCo Inc., Canada	TSXV	Chief Financial Officer	July 2012 – August 2014
	SponsorsOne Inc., Canada	CSE	Interim Chief Financial Officer	February 2014 – June 2014

## Orientation and Continuing Education

Aphria does not currently have an orientation or continuing education program for new directors but shall provide an orientation and education program to new Board members and continuing education as necessary.

## Nomination of Directors

Aphria has a standing C&N Committee which oversees the nomination of directors. Each of the three directors who comprise the C&N Committee is independent within the meaning of NI 58-101.

The C&N Committee shall review with the Board on an annual basis the current composition of the Board with a view to ensuring that the members of the Board have the independence, expertise, experience, personal qualities and ability to make the necessary time commitment to Aphria in light of the opportunities and risks facing Aphria.

The C&N Committee shall propose to the Board nominees they believe to be qualified to be directors and, in doing so, shall consider both the opportunities and risks facing Aphria and the independence, expertise, experience, personal qualities and ability to make the necessary time commitment of a proposed nominee in order to add value to Aphria.

## Compensation

The Board with assistance from the C&N Committee reviews Aphria's approach to human resource management and executive compensation. The C&N Committee considers many factors, including whether compensation fairly reflects the responsibilities and risks involved. The C&N Committee may retain an independent external consultant to provide data and advice to the C&N Committee on the appropriateness of its director compensation policy and levels, particularly in light of the number of meetings and amount of time required to be spent by the directors to fulfill their board and committee obligations, however it has yet to retain any such consultants. The review of Aphria' director compensation includes benchmarking against other medical marijuana companies in Canada and other comparable companies with respect to size.

Currently as determined by the C&N Committee, non-management directors of Aphria are paid a retainer of \$1,000 per month. Directors are also reimbursed for out-of-pocket expenses incurred with such duties.

## **Board Committees**

The Board has two committees, Audit Committee and the C&N Committee (each alternatively a “**Committee**” and collectively, the “**Committees**”).

### *Audit Committee*

The Audit Committee consists of Dennis Staudt, Vic Neufeld and Carl Merton, of whom Messrs. Staudt and Merton are “independent”, and all of whom are “financially literate” within the meaning of National Instrument 52-110 — *Audit Committees*. Each of the Audit Committee members has an understanding of the accounting principles used to prepare Aphria’s financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of Aphria’s financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring Aphria’s compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; and reviewing the qualifications, independence and performance of Aphria’s internal auditors. The Audit Committee has specific responsibilities relating to Aphria’s financial reports; the external auditor; the internal audit function; internal controls; regulatory reports and returns; legal or compliance matters that have a material impact on Aphria; and Aphria’s whistleblowing procedures. In fulfilling its responsibilities, the Audit Committee meets regularly with the internal and external auditor and key management members. Information concerning the relevant education and experience of the Audit Committee members can be found in “*Business of the Meeting – Election of Directors*”. The full text of the Audit Committee’s charter is disclosed in Exhibit “C”.

### *C&N Committee*

The C&N Committee consists of Dennis Staudt, Philip Waddington and Carl Merton, all of whom are “independent” within the meaning of NI 58-101. The C&N Committee is charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of Aphria. In addition, the C&N Committee is responsible for: (i) assessing the effectiveness of the Board, each of its committees and individual directors; (ii) overseeing the recruitment and selection of candidates as directors of the Company; (iii) organizing orientation and education program for new directors and coordinating continuing director development programs; (iv) considering and approving proposals by the directors to engage outside advisers on behalf of the Board as a whole or on behalf of the independent directors; (v) reviewing and making recommendations to the Board concerning any change in the number of directors composing the Board; (vi) administering any stock option or purchase plan of the Company or any other compensation incentive programs; (vii) assessing the performance of the officers and other members of the executive management team of the Company; and (viii) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable, if any, to the directors and officers of the Company.

## **ADDITIONAL INFORMATION**

The Company will provide to any person or corporation, upon request, one copy of any of the following documents: (i) this Circular; (ii) the Company’s most recently filed consolidated annual financial statements, together with the accompanying report of the auditor; and (iii) any interim financial statements of the Company that have been filed for any period after the end of the Company’s most recently completed financial year.

Copies of the above documents will be provided, upon request, by the corporate secretary or investor relations at 245 Talbot St W, Suite 103, Leamington, ON N8H 1N8. Copies of these documents and other information relating to the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.aphria.com](http://www.aphria.com). All of our news releases are also available on our website.

## **APPROVAL**

The contents and delivery of this management information circular has been approved by the board of directors and a copy has been sent to each shareholder who is eligible to receive notice of and vote his or her shares at the Meeting, as well as to each director and to the auditors.

On behalf of the board of directors,

*“Vic Neufeld”*

Vic Neufeld  
Chief Executive Officer

**Exhibit “A”**

**Option Plan Resolution**

**RESOLUTION RE-APPROVING  
THE INCENTIVE STOCK OPTION PLAN  
OF THE COMPANY**

**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the Incentive Stock Option Plan of the Company (the “**Plan**”) as set out in Schedule “A-1” to Exhibit “A” of the Management Information Circular of the Company dated September 28, 2015 prepared for the purpose of the annual and special meeting of shareholders held on October. 27, 2015, be and is hereby approved, ratified, sanctioned and confirmed;
2. the total number of Common Shares issuable pursuant to the Plan shall be fixed at 10% of the issued shares outstanding at the time of any option grant, subject to adjustment as set forth in the Plan, and further subject to the applicable rules and regulations of all regulatory authorities to which the Company is subject, including the TSX Venture Exchange;
3. the Company be authorized to grant stock options pursuant to and subject to the terms and conditions of the Plan;
4. any officer or director of the Company be, and each is hereby, authorized and directed, for and on behalf of the Company, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution; and
5. the Board of Directors of the Company be, and it is hereby, authorized to cause all measures to be taken, such further agreements to be entered into and such further documents to be executed as may be deemed necessary or advisable to give effect to and fully carry out the intent of this resolution.

**Exhibit "A"**

**Schedule "A-1"**

**Incentive Stock Option Plan**

See attached.

**APHRIA INC.**  
**INCENTIVE STOCK OPTION PLAN**

**Section 1      General Provisions**

**1.1      Interpretation**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a)      “**Applicable Withholdings and Deductions**” has the meaning given to that term in Section 1.10;
- (b)      “**Associate**” has the meaning ascribed to that term such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;
- (c)      “**Associated Companies**”, “**Affiliated Companies**”, “**Controlled Companies**” and “**Subsidiary Companies**” have the meanings ascribed to those terms under Section 1(1) of the *Securities Act* (Ontario);
- (d)      “**Board**” has the meaning given to that term in Section 1.3(c);
- (e)      “**Business Day**” means any day other than a Saturday, Sunday or a statutory or civic holiday in Ontario;
- (f)      “**Cause**” means (i) if the Participant has a written employment agreement with the Corporation or a Subsidiary Company of the Corporation in which “cause” is defined, “cause” as defined therein; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Corporation’s reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Corporation; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
- (g)      “**Certificate**” has the meaning given to that term in Section 1.3(d);
- (h)      “**Change of Control Event**” means:
  - (i)      The sale by the Corporation of all or substantially all of its assets;
  - (ii)      The acceptance by the Shareholders, representing in the aggregate fifty percent (50%) or more of all of the issued Common Shares, of any offer, whether by way of a takeover bid or otherwise, for all or any of the outstanding Common Shares; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;
  - (iii)      The acquisition, by whatever means, by a person (or two or more persons who, in such acquisition, have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares acquired), directly or indirectly, of beneficial ownership of such number of Common Shares or rights to Common Shares, which together with such person's then-owned Common Shares and rights to Common Shares, if any, represent (assuming the full exercise of such rights) fifty percent (50%) or more of the combined voting rights attached to the then-outstanding Common Shares;
  - (iv)      The entering into of any agreement by the Corporation to merge, consolidate, restructure, amalgamate, initiate an arrangement or be absorbed by, into or with another corporation; provided that no change of control event shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board immediately prior to the effective date of such transaction constitute a majority of the board of directors of the resulting corporation following such effective date;



- (v) The passing of a resolution by the Board or Shareholders to substantially liquidate the assets of the Corporation or wind up the Corporation's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Corporation in circumstances where the business of the Corporation is continued and the shareholdings remain substantially the same following the re-arrangement); or
- (vi) The circumstance in which individuals who were members of the Board immediately prior to a meeting of the Shareholders involving a contest for the election of directors no longer constitute a majority of the Board following such election;
- (i) “**Code**” has the meaning given to that term in Section 3.1;
- (j) “**Common Shares**” means the common shares in the capital of the Corporation;
- (k) “**Corporation**” means Pure Natures Wellness Inc.;
- (l) “**Consultant**” has the meaning given to such term in Policy 4.4;
- (m) “**Consultant Company**” has the meaning given to such term in Policy 4.4;
- (n) “**Disinterested Shareholder Approval**” means the approval of a majority of shareholders of the Corporation voting at a duly called and held meeting of such shareholders, excluding votes of Insiders to whom options may be granted under the Plan;
- (o) “**Eligible Person**” means:
  - (i) any director, officer, employee or Consultant of the Corporation or any of its Subsidiary Companies; and
  - (ii) any Personal Holding Company;
- (p) “**Eligible U.S. Participants**” has the meaning given to that term in Section 3.1;
- (q) “**Exercise Price**” has the meaning given to that term in Section 2.2;
- (r) “**Expiry Date**” has the meaning given to that term in Section 2.3(b);
- (s) “**Good Reason**” means, in respect of an officer of the Corporation who has been granted Options under this Plan, solely one of the following events, without such officer’s written consent:
  - (i) a material diminution in such officer’s position, duties or authorities;
  - (ii) the assignment of any duties that are materially inconsistent with the officer’s role as a senior executive; or
  - (iii) a material reduction in the officer’s compensation, other than an across the board reduction of not more than 5% that is generally applicable to all executives.
- (t) “**Insider**” means:
  - (i) an insider as defined under Section 1(1) of the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary Company of the Corporation, and
  - (ii) an associate as defined under Section 1(1) of the *Securities Act* (Ontario) of any person who is an insider by virtue of (i) above;
- (u) “**Investor Relations Activities**” has the meaning given to such term in Policy 1.1 of the TSXV and any amendment thereto or replacement thereof;
- (v) “**Market Price**” means:
  - (i) prior to an initial public offering of the Common Shares, such price as is determined by the Board to constitute their fair market value, using such reasonable valuation mechanism as it selects; and

- (ii) after an initial public offering of the Common Shares, the volume weighted average trading price of the Shares as reported on the TSXV for the five (5) trading days immediately preceding the day on which the Option is granted; provided, however, that the Exercise Price of an Option shall not be less than the minimum Exercise Price required by the applicable rules of the TSXV;
- (w) **“Option”** means an option to purchase Common Shares granted to an Eligible Person pursuant to the terms of the Plan;
- (x) **“Option Period”** has the meaning given to that term in Section 2.3(a);
- (y) **“Participant”** means an Eligible Person to whom Options have been granted;
- (z) **“Personal Holding Company”** means a personal holding corporation that is either wholly owned, or controlled by, the Participant, and the shares of which are held directly or indirectly by any of the Participant or the Participant’s spouse, minor children and/or minor grandchildren;
- (aa) **“Plan”** means this Incentive Stock Option Plan of the Corporation;
- (bb) **“Policy 4.4”** means Policy 4.4 of the TSXV and any amendment thereto or replacement thereof;
- (cc) **“Share Compensation Arrangement”** means any stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- (dd) **“Shareholders”** means holders of Common Shares;
- (ee) **“Stock Exchange”** means the TSXV, and any other stock exchange on which the Common Shares are listed or traded;
- (ff) **“Termination Date”** means the date on which a Participant ceases to be an Eligible Person; and
- (gg) **“TSXV”** means the TSX Venture Exchange.

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## **1.2 Purpose**

The purpose of the Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encouraging Eligible Persons to remain with the Corporation or its Subsidiary Companies; and (v) attracting new directors, employees and officers.

## **1.3 Administration**

- (a) This Plan shall be administered by the Board.
- (b) Subject to the terms and conditions set forth herein, the Board is authorized to provide for the granting, exercise and method of exercise of Options, all on such terms (which may vary between Options granted from time to time) as it shall determine. In addition, the Board shall have the authority to (i) construe and interpret this Plan and all agreements entered into hereunder; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants (as hereinafter defined) and on their legal, personal representatives and beneficiaries.
- (c) The Board shall be permitted, through the establishment of appropriate procedures, to monitor the trading of Common Shares by persons who are performing Investor Relations Activities for the Corporation and who have been granted Options pursuant to this Plan.

- (d) Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Whenever used herein, the term “**Board**” means the board of directors of the Corporation, and shall be deemed to include any committee or director to which the Board has, fully or partially, delegated the administration and operation of this Plan pursuant to this Section 1.3.
- (e) An Option shall be evidenced by an incentive stock option agreement certificate (“**Certificate**”), signed on behalf of the Corporation, which Certificate shall be in substantially in the form of Schedule 1.3(e) or in any other form as the Board shall approve from time to time.
- (f) No member of the Board shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Options granted under it.

#### **1.4 Shares Reserved**

- (a) Subject to Section 1.4(d), the securities that may be acquired by Participants under this Plan shall consist of authorized but unissued Common Shares.
- (b) The Corporation shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of this Plan.
- (c) At such time as the Common Shares are listed on the TSXV, the aggregate number of Common Shares issuable under this Plan, and under all other Share Compensation Arrangements, shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Any Common Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Any Common Shares subject to an Option which has been exercised by a Participant, shall again be available for grants under the Plan, and under all other Share Compensation Arrangements. Fractional shares will not be issued and will be treated as specified in Section 1.11(d).
- (d) If there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject where required to the prior approval of the Stock Exchange, appropriate substitution or adjustment in:
  - (i) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and
  - (ii) the number and kind of Common Shares or other securities subject to unexercised Options theretofore granted and in the Exercise Price of such securities;

without any change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Common Share covered by the Option; provided, however, that no substitution or adjustment shall obligate the Corporation to issue or sell fractional shares. If the Corporation is reorganized, amalgamated with another corporation or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

#### **1.5 Limits with Respect to Certain Persons**

- (a) The maximum number of Common Shares which may be issued to:
  - (i) any Consultant in any twelve (12) month period under this Plan may be no more than two percent (2%) of the outstanding Common Shares of the Corporation; and
  - (ii) all Persons conducting Investor Relations Activities for the Corporation in any twelve (12) month period may be, in aggregate, no more than two percent (2%) of the outstanding Common Shares of the Corporation,

less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation.

- (b) Options granted to Consultants conducting Investor Relations Activities for the Corporation shall vest over a period of not less than twelve (12) months with no more than twenty-five percent (25%) of the options vesting in any three (3) month period.

## **1.6 Amendment and Termination**

- (a) The Board may from time to time, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and any Certificate relating thereto, provided that no such suspension, termination, amendment or revision will be made:
  - (i) except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders; and
  - (ii) in the case of an amendment or revision, if it materially adversely affects the rights of any Participant, without the consent of the Participant.
- (b) If the Plan is terminated, the provisions of the Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights pursuant thereto remain outstanding and, notwithstanding the termination of the Plan, the Board will remain able to make such amendments to the Plan or the Options as they would have been entitled to make if the Plan were still in effect.
- (c) Subject to any applicable rules of the Stock Exchange, the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to the Plan or any Option:
  - (i) amend the vesting provisions of the Plan and any Certificate;
  - (ii) amend the Plan or an Option as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, the Plan or the Shareholders;
  - (iii) any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan regarding administration of the Plan; and
  - (iv) any amendment respecting the administration of the Plan.
- (d) Shareholder approval is required for the following amendments to the Plan:
  - (i) any extension of the Expiry Date of an Option held by an Insider; and
  - (ii) any change that would materially modify the eligibility requirements for participation in the Plan.
- (e) Disinterested Shareholder Approval is required for the following amendments to the Plan:
  - (i) any individual stock option grant that would result in any of the limitations set forth in Section 1.4(c) of this Plan being exceeded; and
  - (ii) any individual stock option grant that would result in the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Options exceeding ten percent (10%) of the issued Common Shares, calculated on the date an Option is granted to any Insider; and
  - (iii) any individual stock option grant that would result in the number of Common Shares issued to any individual in any twelve (12) month period under this Plan exceeding five

percent (5%) of the issued Common Shares of the Corporation, less the aggregate number of shares reserved for issuance or issuable under any other Share Compensation Arrangement of the Corporation; and

- (iv) any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of the Options; and
- (v) any individual stock option grant requiring Shareholder approval pursuant to section 3.9(e) of Policy 4.4.

For the purposes of the limitations set forth in items (ii) and (iv), Options held by an Insider at any point in time that were granted to such Participant prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Participant was not an Insider at the time of grant.

### **1.7 Compliance with Legislation**

- (a) The Plan (including an amendment to the Plan), the terms of the issue or grant of any Option under the Plan, the grant and exercise of Options hereunder, and the Corporation's obligation to sell and deliver Common Shares upon the exercise of Options, shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obliged by any provision of the Plan or the grant of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.
- (b) No Option shall be granted, and no Common Shares issued hereunder, where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or purported issue of Common Shares hereunder in violation of this provision shall be void.
- (c) The Corporation shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (d) If Common Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Common Shares shall terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

### **1.8 Effective Date**

- (a) Prior to an initial public offering (or similar transaction) where the Common Shares are not listed on any Stock Exchange, the Plan shall be effective upon the approval of the Plan by the Board.
- (b) As a condition of any initial public offering (or similar transaction) pursuant to which the Common Shares will be listed on a Stock Exchange, the Plan shall be effective upon the approval of the Plan by:
  - (i) The Stock Exchange and any other exchange upon which the Common Shares of the Corporation may be posted or listed for trading, and shall comply with the requirements from time to time of the Stock Exchange; and
  - (ii) the Shareholders, by written resolution signed by all Shareholders or given by the affirmative vote of a majority of the votes attached to the Common Shares entitled to vote and be represented and voted at an annual or special meeting of Shareholders held, among other things, to consider and approve the Plan.

### **1.9 Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

#### **1.10 Tax Withholdings**

Notwithstanding any other provision contained herein, in connection with the exercise of an Option by a Participant from time to time, as a condition to such exercise (i) the Corporation shall require such Participant to pay to the Corporation or the relevant Subsidiary Company an amount as necessary so as to ensure that the Corporation or such Subsidiary Company, as applicable, is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions (the “**Applicable Withholdings and Deductions**”) relating to the exercise of such Options; or (ii) in the event a Participant does not pay the amount specified in (i), the Corporation shall be permitted to engage a broker or other agent, at the risk and expense of the Participant, to sell an amount of underlying Common Shares issuable on the exercise of such Option through the facilities of the Stock Exchange, and to apply the cash received on the sale of such underlying Common Shares as necessary so as to ensure that the Corporation or the relevant Subsidiary Company, as applicable, is in compliance with the Applicable Withholdings and Deductions relating to the exercise of such Options. In addition, the Corporation or the relevant Subsidiary Company, as applicable, shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Corporation or the relevant Subsidiary Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of such Options.

#### **1.11 Miscellaneous**

- (a) Nothing contained herein shall prevent the Board from adopting other or additional Share Compensation Arrangements or compensation arrangements, subject to any required approval.
- (b) The Corporation may only grant options pursuant to resolutions of the Board.
- (c) In determining options to be granted to Participants, the Board shall give due consideration to the value of each such Participant’s present and potential contribution to the success of the Corporation.
- (d) Nothing contained in the Plan nor in any Option granted thereunder shall be deemed to give any Participant any interest or title in or to any Common Shares or any rights as a Shareholder or any other legal or equitable right against the Corporation or any of its Subsidiary Companies whatsoever other than as set forth in the Plan and pursuant to the exercise of any Option.
- (e) The Plan does not give any Participant or any employee of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies the right or obligation to or to continue to serve as a Consultant, director, officer or employee, as the case may be, to or of the Corporation or any of its Associated Companies, Affiliated Companies, Subsidiary Companies or Controlled Companies. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Corporation other than as specifically provided for in the Plan. The grant of an Option to, or the exercise of an Option by, a Participant under the Plan does not create the right for such Participant to receive additional grants of Options hereunder.
- (f) No fractional Common Shares shall be issued upon the exercise of options granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the exercise of an Option, or from an adjustment pursuant to Section 1.4(d) such Participant shall only have the right to purchase the next lowest whole number of Common Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (g) The Corporation makes no representation or warranty as to the future market value of the Common Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Option and/or transactions in the Common Shares. Neither the Corporation, nor any of its directors, officers, employees, shareholders or agents shall be liable for

anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Common Shares hereunder, with respect to any fluctuations in the market price of Common Shares or in any other manner related to the Plan.

- (h) This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (i) If any provision of this Plan shall be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this Plan and the remaining provisions shall continue in full force and effect.
- (j) This Plan constitutes the entire stock option plan for the Corporation and its Participants and supersedes any prior stock option plans for such persons.

## **Section 2 Options**

### **2.1 Grants**

- (a) Subject to the provisions of the Plan, the Board shall have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 1.3(b) and Section 2.3 hereof, applicable to the exercise of an Option. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion.
- (b) The Board may, in its discretion, select any directors, officers, employees or Consultants of or to the Corporation or Subsidiary Companies of the Corporation to participate in this Plan.
- (c) For Options granted to employees of the Company, Consultants or individuals employed by a company or individual providing management services to the Company, the Company and the Participant are responsible for ensuring and confirming that the Participant is a bona fide employee of the Company, Consultant or individual employed by a company or individual providing management services to the Company, as the case may be.
- (d) The Board may from time to time, in its discretion, grant Options to any Participant upon the terms, conditions and limitations set forth herein and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine, provided that Options granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval.

### **2.2 Exercise Price**

- (a) An Option may be exercised at a price (the “**Exercise Price**”) that shall be fixed by the Board at the time that the Option is granted, but in no event shall it be less than the Market Price. The Exercise Price shall be subject to adjustment in accordance with the provisions of Section 1.4(d) hereof.
- (b) if Options are granted within ninety (90) days of a distribution (the “**Distribution Period**”) by the Corporation by prospectus, the minimum exercise price per Common Share of those options will be the greater of the Market Price and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. The Distribution Period shall begin:
  - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
  - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

### **2.3 Exercise of Options**

- (a) The period during which an Option may be exercised (the “**Option Period**”) shall be determined by the Board at the time the Option is granted, subject to any vesting limitations that may be

imposed by the Board in its sole and unfettered discretion at the time such Option is granted, provided that:

- (i) no Option shall be exercisable for a period exceeding ten (10) years from the date the Option is granted;
  - (ii) the Option Period shall be automatically reduced in accordance with Section 2.3(f) below upon the occurrence of any of the events referred to therein; and
  - (iii) no Option in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be exercisable until such time as such Option has been approved by the Shareholders.
- (b) Notwithstanding any other provision of the Plan, if the date that any vested Option ceases to be exercisable (the “**Expiry Date**”) falls on, or within nine (9) Business Days immediately following, a date upon which such Participant is prohibited from exercising such Option due to a black-out period or other trading restriction imposed by the Corporation, then the Expiry Date of such Option shall be automatically extended to the tenth (10<sup>th</sup>) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed.
- (c) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any Option; (ii) permit the conditional exercise of any Option, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the Option, including for greater certainty permitting Participants to exercise any Option, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event or to obtain the advantage of holding the underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the Options not exercised prior to the successful completion of such Change of Control Event. The determination of the Board in respect of any such Change of Control Event shall for the purposes of this Plan be final, conclusive and binding.
- (d) Notwithstanding any other provision of this Plan, in the event that:
- (i) an actual or potential Change of Control Event is not completed within the time specified therein; or
  - (ii) all of the Common Shares subject to an Option that were tendered by a Participant in connection with an actual or potential Change of Control Event are not taken up or paid for by the offeror in respect thereof,

then the Board may, in its discretion, without the necessity or requirement for the agreement of any Participant, permit the Common Shares received upon such exercise, or in the case of Subsection (ii) above the Common Shares that are not taken up and paid for, to be returned by the Participant to the Corporation and reinstated as authorized but unissued Common Shares and, with respect to such returned Common Shares, the related Options may be reinstated as if they had not been exercised and the terms for such Options becoming vested will be reinstated pursuant to this Section 2.3. If any Common Shares are returned to the Corporation under this Section 2.3, the Corporation will immediately refund the Exercise Price to the Participants for such Common Shares.

- (e) Options shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant’s legal representative.
- (f) Provided that the Common Shares are listed on the TSXV, if the Participant is a company, including a Consultant Company, the company shall not be permitted to effect or permit any transfer of ownership or option of shares of the company nor to issue further shares of any class of



the company to any individual or entity as long as the options remain outstanding, except where the written consent of the TSXV has been obtained.

- (g) Subject to Section 2.3(a) and except as otherwise determined by the Board:
- (i) if a Participant who is a non-executive director of the Corporation ceases to be an Eligible Person as a result of his or her retirement from the Board other than for Cause, each unvested Option held by such Participant shall automatically vest on the date of his or her retirement from the Board, and thereafter each vested Option held by such Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the date of his or her retirement from the Board;
  - (ii) if the Board service, consulting relationship, or employment of a Participant with the Corporation or a Subsidiary Company is terminated for Cause, each vested and unvested Option held by the Participant will automatically terminate and become void on the Termination Date;
  - (iii) if a Participant dies, the legal representative of the Participant may exercise the Participant's vested Options for a period until the earlier of the original Expiry Date of the Option and 12 months after the date of the Participant's death, but only to the extent the Options were by their terms exercisable on the date of death. For greater certainty, all unvested Options held by a Participant who dies shall terminate and become void on the date of death of such Participant;
  - (iv) if a Participant ceases to be an Eligible Person for any reason whatsoever other than in (i) to (iii) above, each vested Option held by the Participant will cease to be exercisable on the earlier of the original Expiry Date of the Option and six (6) months after the Termination Date; provided that all unvested Options held by such Participant shall automatically terminate and become void on the Termination Date of such Participant. Without limitation, and for greater certainty only, this provision will apply regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest with the Participant; and
  - (v) notwithstanding any provision in this Section 2.3(g) to the contrary, if a Participant who is an officer of the Corporation ceases to be an Eligible Person as a result of such officer's termination without Cause or resignation for Good Reason, any unvested Options as of the date of termination will be accelerated and become immediately fully vested as of such date. Such options will be exercisable by the officer for a period of up to one year following the date of termination.
- (h) Subject to Section 2.3(i), the Exercise Price of each Common Share purchased under an Option shall be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, the number of Common Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.
- (i) A Participant may, in lieu of exercising an Option for cash in accordance with 2.3(h), elect to receive, instead of the Common Shares issuable upon exercise of the Option, such number of Common Shares (rounded down to the nearest whole number) equal to the value (as determined below) of such Option by surrendering the Option at the principal office of the Corporation together with a properly endorsed notice of exercise in the form of Schedule "A" and a notice of cashless exercise in the form of Schedule 2.3(i), in which event the Corporation shall issue to the Participant, upon exercise, that number of Common Shares calculated using the following formula:

$$X = (Y(A-B)/A)$$

Where:

X = the number of Shares to be issued to the Participant upon such cashless exercise

Y = the number of Shares issuable upon the exercise of the Options being exercised

A = the Market Price of the Shares as at the date of such cashless exercise

B = the Exercise Price

- (j) Upon the exercise of Options pursuant to this section, the Corporation shall forthwith deliver, or cause the registrar and transfer agent of the Common Shares to deliver, to the relevant Participant (or his or her legal or personal representative) or to the order thereof, a certificate representing the number of Common Shares with respect to which Options have been exercised.
- (k) Subject to the other provisions of this Plan and any vesting limitations imposed by the Board at the time of grant, Options may be exercised, in whole or in part, at any time or from time to time, by a Participant by written notice given to the Corporation as required by the Board from time to time.

## **2.4 Notice**

Any notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation in Toronto, Ontario, Attention: Vic Neufeld, Chief Executive Officer; or if to a Participant, to such Participant at his address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

## **2.5 Rights of Participants**

No person entitled to exercise any Option granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any underlying Common Shares issuable upon exercise of such Option, including without limitation, the right to participate in any new issue of Common Shares to existing holders of Common Shares, until such Option has been exercised and such underlying Common Shares have been paid for in full and issued to such person.

## **2.6 Right to Issue Other Shares**

The Corporation shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure.

## **2.7 Quotation of Common Shares**

So long as the Common Shares are listed on the TSXV, the Corporation must apply to the TSXV for the listing or quotation of the Common Shares issued upon the exercise of all Options granted under the Plan, however, the Corporation cannot guarantee that such Common Shares will be listed or quoted on the TSXV.

## **Section 3 Special Rules for U.S. Eligible Persons**

### **3.1 Section 409A Compliance**

Notwithstanding any other provision of this Plan, the following special rules will apply to all Eligible Persons (“**Eligible U.S. Participants**”) who are subject to U.S. income tax with respect to Options issued under the Plan to them:

- (a) All Options granted under this Plan to Eligible U.S. Participants are intended to be exempt from Section 409A of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) and will be construed accordingly. However, the Corporation will not be liable to any Eligible U.S. Participant or beneficiary with respect to any adverse tax consequences arising under Section 409A or other provision of the Code; and
- (b) The Exercise Price for all Options granted to Eligible U.S. Participants shall in no event be less than the greater of (i) the Market Price; and (ii) the closing price of the Common Shares as reported on the TSX on the business day immediately preceding the day on which the Option is granted.

**SCHEDULE 1.3(e)**

**STOCK OPTION AGREEMENT**

This Stock Option Agreement is dated this ● day of ●, 20● between Aphria Inc. (“**Aphria**”) and [**Name**] (the “**Optionee**”).

**WHEREAS** the Optionee has been granted certain options (“**Options**”) to acquire common shares in the capital of Aphria (“**Common Shares**”) under the Aphria Incentive Stock Option Plan (the “**Option Plan**”), a copy of which has been provided to the Eligible Optionee;

**AND WHEREAS** capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Aphria confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to, the terms and conditions of the Option Plan:

<b>DATE OF GRANT</b>	<b>NUMBER OF OPTIONS</b>	<b>EXERCISE PRICE (CDN\$)</b>	<b>VESTING SCHEDULE</b>	<b>EXPIRY DATE</b>
●	●	●	●	●

2. Attached to this Agreement as Schedule “A” is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with Section 2.3 of the Option Plan at any time and from time to time prior the Expiry Date of such Options. The Optionee may also elect for the cashless exercise of any of his or her Options pursuant to Section 2.3(i) of the Option Plan.
3. By signing this Stock Option Agreement, the Optionee acknowledges that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Stock Option Agreement.
4. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time shall be of the essence of this Agreement. This Agreement shall enure to the benefit of and shall be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of Aphria.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

**APHRIA INC.**

\_\_\_\_\_  
Name of Optionee:

\_\_\_\_\_  
Authorized Signing Officer

**Schedule "A"**  
**ELECTION TO EXERCISE STOCK OPTIONS**

**TO: APHRIA INC. ("APHRIA")**

The undersigned option holder hereby irrevocably elects to exercise options ("**Options**") granted by Aphria to the undersigned pursuant to a Stock Option Agreement dated ●, 20● for the number of common shares in the capital of Aphria ("**Common Shares**") as set forth below:

Number of Common Shares to be Acquired: \_\_\_\_\_

Option Exercise Price (per Common Share): \$ \_\_\_\_\_

Aggregate Purchase Price: \$ \_\_\_\_\_

Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact Aphria for details of such amount)(the "**Applicable Withholdings and Deductions**"):

\$ \_\_\_\_\_

Or check here if alternative arrangements have been made with Aphria with respect to the payment of Applicable Withholdings and Deductions;

and hereby tenders a certified cheque or bank draft for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Common Shares to be registered and a certificate therefore to be issued in the name of \_\_\_\_\_.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

**Schedule 2.3(i)**

**FORM OF CASHLESS EXERCISE NOTICE**

**TO: APHRIA INC. (“Aphria”)**

Pursuant to the Aphria Incentive Stock Option Plan (the “**Option Plan**”) adopted as of ●, 2014 as amended, restated or otherwise modified from time to time, the undersigned option holder hereby irrevocably elects to exercise, on a cashless basis, \_\_\_\_\_ options (the “**Options**”) granted by Aphria to the undersigned pursuant to a Stock Option Agreement dated ●, 20●.

The number of common shares in the capital of Aphria (“**Common Shares**”) to be issued and registered in accordance with the instructions of the undersigned below shall be calculated based on the formula set out in Section 2.3(i) of the Plan.

The undersigned directs that the Common Shares be to be registered and a certificate therefore be issued in his, her or its name as follows in accordance with the terms of the Option Plan:

\_\_\_\_\_  
(Print name as name is to appear)

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

**Exhibit “B”**

**General By-Law Resolution**

**BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. By-Law No. 3 of the Company relating generally to the business and affairs of the Company, as set out in Schedule “B-1” to Exhibit “B” of the Management Information Circular of the Company dated September 28, 2015 prepared for the purpose of the annual and special meeting of shareholders held on October 27, 2015, be and is hereby confirmed and approved as a by-law of the Company;
2. any officer or director of the Company be, and each is hereby, authorized and directed, for and on behalf of the Company, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution; and
3. the Board of Directors of the Company be, and it is hereby, authorized to cause all measures to be taken, such further agreements to be entered into and such further documents to be executed as may be deemed necessary or advisable to give effect to and fully carry out the intent of this resolution.

**Exhibit "B"**

**Schedule "B-1"**

**By-Law No. 3**

See attached.

**APHRIA INC.**

**BY-LAW NO. 3**

**ARTICLE 1  
INTERPRETATION**

**Section 1.1 Definitions.**

As used in this by-law, the following terms have the following meanings:

“**Act**” means the *Business Corporations Act* (Ontario) and the regulations under the Act, all as amended, re-enacted or replaced from time to time.

“**Authorized Signatory**” has the meaning specified in Section 2.2.

“**Corporation**” means Aphria Inc.

“**person**” means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or governmental or regulatory entity, and pronouns have a similarly extended meaning.

“**recorded address**” means (i) in the case of a shareholder or other securityholder, the shareholder’s or securityholder’s latest address as shown in the records of the Corporation, (ii) in the case of joint shareholders or other joint securityholders, the address appearing in the records of the Corporation in respect of the joint holding or, if there is more than one address in respect of the joint holding, the first address that appears, and (iii) in the case of a director, officer or auditor, the person’s latest address as shown in the records of the Corporation or, if applicable, the last notice filed with the Director under the Act, whichever is the most recent.

“**show of hands**” means, in connection with a meeting, a show of hands by persons present at the meeting, the functional equivalent of a show of hands by telephonic or electronic means and any combination of such methods.

Terms used in this by-law that are defined in the Act have the meanings given to such terms in the Act.

**Section 1.2 Interpretation.**

The division of this by-law into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation. Words importing the singular number include the plural and vice versa. Any reference in this by-law to gender includes all genders. In this by-law the words “including”, “includes” and “include” means “including (or includes or include) without limitation”.

**Section 1.3 Subject to Act and Articles.**

This by-law is subject to, and should be read in conjunction with, the Act and the articles. If there is any conflict or inconsistency between any provision of the Act or the articles and any provision of this by-law, the provision of the Act or the articles will govern.

**Section 1.4 Conflict With Unanimous Shareholder Agreement.**

If there is any conflict or inconsistency between any provision of a unanimous shareholder agreement and any provision of this by-law, the provision of such unanimous shareholder agreement will govern.



## **ARTICLE 2 BUSINESS OF THE CORPORATION**

### **Section 2.1 Financial Year.**

The financial year of the Corporation ends on such date of each year as the directors determine from time to time.

### **Section 2.2 Execution of Instruments and Voting Rights.**

Contracts, documents and instruments may be signed on behalf of the Corporation, either manually or by facsimile or by electronic means, (i) by any one director or officer, or (ii) by any other person authorized by the directors from time to time (each Person referred to in (i) and (ii) is an “**Authorized Signatory**”). Voting rights for securities held by the Corporation may be exercised on behalf of the Corporation by any one Authorized Signatory. In addition, the directors may, from time to time, authorize any person or persons (i) to sign contracts, documents and instruments generally on behalf of the Corporation or to sign specific contracts, documents or instruments on behalf of the Corporation and (ii) to exercise voting rights for securities held by the Corporation generally or to exercise voting rights for specific securities held by the Corporation. Any Authorized Signatory, or other person authorized to sign any contract, document or instrument on behalf of the Corporation, may affix the corporate seal, if any, to any contract, document or instrument when required.

As used in this Section, the phrase “contracts, documents and instruments” means any and all kinds of contracts, documents and instruments in written or electronic form, including cheques, drafts, orders, guarantees, notes, acceptances and bills of exchange, deeds, mortgages, hypothecs, charges, conveyances, transfers, assignments, powers of attorney, agreements, proxies, releases, receipts, discharges and certificates and all other paper writings or electronic writings.

### **Section 2.3 Banking Arrangements.**

The banking and borrowing business of the Corporation or any part of it may be transacted with such banks, trust companies or other firms or corporations as the directors determine from time to time. All such banking and borrowing business or any part of it may be transacted on the Corporation’s behalf under the agreements, instructions and delegations, and by the one or more officers and other persons, that the directors authorize from time to time. This paragraph does not limit in any way the authority granted under Section 2.2.

## **ARTICLE 3 DIRECTORS**

### **Section 3.1 Place of Meetings.**

Any or all meetings of directors may be held at any place in or outside Canada.

### **Section 3.2 Calling of Meetings.**

The chair of the board, the president, the chief executive officer or any one or more directors may call a meeting of the directors at any time. Meetings of directors will be held at the time and place as the person(s) calling the meeting determine.

### **Section 3.3 Regular Meetings.**

The directors may establish regular meetings of directors. Any resolution establishing such meetings will specify the dates, times and places of the regular meetings and will be sent to each director.

### **Section 3.4 Notice of Meeting.**

Subject to this section, notice of the time and place of each meeting of directors will be given to each director not less than 24 hours before the time of the meeting. No notice of meeting is required for any regularly scheduled meeting except where the Act requires the notice to specify the purpose of, or the business to be transacted at, the meeting. Provided a quorum of directors is present, a meeting of directors may be held, without notice, immediately following the annual meeting of shareholders.

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any person, or any error in any notice not affecting the substance of the notice, does not invalidate any resolution passed or any action taken at the meeting.

**Section 3.5 Waiver of Notice.**

A director may waive notice of a meeting of directors, any irregularity in a notice of meeting of directors or any irregularity in a meeting of directors. Such waiver may be given in any manner and may be given at any time either before or after the meeting to which the waiver relates. Waiver of any notice of a meeting of directors cures any irregularity in the notice, any default in the giving of the notice and any default in the timeliness of the notice.

**Section 3.6 Quorum.**

A majority of the number of directors in office or such greater or lesser number as the directors may determine from time to time, constitutes a quorum at any meeting of the directors. A quorum may not be less than two-fifths of the number of directors or minimum number of directors, as the case may be. Where the Corporation has fewer than three directors, all directors must be present at any meeting of directors to constitute a quorum. Notwithstanding any vacancy among the directors, a quorum of directors may exercise all the powers of the directors.

**Section 3.7 Meeting by Telephonic, Electronic or Other Communication Facility.**

If all the directors of the Corporation present at or participating in a meeting of directors consent, a director may participate in such meeting by means of a telephonic, electronic or other communication facility. A director participating in a meeting by such means is deemed to be present at the meeting. Any consent is effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the directors.

**Section 3.8 Chair.**

The chair of any meeting of directors is the first mentioned of the following officers that is a director and is present at the meeting:

- (a) the chair of the board; or
- (b) the president.

If no such person is present at the meeting, the directors present shall choose one of their number to chair the meeting.

**Section 3.9 Secretary.**

The corporate secretary, if any, will act as secretary at meetings of directors. If a corporate secretary has not been appointed or the corporate secretary is absent, the chair of the meeting will appoint a person, who need not be a director, to act as secretary of the meeting.

**Section 3.10 Votes to Govern.**

At all meetings of directors, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the chair of the meeting is not entitled to a second or casting vote.

**Section 3.11 Remuneration and Expenses.**

The directors may determine from time to time the remuneration, if any, to be paid to a director for his or her services as a director. The directors are also entitled to be reimbursed for travelling and other out-of-pocket expenses properly incurred by them in attending directors meetings, committee meetings and shareholders meetings and in the performance of other duties of directors of the Corporation. The directors may also award additional remuneration to any director undertaking special services on the Corporation's behalf beyond the services ordinarily required of a director by the Corporation.

A director may be employed by or provide services to the Corporation otherwise than as a director. Such a director may receive remuneration for such employment or services in addition to any remuneration paid to the director for his or her services as a director.

## **ARTICLE 4 COMMITTEES**

### **Section 4.1 Committees of Directors.**

The directors may appoint from their number one or more committees and delegate to such committees any of the powers of the directors except those powers that, under the Act, a committee of directors has no authority to exercise.

### **Section 4.2 Proceedings.**

Meetings of committees of directors may be held at any place in or outside Canada. At all meetings of committees, every question shall be decided by a majority of the votes cast on the question. Unless otherwise determined by the directors, each committee of directors may make, amend or repeal rules and procedures to regulate its meetings including: (i) fixing its quorum, provided that quorum may not be less than a majority of its members; (ii) procedures for calling meetings; (iii) requirements for providing notice of meetings; (iv) selecting a chair for a meeting; and (v) determining whether the chair will have a deciding vote in the event there is an equality of votes cast on a question.

Subject to a committee of directors establishing rules and procedures to regulate its meetings, Section 3.1 to Section 3.10 inclusive apply to committees of directors, with such changes as are necessary.

## **ARTICLE 5 OFFICERS**

### **Section 5.1 Appointment of Officers.**

The directors may appoint such officers of the Corporation as they deem appropriate from time to time. The officers may include any of a chair of the board, a president, a chief executive officer, one or more vice-presidents, a chief financial officer, a corporate secretary and a treasurer and one or more assistants to any of the appointed officers. No person may be the chair of the board unless that person is a director.

### **Section 5.2 Powers and Duties.**

Unless the directors determine otherwise, an officer has all powers and authority that are incident to his or her office. An officer will have such other powers, authority, functions and duties that are prescribed or delegated, from time to time, by the directors. The directors or authorized officers may, from time to time, vary, add to or limit the powers and duties of any officer.

### **Section 5.3 Chair of the Board.**

If appointed, the chair of the board will preside at directors meetings and shareholders meetings in accordance with Section 3.8 and Section 7.9, respectively. The chair of the board will have such other powers and duties as the directors determine.

### **Section 5.4 President.**

If appointed, the president of the Corporation will have general powers and duties of supervision of the business and affairs of the Corporation. The president will have such other powers and duties as the directors determine. Subject to Section 3.9 and Section 7.9, during the absence or disability of the corporate secretary or the treasurer, or if no corporate secretary or treasurer has been appointed, the president will also have the powers and duties of the office of corporate secretary and treasurer, as the case may be.

**Section 5.5 Corporate Secretary.**

If appointed, the corporate secretary will have the following powers and duties: (i) the corporate secretary will give or cause to be given, as and when instructed, notices required to be given to shareholders, directors, officers, auditors and members of committees of directors; (ii) the corporate secretary may attend at and be the secretary of meetings of directors, shareholders, and committees of directors and will have the minutes of all proceedings at such meetings entered in the books and records kept for that purpose; and (iii) the corporate secretary will be the custodian of any corporate seal of the Corporation and the books, papers, records, documents, and instruments belonging to the Corporation, except when another officer or agent has been appointed for that purpose. The corporate secretary will have such other powers and duties as the directors or the president of the Corporation determine.

**Section 5.6 Treasurer.**

If appointed, the treasurer of the Corporation will have the following powers and duties: (i) the treasurer will ensure that the Corporation prepares and maintains adequate accounting records in compliance with the Act; (ii) the treasurer will also be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; and (iii) at the request of the directors, the treasurer will render an account of the Corporation's financial transactions and of the financial position of the Corporation. The treasurer will have such other powers and duties as the directors or the president of the Corporation determine.

**Section 5.7 Removal of Officers.**

The directors may remove an officer from office at any time, with or without cause. Such removal is without prejudice to the officer's rights under any employment contract with the Corporation.

**ARTICLE 6  
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

**Section 6.1 Limitation of Liability.**

Subject to the Act and other applicable law, no director or officer is liable for: (i) the acts, omissions, receipts, failures, neglects or defaults of any other director, officer or employee; (ii) joining in any receipt or other act for conformity; (iii) any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation; (iv) the insufficiency or deficiency of any security in or upon which any of the monies of the Corporation shall be invested; (v) any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited; or (vi) any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation to his office.

**Section 6.2 Indemnity.**

The Corporation will indemnify to the fullest extent permitted by the Act (i) any director or officer of the Corporation, (ii) any former director or officer of the Corporation, (iii) any individual who acts or acted at the Corporation's request as a director or officer, or in a similar capacity, of another entity, and (iv) their respective heirs and legal representatives. The Corporation is authorized to execute agreements in favour of any of the foregoing persons evidencing the terms of the indemnity. Nothing in this by-law limits the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

**Section 6.3 Insurance.**

The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 6.2 against such liabilities and in such amounts as the directors may determine and as are permitted by the Act.

## **ARTICLE 7 SHAREHOLDERS**

### **Section 7.1        Calling Annual and Special Meetings.**

Any two or more of the directors and each of the chair of the board, the president and the chief executive officer have the power to call annual meetings of shareholders and special meetings of shareholders. Annual meetings of shareholders and special meetings of shareholders will be held on the date and at the time and place in or outside Ontario as the person(s) calling the meeting determine.

### **Section 7.2        Electronic Meetings.**

Meetings of shareholders may be held by telephonic or electronic means. A shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting is deemed for the purposes of the Act to be present at the meeting. The directors may establish procedures regarding the holding of meetings of shareholders by such means.

### **Section 7.3        Notice of Meetings.**

If the Corporation is not an offering corporation, the time period to provide notice of the time and place of a meeting of shareholders is not less than twenty-one (21) days and not more than fifty (50) days before the meeting.

The accidental omission to give notice of any meeting of shareholders to, or the non-receipt of any notice by, any person, or any error in any notice not affecting the substance of the notice, does not invalidate any resolution passed or any action taken at the meeting.

### **Section 7.4        Waiver of Notice.**

A shareholder, a proxyholder, a director or the auditor and any other person entitled to attend a meeting of shareholders may waive notice of a meeting of shareholders, any irregularity in a notice of meeting of shareholders or any irregularity in a meeting of shareholders. Such waiver may be waived in any manner and may be given at any time either before or after the meeting to which the waiver relates. Waiver of any notice of a meeting of shareholders cures any irregularity in the notice, any default in the giving of the notice and any default in the timeliness of the notice.

### **Section 7.5        Representatives.**

A representative of a shareholder that is a body corporate or an association will be recognized if (i) a certified copy of the resolution of the directors or governing body of the body corporate or association, or a certified copy of an extract from the by-laws of the body corporate or association, authorizing the representative to represent the body corporate or association is deposited with the Corporation, or (ii) the authorization of the representative is established in another manner that is satisfactory to the corporate secretary or the chair of the meeting.

### **Section 7.6        Persons Entitled to be Present.**

The only persons entitled to be present at a meeting of shareholders are those persons entitled to vote at the meeting, the directors, the officers, the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted with the consent of the chair of the meeting or the persons present who are entitled to vote at the meeting.

### **Section 7.7        Quorum.**

A quorum of shareholders is present at a meeting of shareholders if the holders of not less than 10% of the shares entitled to vote at the meeting are present in person or represented by proxy, and at least two persons entitled to vote at the meeting are actually present at the meeting.

### **Section 7.8        Proxies.**

A proxy shall comply with the applicable requirements of the Act and other applicable law and will be in such form as the directors may approve from time to time or such other form as may be acceptable to the

chair of the meeting at which the instrument of proxy is to be used. A proxy will be acted on only if it is deposited with the Corporation or its agent prior to the time specified in the notice calling the meeting at which the proxy is to be used or it is deposited with the corporate secretary, a scrutineer or the chair of the meeting or any adjournment of the meeting prior to the time of voting.

**Section 7.9 Chair, Secretary and Scrutineers.**

The chair of any meeting of shareholders is the first mentioned of the following officers that is present at the meeting:

- (a) the chair of the board;
- (b) the president; or
- (c) a vice-president (in order of corporate seniority).

If no such person is present at the meeting, the persons present who are entitled to vote shall choose a director who is present, or a shareholder who is present, to chair the meeting.

The corporate secretary, if any, will act as secretary at meetings of shareholders. If a corporate secretary has not been appointed or the corporate secretary is absent, the chair of the meeting will appoint a person, who need not be a shareholder, to act as secretary of the meeting.

If desired, the chair of the meeting may appoint one or more persons, who need not be shareholders, to act as scrutineers at any meeting of shareholders. The scrutineers will assist in determining the number of shares held by persons entitled to vote who are present at the meeting and the existence of a quorum. The scrutineers will also receive, count and tabulate ballots and assist in determining the result of a vote by ballot, and do such acts as are necessary to conduct the vote in an equitable manner. The decision of a majority of the scrutineers shall be conclusive and binding upon the meeting and a declaration or certificate of the scrutineers shall be conclusive evidence of the facts declared or stated in it.

**Section 7.10 Procedure.**

The chair of a meeting of shareholders will conduct the meeting and determine the procedure to be followed at the meeting. The chair's decision on all matters or things, including any questions regarding the validity or invalidity of a form of proxy or other instrument appointing a proxy, is conclusive and binding upon the meeting of shareholders.

**Section 7.11 Manner of Voting.**

Subject to the Act and other applicable law, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot on the question is required or demanded. Subject to the Act and other applicable law, the chair of the meeting may require a ballot or any person who is present and entitled to vote may demand a ballot on any question at a meeting of shareholders. The requirement or demand for a ballot may be made either before or after any vote on the question by a show of hands. A ballot will be taken in the manner the chair of the meeting directs. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. The result of such ballot shall be the decision of the shareholders upon the question.

In the case of a vote by a show of hands, each person present who is entitled to vote has one vote. If a ballot is taken, each person present who is entitled to vote is entitled to the number of votes that are attached to the shares which such person is entitled to vote at the meeting.

**Section 7.12 Votes to Govern.**

Any question at a meeting of shareholders shall be decided by a majority of the votes cast on the question unless the articles, the by-laws, the Act or other applicable law requires otherwise. In case of an equality of votes either when the vote is by a show of hands or when the vote is by a ballot, the chair of the meeting is not entitled to a second or casting vote.

**Section 7.13      Adjournment.**

The chair of any meeting of shareholders may, with the consent of the persons present who are entitled to vote at the meeting, adjourn the meeting from time to time and place to place, subject to such conditions as such persons may decide. Any adjourned meeting is duly constituted if held in accordance with the terms of the adjournment and a quorum is present at the adjourned meeting. Any business may be considered and transacted at any adjourned meeting which might have been considered and transacted at the original meeting of shareholders.

**ARTICLE 8  
SECURITIES**

**Section 8.1      Form of Security Certificates.**

Subject to the Act, security certificates, if required, will be in the form that the directors approve from time to time or that the Corporation adopts.

**Section 8.2      Transfer of Shares.**

No transfer of a security issued by the Corporation will be registered except upon (i) presentation of the security certificate representing the security with an endorsement which complies with the Act, together with such reasonable assurance that the endorsement is genuine and effective as the directors may require, (ii) payment of all applicable taxes and fees and (iii) compliance with the articles of the Corporation. If no security certificate has been issued by the Corporation in respect of a security issued by the Corporation, clause (i) above may be satisfied by presentation of a duly executed security transfer power, together with such reasonable assurance that the security transfer power is genuine and effective as the directors may require.

**Section 8.3      Transfer Agents and Registrars.**

The Corporation may from time to time appoint one or more agents to maintain, for each class or series of securities issued by it in registered or other form, a central securities register and one or more branch securities registers. Such an agent may be designated as transfer agent or registrar according to their functions and one person may be designated both registrar and transfer agent. The Corporation may at any time terminate such appointment.

**ARTICLE 9  
PAYMENTS**

**Section 9.1      Payments of Dividends and Other Distributions.**

Any dividend or other distribution payable in cash to shareholders will be paid by cheque or by electronic means or by such other method as the directors may determine. The payment will be made to or to the order of each registered holder of shares in respect of which the payment is to be made. Cheques will be sent to the registered holder's recorded address, unless the holder otherwise directs. In the case of joint holders, the payment will be made to the order of all such joint holders and, if applicable, sent to them at their recorded address, unless such joint holders otherwise direct. The sending of the cheque or the sending of the payment by electronic means or the sending of the payment by a method determined by the directors in an amount equal to the dividend or other distribution to be paid less any tax that the Corporation is required to withhold will satisfy and discharge the liability for the payment, unless payment is not made upon presentation, if applicable.

**Section 9.2      Non-Receipt of Payment.**

In the event of non-receipt of any payment made as contemplated by Section 9.1 by the person to whom it is sent, the Corporation may issue re-payment to such person for a like amount. The directors may determine, whether generally or in any particular case, the terms on which any re-payment may be made, including terms as to indemnity, reimbursement of expenses, and evidence of non-receipt and of title.

**Section 9.3 Unclaimed Dividends.**

To the extent permitted by law, any dividend or other distribution that remains unclaimed after a period of 2 years from the date on which the dividend has been declared to be payable is forfeited and will revert to the Corporation.

**ARTICLE 10  
MISCELLANEOUS**

**Section 10.1 Notices.**

Any notice, communication or document required to be given, delivered or sent by the Corporation to any director, officer, shareholder or auditor is sufficiently given, delivered or sent if delivered personally, or if delivered to the person's recorded address, or if mailed to the person at the person's recorded address by prepaid mail, or if otherwise communicated by electronic means permitted by the Act. The directors may establish procedures to give, deliver or send a notice, communication or document to any director, officer, shareholder or auditor by any means of communication permitted by the Act or other applicable law. In addition, any notice, communication or document may be delivered by the Corporation in the form of an electronic document.

**Section 10.2 Notice to Joint Holders.**

If two or more persons are registered as joint holders of any security, any notice may be addressed to all such joint holders but notice addressed to one of them constitutes sufficient notice to all of them.

**Section 10.3 Computation of Time.**

In computing the date when notice must be given when a specified number of days' notice of any meeting or other event is required, the date of giving the notice is excluded and the date of the meeting or other event is included.

**Section 10.4 Persons Entitled by Death or Operation of Law.**

Every person who, by operation of law, transfer, death of a securityholder or any other means whatsoever, becomes entitled to any security, is bound by every notice in respect of such security which has been given to the securityholder from whom the person derives title to such security. Such notices may have been given before or after the happening of the event upon which they became entitled to the security.

**ARTICLE 11  
EFFECTIVE DATE**

**Section 11.1 Effective Date.**

This by-law comes into force when made by the directors in accordance with the Act.

**Section 11.2 Repeal.**

By-Law No. 1 of the Corporation is repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under any such by-law prior to its repeal.



This by-law was made by resolution of the directors on September 28, 2015.

*“Vic Neufeld”*

\_\_\_\_\_  
**Authorized Signatory**

This by-law was confirmed by ordinary resolution of the shareholders on \_\_\_\_\_.

\_\_\_\_\_  
**Authorized Signatory**

## Exhibit “C”

### Aphria Inc.

#### Audit Committee Charter

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Aphria Inc. (“**Aphria**”).

#### **1.0 Purpose**

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of Aphria; and
- external and internal audit processes.

#### **2.0 Composition and Membership**

- (a) The Board will appoint the members (“**Members**”) of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of Aphria or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.
- (b) The Committee will consist of at least three directors. Each Member will meet the criteria for financial literacy established by applicable laws and the rules of any stock exchanges upon which Aphria’s securities are listed, including National Instrument 52-110 — Audit Committees. The majority of Members will meet the criteria for independence established by the aforementioned laws and rules. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment.
- (c) The Board will appoint one of the Members to act as the chairman of the Committee (the “**Chairman**”). The secretary of Aphria (the “**Secretary**”) will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

#### **3.0 Meetings**

- (a) Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.
- (b) At the request of the external auditors of Aphria, the Chief Executive Officer or the Chief Financial Officer of Aphria or any Member, the Chairman will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.

- (c) The Chairman, if present, will act as the chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee the Members in attendance may select one of the members to act as chairman of the meeting.
- (d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.
- (e) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.
- (f) In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Aphria to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

#### **4.0 Duties and Responsibilities**

The duties and responsibilities of the Committee as they relate to the following matters, are as follows:

##### **4.1 *Financial Reporting and Disclosure***

- (a) review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and any guidance with respect to earnings per share to be given, prior to the public disclosure of such information, with such documents to indicate whether such information has been reviewed by the Board or the Committee;
- (b) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information;
- (c) review with management of Aphria, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Aphria's financial position and the results of its operations in accordance with IFRS, as applicable;
- (d) seek to ensure that adequate procedures are in place for the review of Aphria's public disclosure of financial information extracted or derived from Aphria's financial statements, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration;
- (e) review the minutes from each meeting of the Responsible Parties, established pursuant to Aphria's corporate disclosure policy, since the last meeting of the Committee;

##### **4.2 *Internal Controls and Audit***

- (a) review the adequacy and effectiveness of Aphria's system of internal control and management information systems through discussions with management and the external auditor to ensure that

Aphria maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Aphria's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud. From time to time the Committee shall assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of Aphria at any particular time;

- (b) satisfy itself that management has established adequate procedures for the review of Aphria's disclosure of financial information extracted or derived directly from Aphria's financial statements;
- (c) satisfy itself, through discussions with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations;
- (d) review and discuss Aphria's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (e) review, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Aphria's risk management policies and procedures with regard to identification of Aphria's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Aphria;
- (f) recommend the appointment, or if necessary, the dismissal of the head of Aphria's internal audit process;

#### **4.3 External Audit**

- (a) recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of Aphria;
- (b) ensure the external auditors report directly to the Committee on a regular basis;
- (c) review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (d) review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the external auditors;
- (e) review the audit plan of the external auditors prior to the commencement of the audit;
- (f) establish and maintain a direct line of communication with Aphria's external and internal auditors;
- (g) meet in camera with only the auditors, with only management, and with only the members of the Committee at every Committee meeting where, and to the extent that, such parties are present;
- (h) oversee the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;
- (i) oversee the work of the external auditors appointed by the shareholders of Aphria with respect to preparing and issuing an audit report or performing other audit, review or attest services for Aphria, including the resolution of issues between management of Aphria and the external auditors regarding financial disclosure;

- (j) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Aphria, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;
- (k) discuss with the external auditors their perception of Aphria's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
- (l) discuss with the external auditors their perception of Aphria's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks;
- (m) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board;
- (n) review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues;

#### **4.4 *Associated Responsibilities***

- (a) review and approve Aphria's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of Aphria; and

#### **4.5 *Non-Audit Services***

- (a) pre-approve all non-audit services to be provided to Aphria or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

#### **5.0 *Oversight Function***

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Aphria's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Aphria, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Aphria's financial information or public disclosure.

## **6.0 Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

## **7.0 Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding Aphria that is necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at Aphria's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

## **8.0 Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.