



CODE OF BUSINESS CONDUCT AND ETHICS

August 28, 2018

I. Introduction

We require the highest standards of professional and ethical conduct from our employees, officers, directors and consultants (collectively, the "**Service Providers**"). Our reputation for honesty and integrity among our shareholders and other stakeholders is key to the success of our business. No Service Provider will be permitted to achieve business results through violations of laws or regulations, or through unscrupulous dealings.

We intend that the business practices of Inner Spirit Holdings Ltd. and each of its subsidiaries (including without limitation, Spirit Leaf Inc. and Watchit! Consolidated Ltd.) (collectively, the "**Corporation**") will be compatible with the best practices of our industry. Although standards of ethics may vary in different circumstances, honesty and integrity must always characterize our business activity.

This Code of Business Conduct and Ethics (the "**Code**") reflects our commitment to a culture of honesty, integrity and accountability and outlines the basic principles and policies with which all Service Providers are expected to comply. Please read this Code carefully.

In addition to following this Code in all aspects of your business activities, you are expected to seek guidance in any case where there is a question about compliance with either the letter or spirit of our policies and/or applicable laws. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in other specific policies of the Corporation.

It is the responsibility of every Service Provider to bring to the attention of the Corporation knowledge of any situation which might adversely affect the Corporation's reputation. All Service Providers are encouraged to report, verbally, or in writing any evidence of improper practice of which they are aware. As used here, the term "improper practice" means any illegal, fraudulent, dishonest, unsafe, negligent or otherwise unethical action by a Service Provider.

Your cooperation is necessary to the continued success of our business and the cultivation and maintenance of our reputation as a good corporate citizen.

II. Conflicts of Interest

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any way with the interests of the Corporation. A conflict situation can arise when a Service Provider takes actions or has interests that may make it difficult to perform his or her work effectively. Conflicts of interest also arise when a Service Provider, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Corporation. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between the Corporation and any other organization in which you or any member of your family have an interest.

interest. Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by the Corporation's senior management or, in the case of the potential conflict of interest arising with senior management, then by the chair of the corporate governance committee, or if the committee is not able to make a determination, then the board of directors (the "**Board**"). It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interests must be reported immediately to senior management.

Service Providers who become involved in a situation in which their personal interests conflict or might conflict with their duties to the Corporation must immediately report the situation to senior management of the Corporation.

III. Corporate Opportunities

Until a liquidity event (as determined by the Board for the purposes of Section III of this Code) in respect of the Corporation (a "**Liquidity Event**") occurs, all current and former Service Providers are prohibited from taking for themselves or providing to anyone else, opportunities that arise or arose through the use of corporate property, information or position and from using such corporate property, information attained as a result of the individual's position with the Corporation or position with the Corporation for their own or someone else's personal gain. For the purposes of this Section III, "**information**" is deemed to include, but is not limited to, proprietary technical information and concepts, business opportunities, drilling plans, business plans, corporate ideas, corporate strategy, corporate opportunities, acquisition and disposition opportunities, Service Provider details, terms of agreements and decisions of the Corporation. Service Providers are also prohibited from competing directly or indirectly with the Corporation except as required in the ordinary course of such Service Provider's usual business activities. Any conflicts shall be resolved in accordance with the *Business Corporations Act* (Alberta). For certainty, the foregoing restrictions include, but are not limited to, opportunities which: (i) the Board or management has decided not to pursue; (ii) the Corporation or its subsidiaries are unable to pursue; (iii) are determined to be inappropriate for the Corporation or its subsidiaries; (iv) are unsolicited and are presented to the Service Provider by a third party; (v) present a potential benefit to the Corporation or its subsidiaries; (vi) would result in actual or potential competition with the Corporation or its subsidiaries; or (vii) arise in the same geographic region as the Corporation's existing or proposed operations, or those operations of its subsidiaries. Following a Liquidity Event, the provisions of this paragraph will cease to apply, other than as agreed to by the Service Provider in connection with such Liquidity Event.

IV. Confidentiality

Service Providers must maintain the confidentiality of information entrusted to them by the Corporation or that otherwise comes into their possession in the course of their employment, except when disclosure is authorized by the Corporation or the third party providing such information or legally mandated. The obligation to preserve confidential information continues even after you leave the Corporation.

Confidential information is deemed to include all non-public information (as defined above) and proprietary information (as described below) that may be of use to competitors, or harmful to the Corporation or its partners, if disclosed and includes, but is not limited to, proprietary technical information and concepts, business opportunities, business plans, corporate ideas, corporate strategy, corporate opportunities, acquisition and disposition opportunities, Service Provider details, terms of agreements and decisions of the Corporation. It also includes information that suppliers and partners have entrusted to us.

V. Protection and Proper Use of Corporation Assets

All Service Providers should endeavour to protect the Corporation's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Corporation's profitability. Any suspected incidents of fraud or theft should be immediately reported to the senior management or to the Board for investigation.

Corporation assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. Corporation assets may never be used for illegal purposes.

The obligation to protect the Corporation assets includes proprietary information. Proprietary information includes any information that is not generally known to the public or would be helpful to our competitors. Examples of proprietary information are intellectual property, business and marketing plans and Service Provider information. The obligation to preserve proprietary information continues even after you leave the Corporation.

VI. Insider Trading

Insider trading is unethical and illegal. Service Providers are not allowed to trade in securities of a company while in possession of material non-public information regarding that company. It is also illegal to "tip" or pass on inside information to any other person who might make an investment decision based on that information or pass the information on further.

VII. Fair Dealing

Each Service Provider should endeavour to deal fairly with the Corporation's customers, suppliers, competitors and Service Providers. No Service Provider should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

VIII. Compliance with Laws, Rules and Regulations

Compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to our reputation and continued success. All Service Providers must respect and obey the laws of the cities, provinces and countries in which we operate and avoid even the appearance of impropriety. Service Providers who fail to comply with this Code and applicable laws will be subject to disciplinary measures, up to and including discharge from the Corporation. In view of the ever-increasing complexity of the law affecting business activity, whenever a Service Provider is in doubt about the application or interpretation of any legal requirement, the employee should seek the advice of the Corporation's senior management.

Ignorance of the law is not a defense, in general, should a law be contravened. Moreover, agreements or arrangements need not necessarily be in writing to be contrary to the law since it is possible for a contravention to be inferred from the conduct of the parties. Accordingly, Service Providers must diligently ensure that their conduct is not and cannot be interpreted as being in contravention of laws governing the affairs of the Corporation in any jurisdiction where it carries on business.

IX. Compliance With the *Competition Act*

The Corporation believes in fair and open competition, and adheres strictly to the requirements of the *Competition Act* (Canada) (the "**Competition Act**"). The *Competition Act* is a federal law that governs the conduct of business in Canada and deals with both:

- (i) Criminal Offences (e.g. conspiracy, price discrimination, price maintenance, predatory pricing, false and misleading expectations, etc.), each of which are punishable by fines and, in several cases, imprisonment; and
- (ii) Reviewable Matters (e.g. exclusive dealing, refusal to deal, tied selling, market restrictions, etc.), many of which are common business activities and are considered legal until they become the subject of an order of the Competition Tribunal prohibiting the practice. With reviewable matters, in certain cases, the practices are pro-competitive or neutral while in others the practices are anti-competitive. The key factor to be analyzed is whether certain conduct has the effect of

likelihood that the business practices of that company will impact its competitive environment.

We note below some general rules for Service Providers of the Corporation:

Service Providers shall not, other than in the ordinary and usual course of the Service Provider's business, consistent with acceptable industry practice;

- exchange or discuss partners, competitors, proposed operations or expenditures, or any other competitive information;
- enter into any understanding, agreement, plan or scheme, express or implied, formal or informal, with any competitor in regard to prices, terms or conditions relating to exploration, development, production, distribution, suppliers, partners, competitors or customers;
- comply with a request by a supplier, customer, partner or competitor to take action that may be harmful to another supplier, customer, partner or competitor;
- obtain non-public information about a competitor directly from that competitor;
- make false or misleading representations about the Corporation's operations or business;
- alter or destroy any documents which may be the subject of an investigation by the Commissioner of Competition; or
- knowingly engage in any conduct which violates or could violate the Competition Act.

Service Providers shall:

- seek clarification from senior management regarding any situation that may present an issue under the Competition Act;
- tell someone who initiates a discussion regarding a forbidden topic that you cannot discuss it because the Corporation strictly complies with the Competition Act;
- stop any conversation with anyone who insists on discussing a forbidden subject;
- immediately report to senior management any known or suspected violations of the Competition Act or any requests or incidents to agree on prices, allocate suppliers or territories, limit marketing or distribution, etc.; and
- obtain information about competitors from public sources, such as trade publications, government reports and documents published.

Service Providers who disregard the Corporation's Competition Act compliance policy or engage in activities which violate the Competition Act will be disciplined. Depending upon the circumstances, discipline may include a suspension or dismissal.

X. Discrimination and Harassment

We value the diversity of our Service Providers and are committed to providing equal opportunity in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Service Providers are encouraged to speak out when a co-worker's conduct makes them uncomfortable, and to report harassment when it occurs.

XI. Safety and Health

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. The Corporation is committed to keeping its workplaces free from hazards. Please report any accidents, injuries, unsafe equipment, spills, contaminations, practices or conditions immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all Service Providers, Service Providers must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively.

XII. Accuracy of Corporation Records and Reporting

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. The Corporation's accounting records are relied upon to produce reports for the Corporation's management, shareholders, creditors, governmental agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

All Service Providers have a responsibility to ensure that the Corporation's accounting records do not contain any false or intentionally misleading entries. We do not permit intentional misclassification of transactions as to accounts, departments or accounting periods. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

Business records and communications often become public through legal or regulatory investigations or the media. We should avoid exaggeration, derogatory remarks, legal conclusions or inappropriate characterizations of people and companies. This applies to communications of all kinds, including email and informal notes or interoffice memos. Records should be retained and destroyed in accordance with the Corporation's records retention policy.

XIII. Use of E-Mail and Internet Services

E-mail systems and Internet services are provided to help us do work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. You may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment. Also remember that "flooding" our systems with junk mail and trivia hampers the ability of our systems to handle legitimate Corporation business and is prohibited.

Your messages (including voice mail) and computer information are considered Corporation property and you should not have any expectation of privacy. Unless prohibited by law, the Corporation reserves the right to access and disclose this information as necessary for business purposes. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

Violation of these policies may result in disciplinary actions up to and including discharge from the Corporation.

XIV. Political Activities and Contributions

We respect and support the right of our Service Providers to participate in political activities. However, these activities should not be conducted on Corporation time or involve the use of any Corporation resources. Service Providers will not be reimbursed for personal political contributions.

We may occasionally express our views on local and national issues that affect our operations. In such cases, Corporation funds and resources may be used, but only when permitted by law and by our strict Corporation guidelines. The Corporation may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The Corporation may pay related administrative and solicitation costs for political action committees formed in accordance with applicable laws and regulations. No Service Provider may make or commit to political contributions on behalf of the Corporation without the approval of the Chief Executive Officer or Chief Financial Officer.

XV. Gifts and Entertainment

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers, partners and consultants or facilitate approvals from government officials. The exchange, as a normal business courtesy, of meals or entertainment (such as tickets to a sporting or cultural event or a round of golf for example) is a common and acceptable practice as long as it is not extravagant. Unless express permission is received from a member of senior management or the Board, gifts and entertainment cannot be offered, provided or accepted by any Service Provider unless consistent with customary business practices and not (a) of more than token or nominal monetary value, (b) in cash, (c) susceptible to being construed as a bribe or kickback, (d) made or received on a regular or frequent basis or (e) in violation of any laws. Service Providers should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. Our customers, partners, suppliers and the public at large should know that our Service Provider's judgment is not for sale. Under some statutes, giving anything of value to a government official to obtain or retain business or favourable treatment is a criminal act subject to prosecution and conviction. If you are uncertain about the appropriateness of any proposed entertainment or gifts, discuss it with a member of senior management or the Board.

If you are having difficulty determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, ask yourself these guiding questions:

- It is legal?
- Is it clearly business related?
- Is it moderate, reasonable, and in good taste?
- Would public disclosure embarrass the Corporation?
- Is there any pressure to reciprocate or grant special favours?

Strict rules apply when we do business with governmental agencies and officials as discussed in more detail below. Because of the sensitive nature of these relationships, talk with the Chief Executive Officer or the Chief Financial Officer before offering or making any gifts or hospitality to governmental employees.

XVI. Payments to Government Officials

Service Providers must comply with all laws prohibiting improper payments to government or other regulatory officials. If any Service Provider finds that adherence to the Corporation's policy would cause a substantial, adverse effect on operations, that fact should be reported to the Corporation's senior management which will determine whether an exception may lawfully be authorized. If the facilitating payment is made, such payment must be properly entered and identified on the books of the Corporation and all appropriate disclosures made.

Violation of this Code may result in disciplinary actions up to and including discharge from the Corporation.

XVII. Reporting of any Illegal or Unethical behaviour

We have a strong commitment to conduct our business in a lawful and ethical manner. Service Providers are encouraged to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation and to report violations of laws, rules, regulations or this Code. We prohibit retaliatory action against any Service Provider who, in good faith, reports a possible violation. It is unacceptable to file a report knowing it to be false.

XVIII. Waivers of the Code of Business Conduct and Ethics

Any waiver of this Code for any Service Provider will be made only by the Board or a committee of the Board and will be promptly disclosed as required by law or stock exchange regulation, if applicable.

XIX. Compliance Procedures

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact Darren Bondar, CEO, or Robert Verbuck, Legal, for guidance.