

NOTICE OF MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on October 27, 2016

September 16, 2016

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 Friday, October 27, 2016 at 10:00 a.m. (Eastern Daylight Time) at the office of Stikeman Elliott, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9 for the following purposes:

1. to receive the annual audited financial statements of the Company for the financial year ended May 31, 2016, 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 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 approve the deferred share unit plan for the Company; 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 16, 2016 (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, 8th 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 16th day of September, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

"Vic Neufeld"

Vic Neufeld

Chief Executive Officer and Chair of the Board of Directors

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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 16, 2016, 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 Friday, October 27, 2016 at 10:00 a.m. (Eastern Daylight Time) at the office of Stikeman Elliott, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9. 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 re-approval of the stock option plan of Aphria, the approval of a deferred share units 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, 2016. 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, 2016. 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 16, 2016 (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, Co-Founder and Vice-President – Growing Operations 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, 8th 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 Wednesday October 25, 2016 (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.

Notice and Access

The use of the Notice-and-Access Provisions reduces paper waste and mailing costs to the Company. In order for the Company to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting the Circular electronically on a website that is not SEDAR, the Company must send a notice to shareholders, including nonregistered shareholders, indicating that the Circular has been posted and explaining how a shareholder can access it or obtain from the Company, a paper copy of the Circular. This Circular has been posted in full on the Company's website at **https://aphria.com/investors/documents** and under the Company's SEDAR profile at www.sedar.com.

The Company has determined that those registered and beneficial shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Circular together with the Notice of Meeting and form of proxy or voting instruction form.

The Company will deliver copies of the applicable proxy-related materials directly to registered shareholders and non-objecting beneficial owners, through the services of its registrar and transfer agent, Computershare Investor Services Inc. The Company does not intend to pay for the intermediaries to deliver these materials to objecting beneficial owners.

Any registered shareholder who wishes to receive a paper copy of the Circular must contact the Company's transfer agent, Computershare Investor Services Inc., toll-free, within North America - 1-866-962-0498 or direct, from Outside of North America - (514) 982-8716 and entering your 15 digit control number as indicated on your Voting Instruction Form or Proxy. Any beneficial shareholder who wishes to

receive a paper copy of the Circular must contact Broadridge, toll-free, within North America - 1-877-907-7643 or direct, from Outside of North America - (905) 507-5450 and entering your 16 digit control number as indicated on your Voting Instruction Form. In order to ensure that a paper copy of the Circular can be delivered to a requesting shareholder in time for such shareholder to review the Circular and return a proxy or voting instruction form prior to the deadline to receive proxies, it is strongly suggested that a shareholder ensure their request is received no later than October 10, 2016.

All shareholders may call toll-free 1-866-964-0492 in order to obtain additional information regarding the Notice-and-Access Provisions up to and including the date of the Meeting, including any adjournment or postponement of the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of Common Shares. There were 90,413,446 Common Shares of the Company outstanding as of September 16, 2016, 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 is the name 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 16, 2016, more than 10% of the Common Shares:

Name and municipality of residence	Common shares owned or controlled	Percentage of outstanding common shares
COLE CACCIAVILLANI[(1)] Leamington, ON	9,944,444	11.0%
JOHN CERVINI[(2)] Leamington, ON	11,500,001	12.7%

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 11,500,001 Fulfill Holdings Inc., a company of which he is the President and sole shareholder.

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, 2016 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 was a new nominee in 2015 and Ms. Dickinson, who is a new nominee in 2016.

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 sets forth certain information regarding the nominees, including a brief biography, their position with the Company, their principal occupation or employment during the last five years, date first elected or appointed as a director of the Company, Board and Committee attendance, Board compensation for the previous year, the number of Aphria securities beneficially owned, controlled or directed, indirectly or directly by each nominee, the total value of the securities as at the Record Date and whether or not they met the requirements of the Company's minimum stock ownership guidelines:



VIC NEUFELD,
LAKESHORE, ONTARIO, CANADA

DIRECTOR SINCE: 2014

INDEPENDENT DIRECTOR: NO

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

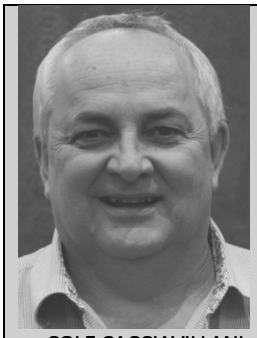
Mr. Neufeld is the Chief Executive Officer and Chair of the Board of Aphria Inc. Mr. Neufeld was formerly a Partner with Ernst & Young LLP, formerly the CEO of Jamieson Laboratories, Canada's largest manufacturer and distributor of natural vitamins, minerals, concentrated food supplements, herbs and botanical medicines. He currently sits as the Chair of Enwin Utilities Ltd., a local energy provider, sits on the board of WFCU Credit Union, Neputne Technologies & Bioresources Inc. and Reko International Group Inc.

Board & committees	Attendance	Percentage attendance
Board	8 of 8	100%
Audit	6 of 6	100%

Securities, owned, controlled or directed	$
Common shares (671,514 shares)	2,108,554
Warrants (138,181 warrants)	433,888
Stock options (1,360,000 options)	4,270,400
Total value of securities	6,812,842

Other public company boards
Reko International Group Inc. (TSX-V: REK)
Neptune Technologies & Bioresources Inc. (TSX: NTB)

Board compensation entitlement next year	$
Annual retainer	Nil
Audit committee	Nil
Compensation, Nominating & Governance Committee	Nil
Total	Nil



COLE CACCIAVILLANI,
LEAMINGTON,
ONTARIO, CANADA

DIRECTOR SINCE: 2014

INDEPENDENT DIRECTOR: NO

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

Mr. Cacciavillani, a Co-Founder, is Vice-President – Growing Operations and a director of Aphria Inc. Mr. Cacciavillani is an industrial engineer with 35 years of experience in the agricultural and greenhouse industry. Mr. Cacciavillani is the Secretary/Treasurer of Cacciavillani and F.M Farms Ltd. and the Chief Executive Officer of CF Industrial Inc. Mr. Cacciavillani is the Co-Chair of Fundraising for the Erie Shores Campus Hospice and he is a recipient of the Queen Elizabeth II Diamond Jubilee Medal.

Board & committees	Attendance	Percentage attendance
Board	8 of 8	100%

Securities, owned, controlled or directed	$
Common shares (9,944,444 shares)	31,225,554
Stock options (570,000 options)	1,789,800
Total value of securities	33,015,354

Other public company boards
None

Board compensation entitlement next year	$
Annual retainer	Nil
Audit committee	Nil
Compensation, Nominating & Governance Committee	Nil
Total	Nil



JOHN CERVINI,
LEAMINGTON,
ONTARIO, CANADA

DIRECTOR SINCE: 2014

INDEPENDENT DIRECTOR: NO

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

Mr. Cervini, a Co-Founder, is Vice-President – Infrastructure & technology and a director of Aphria. Mr. Cervini is a fourth generation greenhouse grower 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 Carpentaria, California and Guadalajara, Mexico.

Board & committees	Attendance	Percentage attendance
Board	8 of 8	100%

Securities, owned, controlled or directed	$
Common shares (11,500,001 shares)	36,110,003
Stock options (570,000 options)	1,789,800
Total value of securities	37,890,803

Other public company boards
None

Board compensation entitlement next year	$
Annual retainer	Nil
Audit committee	Nil
Compensation, Nominating & Governance Committee	Nil
Total	Nil



DENNIS STAUDT,
KINGSVILLE, ONTARIO, CANADA

DIRECTOR SINCE: 2014

INDEPENDENT DIRECTOR: YES

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

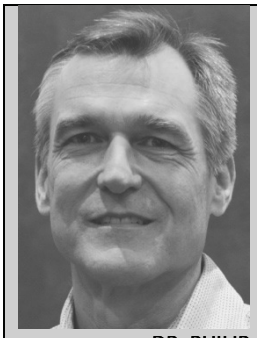
Mr. Staudt is a director of Aphria. Mr. Staudt is a retired Partner from PricewaterhouseCoopers LLP. Mr. Staudt continues to provide business advisory services to a number of private companies, primarily in the manufacturing and greenhouse sectors. He is also Vice-President of Staudt Farms Limited, a family owned farming operation in Leamington, Ontario.

Board & committees	Attendance	Percentage attendance
Board	8 of 8	100%
Audit	6 of 6	100%
CNG	5 of 5	100%

Securities, owned, controlled or directed	$
Common shares (60,000 shares)	188,400
Warrants (60,000 warrants)	188,400
Stock options (60,000 options)	188,400
Total value of securities	565,200

Other public company boards
None

Board compensation entitlement next year	$
Annual retainer	36,000
Audit committee (Chair)	6,000
Compensation, Nominating & Governance Committee	Nil
Total	42,000



DR. PHILIP WADDINGTON,
CHELSEA, QUEBEC, CANADA

DIRECTOR SINCE: 2014

INDEPENDENT DIRECTOR: YES

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

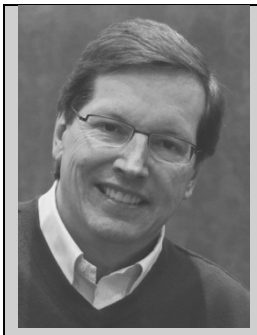
Dr. Waddington is a director of Aphria Inc. Dr. Waddington, a trained naturopathic physician, is a leader in the field of regulating natural health products. From January 2000 to August 2008, Dr. Waddington served as the inaugural Director General of the Natural Health Products Directorate (NHPD) of Health Canada. He is also the Executive Director of the Canadian Homeopathic Pharmaceutical Association (CHPA).

Board & committees	Attendance	Percentage attendance
Board	8 of 8	100%
CNG	5 of 5	100%

Securities, owned, controlled or directed	$
Common shares (25,000 shares)	78,500
Stock options (0 options)	--
Total value of securities	78,500

Other public company boards
None

Board compensation entitlement next year	$
Annual retainer	36,000
Audit committee	Nil
Compensation, Nominating & Governance Committee	Nil
Total	36,000



ROB KOZLOV,
TORONTO, ONTARIO, CANADA

DIRECTOR SINCE: 2015

INDEPENDENT DIRECTOR: YES

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

Mr. Kozlov is a director of Aphria Inc. Mr. 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.

Board & committees	Attendance	Percentage attendance
Board	5 of 5	100%
Audit	2 of 2	100%
CNG	4 of 4	100%

Securities, owned, controlled or directed	$
Common shares (25,000 shares)	78,500
Stock options (60,000 options)	188,400
Total value of securities	266,900

Other public company boards
None

Board compensation entitlement next year	$
Annual retainer	36,000
Audit committee	4,000
Compensation, Nominating & Governance Committee (Chair)	2,000
Total	42,000



ARLENE DICKINSON,
CALGARY ALBERTA, CANADA

DIRECTOR SINCE: 2016

INDEPENDENT DIRECTOR: YES

MEETS MINIMUM STOCK OWNERSHIP GUIDELINE: YES

Ms. Dickinson, owner and CEO of Venture Communications, a company she grew from a small, local firm to one of the largest independent agencies in Canada, is also the CEO of District Ventures and Youinc.com. Companies all aimed at helping market, fund and grow entrepreneurs and entrepreneurial companies. She is a two times best-selling author, accomplished speaker and is best known to Canadians as one of the venture capitalists on the award-winning CBC series[1] *Dragons'[1] Den*.

Board & committees	Attendance	Percentage attendance
Not applicable		

Securities, owned, controlled or directed	$
Common shares (25,000 shares)	78,500
Stock options (0 options)	0
Total value of securities	78,500

Other public company boards
Neutrisci International Inc. (TSX-V) Anchor Capital Corporation (TSX-V)

Board compensation entitlement next year	$
Annual retainer	36,000
Audit committee	Nil
Compensation, Nominating & Governance Committee	Nil
Total	36,000

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.

Cease trade orders, bankruptcies, penalties or sanctions

To the knowledge of the Company, none of the nominees for election as Director of the Company is as at the date hereof, or within 10 years before the date hereof:

i. is, or has been a director, CEO or chief financial officer ("CFO") of any corporation that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant corporation access to any exemption under applicable securities legislation, that was in effect for a period of more than 30 consecutive days (an "Order"), which Order was issued while the director executive officer was acting in the capacity as director, CEO or CFO;

ii. was subject to an Order that was issued after the director executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;

iii. is, or has been a director or executive officer of any corporation (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

iv. has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Furthermore, to the knowledge of the Company, no nominee has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; and (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a nominee.

Appointing auditors

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

Attached as Exhibit "D" to this Circular is a copy of the Reporting Package (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (''**NI 51-102**'')), which includes the Notice of Change of Auditor and letters from the MNP LLP and PricewaterhouseCoopers LLP stating that they agree with the statements in the Notice of Change of Auditor. Those statements include (i) that there have been no reservations in the reports of MNP LLP on the financial statements of the Company for the two most recently completed fiscal years and (ii) that there have been no reportable events (as defined in NI 51-102). The Reporting Package was filed with the requisite securities regulatory authorities on SEDAR (www.sedar.com) on September 2, 2016.

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 appointment of PricewaterhouseCoopers 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, 2016 and 2015, are as set out below (including estimates).

	May 2016 ($)	May 2015 ($)
Audit Fees[(1)]	60,000	58,850
Audit Related Fees[(2)]	19,000	-
Tax Fees[(3)]	-	5,000
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 Venture Exchange ("**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 optionees' 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 5,168,454 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.

Approval of deferred share unit plan

Subject to approval of the ordinary resolution, annexed hereto as Exhibit B, by the Shareholders at the Meeting, the Company will implement a deferred share unit plan (the "**DSU Plan**") which will promote the interests of the Company by attracting and retaining qualified persons to serve on the Board and to service the Company and to afford such participants in the DSU Plan an opportunity to receive a portion of their compensation for serving as a director or officer of the Company in the form of securities of the Company. A copy of the DSU Plan is attached hereto as Schedule "B-1" to Exhibit "B".

The CNG Committee of the Board will administer the DSU Plan and determine which members of the Board and officers of the Company are eligible to participate (the "**Participants**") and to whom awards of deferred share units ("**DSUs**", each a "**DSU**") will be made. Each existing or new member of the Board or certain officers may elect in writing, once each year, to be paid a percentage of his or her annual retainer or annual bonus, as applicable, in the form of DSUs, with the balance being paid in cash. If no election is made in respect of a particular fiscal year, the Participant will receive the annual retainer or annual bonus, as applicable, in cash.

The number of Deferred Share Units granted at any particular time pursuant to the DSU Plan will be calculated by: (a) in the case of an elected amount, by dividing (i) the dollar amount of the elected

amount allocated to the participant by (ii) the Share Price of a Common Share on the applicable award date; or (b) in the case of a grant of Deferred Share Units by dividing (i) the dollar amount of such grant by (ii) the Share Price of a Common Share on the applicable grant date. "**Share Price**" at any date in respect of the Common Shares means the volume weighted average trading price of the Common Shares on the TSX-V for the five (5) trading days immediately preceding the applicable date.

Dividend equivalents are awarded in respect of DSUs in a Participant's account on the same basis as if the Participant was a Shareholder on the relevant record date, and the dividend equivalents are credited to the Participant's account as additional DSUs (or fractions thereof).

The maximum number of Common Share issuable under the DSU Plan shall not exceed 10% of the then issued and outstanding Common Shares pursuant to the DSU Plan (together with any other share-based compensation arrangement of the Company, including the Option Plan), and the aggregate value of DSUs awarded to non-executive directors within any one-year period under the DSU Plan together with all other security based compensation arrangements of the Company shall not exceed $150,000 in value of equity per Participant.

Upon a Participant ceasing to be a member of the Board or officer of the Company, he or she may by the 90th day following the date on which the Participant ceases to hold any position as a director of the Company or ceases to be an officer and employee of the Company (the "**Termination Date**"), elect to receive net of any applicable withholding taxes: (i) a cash payment equal to the number of DSUs credited to the Participant's account as of the Termination Date, multiplied by the Share Price of the Common Shares; (ii) Common Shares purchased on the Participant's behalf on the open market by a broker; or (iii) a combination thereof.

Notwithstanding the foregoing, the Company has the absolute discretion, subject to any necessary Shareholder and regulatory approvals, to issue to the Participant such number of Common Shares from treasury as equal the number of DSUs, net of the number of DSUs that would equal the applicable withholding taxes recorded in the Participant's account on the Termination Date. In the absence of the giving of a notice of redemption, the Participant will be deemed to have elected a cash payment. In the event of death of a Participant, no notice of redemption shall be required and the Company shall within one (1) calendar year in the case of a Participant, make a lump sum cash payment for the benefit of the trustee, administrator or other legal representative of the individual. The lump sum cash payment would be equivalent to the cash payment on the Termination Date.

Under no circumstances shall DSUs be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of common shares of the Company nor shall any Participant be considered a Shareholder by virtue of the award of DSUs.

The rights or interests of a Participant under the DSU Plan are not assignable or transferable, otherwise than by will or the laws governing the devolution of property in the event of death. Further, such rights or interests are not to be encumbered.

The Board may from time to time amend, suspend or terminate the DSU Plan in whole or in part without further shareholder approval; however, the DSU Plan sets out what the Board may and may not do, without obtaining the approval of Shareholders, in respect of amendments to the DSU Plan. A full copy of the DSU plan will be made available to shareholders upon request, and will be posted on the Company's SEDAR profile.

The adoption of the DSU Plan must be approved by the TSX-V and ratified by a majority vote of the Shareholders.

The Board recommends that Shareholders vote **FOR** the DSU Plan Resolution, as set out in Exhibit B. In the absence of contrary instructions, the persons named in the enclosed form of proxy intend to vote FOR the DSU Plan Resolution, as set out in Exhibit B.

Unless specifically instructed to vote against the DSU 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.

STATEMENT OF DIRECTOR AND NAMED EXECUTIVE OFFICER 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, Carl Merton, Chief Financial Officer, Cole Cacciavillani, Vice-President – Growing Operations, and John Cervini, Vice President – Infrastructure & Technology, for the period ended May 31, 2016. The list of NEO's also includes Jonathan Leong, who acted as the Chief Financial Officer up to December 15, 2015, pursuant to a financial management agreement between the Company and ALOE Finance Inc.

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation and governance matters, the Board has established a Compensation, Nominating & Governance Committee (the "**CNG Committee**"). For more information on the CNG Committee see "*Statement of corporate governance – board committees – CNG committee*".

As of August 24, 2016, the CNG Committee is comprised of Dennis Staudt, Philip Waddington and Rob Kozlov, each of whom is "independent" within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

All three CNG 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, professional firms and/or board positions where they were required to make or were involved in 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 CNG 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 CNG 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 CNG Committee also reviews Aphria's compensation policies and practices to determine whether they may encourage excessive or inappropriate risk. The CNG 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.

Minimum stock ownership guideline

The Board believes that it is in the best interest of the Company and its shareholders to align the financial interests of the Company's executives and non-employee directors of the Board with those of the Company's shareholders. In this regard, the CNG Committee of the Board has recommended and the Board has adopted the following minimum stock ownership guidelines.

The Policy is applicable to all of the directors and officers of the Company.

The directors and officers of the Company should own shares of the Company's common stock which have a fair market value equal to the following multiples of the Participant's base salary (or, in the case of a non-employee director, the cash annual retainer paid to the non-employee director by the Company):

Position	Base compensation multiple
Chief Executive Officer	3.0 times
Directors	2.0 times
Chief Financial Officer	1.0 times
Other Officers	0.5 times

The following may be used in determining share ownership:

1. Shares owned directly (including through open market purchases);

2. Shares owned jointly or separately by the individual's spouse;

3. Shares held in trust for the benefit of the officer or director, their spouse and/or children residing at the same residence; and,

4. Deferred Share Units (vested).

Unexercised stock options (whether vested or not vested), convertible debt and warrants do not count toward meeting these guidelines until they have been converted or exercised into common shares.

The value of the ownership requirement is based upon the officer or director's then current base salary or annual retainer and the determination will be made at the end of May of each year and will be based on the average closing price of the Company's Shares on the TSX-V for the 20 trading days preceding and including May 31 of the prior fiscal year.

While the applicable level of ownership is expected to be satisfied by each officer or director within five (5) years after first becoming subject to these guidelines, officer's must purchase a minimum of 25,000 common shares within the first year of their hire and director's must possess a minimum of 25,000 common shares prior to the Record Date of the Annual General Meeting, in which they are to be first elected. Once the officer or director's level of ownership satisfies the applicable guideline, ownership of the guideline level is expected to be maintained for as long as the officer or director remains in their role with the Company. In the event of an increase in an officer's base salary or a director's annual retainer, they will have five (5) years from the time of the increase to acquire any additional Shares required to meet these guidelines. Until such time that each individual officer meets the level of ownership of the guideline, that officer shall be awarded one-half (½) of their annual bonus in deferred share units.

Elements of compensation program - NEOs

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, including the DSU Plan. These three principal elements of compensation are described below.

The CNG 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 medical marijuana investment companies of comparable size.

Aphria does not engage compensation consultants for the purposes of performing benchmarking or applying 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 CNG Committee.

Annual cash bonus

The Board, in its sole discretion, may award Named Executive Officers with an annual bonus of such Named Executive Officer's base salary for that year, payable in cash. Annual bonuses will be awarded based on quantitative performance standards, and will reward performance of 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. The NEO's annual cash bonus is calculated as follows:

Name	Position	Maximum annual bonus (1)	Target #1, meet or exceed 2017 budgeted sales level (1)	Target #2, meet or exceed 2017 budgeted gross profit level (1)	Target #3, meet or exceed 2017 budgeted EBITDA level(1)
Vic Neufeld	Chief Executive Officer	45%	15%	15%	15%
Carl Merton	Chief Financial Officer	30%	10%	10%	10%
Cole Cacciavillani	Co-Founder and Vice-President – Growing Operations	30%	10%	10%	10%
John Cervini	Co-Founder and Vice-President – Infrastructure & Technology	30%	10%	10%	10%

(1) – as a percentage of base salary

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.

Elements of compensation program – directors

The compensation of the Directors will include two major elements: (a) annual retainer, including committee fees and (b) 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 principal elements of compensation are described below.

The CNG Committee, in conjunction with the Board, has established an appropriate comparator group for purposes of setting the future compensation of the Directors. The Directors do not benefit from pension plan participation. Perquisites and personal benefits are not available to the Directors.

Annual retainer

The Board with assistance from the CNG Committee reviews Aphria's approach to director compensation. The CNG Committee considers many factors, including whether compensation fairly reflects the responsibilities and risks involved. The CNG Committee may retain an independent external consultant to provide data and advice to the CNG 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. Annual retainers are intended to provide an appropriate level of fixed compensation that will assist in director retention and recruitment.

Effective January 1, 2016, the Board approved an annual retainer of $18,000 for each board member, in addition, they approved committee retainers for each member of $4,000 for the Audit Committee and $2,000 for the CNG Committee and they approved a Chair retainer of $1,000 for the Audit Committee chair.

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.

Deferred Share Unit Plan

The DSU Plan provides directors and officers with the opportunity to participate in the DSU Plan, at the discretion of the Board. The Board determines the award of Deferred Share Units 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; and (iii) the Company's need to retain or attract particular key personnel; and (iv) the share ownership guidelines implemented for directors and officers. In addition, participants can elect to take some or all of their cash compensation (either his or her annual board retainer or annual bonus, as applicable) in Deferred Share Units.

The DSU Plan is intended to provide executives with the promise of longer term rewards which appreciate in value with the favorable future performance of the Company. The Board believes that the DSU Plan provides a method of retention and motivation for the directors and officers of the Company.

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, 2016 and 2015.

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 [(1)] CEO and Director	2016 2015	174,415[(6)] 120,000	26,462[(9)] -	- -	18,768[(10)] -	- 185,000[(11)]	219,645 305,000
CARL MERTON [(2)] CFO	2016 2015	120,048[(7)] 3,000	11,359[(9)] -	- -	- -	- -	131,407 3,000
COLE CACCIAVILLANI[(3)] VP – Growing Operations and Director	2016 2015	139,115[(8)] 120,000	13,912[(9)] -	- -	- -	- -	153,027 120,000
JOHN CERVINI[(4)] VP – Infrastructure & Technology and Director	2016 2015	139,115[(8)] 120,000	13,912[(9)] -	- -	- -	- -	153,027 120,000

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
		($)	($)	($)	($)	($)	($)
DENNIS STAUDT Director	2016 2015	18,065 3,000	- -	- -	- -	- -	18,065 3,000
PHILIP WADDINGTON Director	2016 2015	16,123 3,000	- -	- -	- -	- -	16,123 3,000
ROB KOZLOV Director	2016 2015	11,585 -	- -	- -	- -	- -	11,585 -
JONATHAN LEONG[(5)] Former CFO	2016 2015	70,000 120,000	- -	- -	- -	- -	70,000 120,000

Notes:

(1) Mr. 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. Merton was elected as a Director on December 2, 2014. Mr. Merton resigned as a Director on December 15, 2015. Mr. Merton was appointed Chief Financial Officer on December 15, 2015.

(3) Mr. Cacciavillani did not receive any compensation in his role as a director.

(4) Mr. Cervini did not receive any compensation in his role as a director.

(5) Mr. Leong was appointed Chief Financial Officer on June 3, 2014. Mr. Leong resigned on December 15, 2015.

(6) Includes a $1,000 signing bonus for executing employment agreement. Mr. Neufeld's annual salary as at May 31, 2016 is $240,000 per annum. Mr. Neufeld did not receive any compensation related to his position as a director of the Company.

(7) Mr. Merton received $6,462 as director fees prior to resigning as a director. Mr. Merton received $113,586 as Chief Financial Officer, including a $1,000 signing bonus for executing employment agreement. Mr. Merton's annual salary as at May 31, 2016 is $205,000.

(8) Includes a $1,000 signing bonus for executing employment agreement. Mr. Cacciavillani and Mr. Cervini's annual salary as at May 31, 2016 is $140,000 per annum. Neither Mr. Cacciavillani nor Mr. Cervini received any compensation related to their positions as directors of the Company.

(9) Bonus amounts related to fiscal 2016 will be paid in fiscal 2017.

(10) Represents cash cost to Company of Mr. Neufeld's leased corporate vehicle and insurance.

(11) Includes compensation for consulting services provided prior to going public.

Compensation securities table

The following table discloses the particulars of the option-based awards granted to NEOs and directors of the Company during the fiscal year-ended May 31, 2016.

COMPENSATION SECURITIES						
Name and position	Number of securities underlying unexercised options and percentage of class[1]	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 CEO and Director	50,000 0.9%	December 11, 2015	1.30	1.20	1.37	December 11, 2018
CARL MERTON CFO	200,000 3.7%	September 8, 2015	0.85	0.83	1.37	September 8, 2020
COLE CACCIAVILLANI VP – Growing Operations and Director	20,000 0.4%	December 11, 2015	1.30	1.20	1.37	December 11, 2018
JOHN CERVINI VP – Infrastructure & Technology and Director	20,000 0.4%	December 11, 2015	1.30	1.20	1.37	December 11, 2018
DENNIS STAUDT Director	10,000 0.2%	December 11, 2015	1.30	1.20	1.37	December 11, 2018
PHILIP WADDINGTON Director	10,000 0.2%	December 11, 2015	1.30	1.20	1.37	December 11, 2018
ROB KOZLOV Director	50,000 0.9% 10,000 0.2%	November 1, 2015 December 11, 2015	1.19 1.30	1.19 1.20	1.37 1.37	November 1, 2020 December 11, 2015
JONATHAN LEONG Former CFO	Nil	Nil	Nil	Nil	Nil	Nil

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, 2016.

EXERCISE OF COMPENSATION SECURITIES BY DIRECTORS AND NEOS						
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 CEO and Director	-	N/A	N/A	N/A	N/A	N/A
CARL MERTON CFO	-	N/A	N/A	N/A	N/A	N/A
JONATHAN LEONG Former CFO	-	N/A	N/A	N/A	N/A	N/A
COLE CACCIAVILLANI VP – Growing Operations and Director	-	N/A	N/A	N/A	N/A	N/A
JOHN CERVINI VP – Infrastructure & Technology and 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 agreements

Aphria currently has employment agreements in place with Mr. Neufeld, Mr. Merton, Mr. Cacciavillani and Mr. Cervini.

The employment agreements with Messrs. Neufeld, Merton, Cacciavillani and Cervini provide for, among other things, the continuation of each executive's employment but does not include an expiration date.

Mr. Neufeld is entitled to a salary at the rate of $240,000 per annum, effective January 1, 2016, a monthly car allowance of $750, a monthly gas allowance of up to $250, an annual bonus of up to 45% of his 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. Mr. Merton is entitled to a salary at the rate of $205,000 per annum, effective December 11, 2015, a monthly car allowance of $750, a monthly gas allowance of up to $250, an annual bonus of up to 30% of his 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. Mr. Cacciavillani and Mr. Cervini are each entitled to a salary at the rate of $140,000 per annum, effective January 1, 2016, a monthly car allowance of $750, an annual bonus of up to 30% of their 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 that Messrs. Neufeld, Merton, Cacciavillani or Cervini are terminated without cause, they will be entitled to a payment equal of at least six months' base salary, plus one additional month per year of service, up to one year's base salary (in each case, a "**Termination Benefit**").

In the event Messrs. Neufeld, Merton, Cacciavillani or Cervini 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 equal to twice their Termination Benefit.

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. No portion of the D&O Insurance is directly paid by any director or officer of the Company.

Equity compensation plan information as of the fiscal year-ended May 31, 2016

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 security holders	4,975,000	$0.84	2,030,393
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	4,975,000	$0.84	2,030,393

Narrative discussion of stock option plans and other incentive plans

Please refer to the section above entitled "*Business of the meeting – re-approval of stock option plan*" for a description of the Plan and its significant terms and *Business of the meeting – approval of deferred share unit plan"* for a description of the DSU 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.

Subsequent to the most recently completed fiscal year of the Company, the Company purchased the municipal property known as 265 Talbot Street West, Leamington, Ontario from Cacciavillani and F.M. Farms Ltd, operating as CF Greenhouses ("**CF Greenhouses**") (the transaction "**CF Greenhouse Land Acquisition**") for $6.1 million. As part of the transaction, CF Greenhouses assumed a vendor take-back mortgage in the amount of $2.85 million, bearing interest at 6.75% per annum, with an amortization period of 5 years. CF Greenhouses is a greenhouse growing company controlled in part by Cole Cacciavillani, Director and VP – Growing Operations of Aphria.

Interests of informed persons in material transactions

Up until June 30, 2016, Aphria leased its greenhouse facilities from CF Greenhouses. CF Greenhouses is a greenhouse growing company controlled in part by Cole Cacciavillani, Director and VP – Growing Operations of Aphria. The lease agreement expires on December 31, 2018 with two additional 5-year renewal options available at the Company's discretion. On June 30, 2016, the lease with CF Greenhouses terminated when Aphria completed the CF Greenhouse Land Acquisition.

Up until June 30, 2016, pursuant to a support services agreement between Aphria and CF Greenhouses (the "**Support Services Agreement**"), Aphria was able to leverage already established contacts between CF Greenhouses and Aphria and allowed 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 had 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. On June 30, 2016, the Support Services Agreement terminated with CF Greenhouse as a result of the CF Greenhouse Land Acquisition.

For additional information on these transactions, refer to the financial statements of Aphria for the year-ended May 31, 2016 and the Annual Information Form of Aphria for the year-ended May 31, 2016.

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 CNG 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 June 1, 2015 to May 31, 2016, the board and the committees met as follows

	Meetings held
Board	8
Audit Committee	6
CNG Committee	5

Attendance

The attendance record of each director is set out below:

Director	Board meetings attended	Audit committee meetings attended	CNG committee meetings attended
Vic Neufeld	8	6	N/A
Cole Cacciavillani	8	N/A	N/A
John Cervini	8	N/A	N/A
Dennis Staudt	8	6	5
Philip Waddington	8	N/A	5
Rob Kozlov	5	2	4

Note: Mr. Kozlov did not join the board until the Annual General Meeting in 2015.

Chair of the board

Mr. Neufeld, serve as Chair of the Board, and is not considered independent due his role as a founder of Aphria, and his officer position. 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 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 CNG 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 CNG 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 exchange	Position	Period
Vic Neufeld	Reko International Group Inc. Neptune Technologies & Bioresources Inc.	TSX-V TSX	Director Director	December 2004 – Present July 12, 2016 - Present
Carl Merton	Reko International Group Inc.	TSX-V	Chief Financial Officer	October 2007 – November 2015

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 CNG Committee which oversees the nomination of directors. Each of the three directors who comprise the CNG Committee is independent within the meaning of NI 58-101.

The CNG 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 CNG 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.

Board committees

The Board has two committees, Audit Committee and the CNG Committee (each alternatively a **"Committee"** and collectively, the **"Committees"**).

Audit committee

The Audit Committee consists of Dennis Staudt, Vic Neufeld and Rob Kozlov, of whom Messrs. Staudt and Kozlov 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, if any. The Audit Committee has specific responsibilities relating to Aphria's financial reports; the external auditor; the internal audit function, if any; 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".

CNG committee

The CNG Committee consists of Dennis Staudt, Philip Waddington and Rob Kozlov, all of whom are "independent" within the meaning of NI 58-101. The CNG Committee is charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of Aphria. In addition, the CNG 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 programs 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 and on the Company's website at 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 16, 2016 prepared for the purpose of the annual and special meeting of shareholders held on October 27, 2016, be and is hereby approved, ratified, sanctioned and confirmed;

2. the total number of Common Shares issuable pursuant to the Deferred Share Units Plan and the Incentive Stock Option 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^{th}) 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 r 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:

DATE OF GRANT	NUMBER OF OPTIONS	EXERCISE PRICE (CDN$)	VESTING SCHEDULE	EXPIRY DATE
●	●	●	●	●

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"

DSU Plan Resolution

RESOLUTION APPROVING
THE DEFERRED SHARE UNIT PLAN
OF THE COMPANY

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the Deferred Share Unit Plan of the Company (the "**DSU Plan**") as set out in Schedule "B-1" to Exhibit "B" of the Management Information Circular of the Company dated September 16, 2016 prepared for the purpose of the annual and special meeting of shareholders held on October 27, 2016, be and is hereby approved, ratified, sanctioned and confirmed;

2. the total number of deferred share units issuable pursuant to the DSU Plan and the Incentive Stock Option Plan shall be fixed at 10% of the issued shares outstanding at the time of any option or deferred share unit grant, subject to adjustment as set forth in either 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 deferred share units pursuant to and subject to the terms and conditions of the DSU 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 "B"

Schedule "B-1"

DSU Plan

See attached.

APHRIA INC.

DEFERRED SHARE UNIT PLAN

September 16, 2016

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DEFERRED SHARE UNIT PLAN

Section 1 Purpose of the Plan.

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; and (v) attracting new directors, employees and officers.

Section 2 Definitions.

As used in the Plan, the following terms have the following respective meanings:

"Account" means an account maintained for each Participant on the books of the Corporation which will be credited with Deferred Share Units and Dividend Equivalents, in accordance with the terms of the Plan.

"**Affiliate**" has the meaning ascribed to that term under section 1(2) of the *Securities Act* (Ontario), as now in effect, or such other meaning, and shall include such other entities, as may be determined by the Board.

"**Annual Board Retainer**" means the annual retainer paid by the Corporation to a director in a fiscal year for service on the Board, together with Board committee fees, attendance fees and additional fees and retainers to committee chairs.

"**Annual Bonus"** means the discretionary annual bonus paid by the Corporation to an officer in a fiscal year for service to the Corporation.

"Board" means the Board of Directors of the Corporation.

"Broker" means a broker independent from the Corporation or any of its subsidiaries who has been designated by the Corporation as the broker that will purchase Common Shares pursuant to the Plan and who is a member of the principal Canadian stock exchange or other public exchange on which the Common Shares are listed.

"Committee" means the Compensation, Nominating and Governance Committee of the Board.

"Common Shares" means the common shares of the Corporation.

"Corporation" means Aphria Inc.

"Deferred Share Unit" means a bookkeeping entry equivalent in value to a Common Share credited to a Participant's Account in accordance with the terms of the Plan.

"Dividend Equivalent" means a bookkeeping entry equivalent in value to a dividend paid on a Common Share credited to a Participant's Account in accordance with Section 11 of the Plan.

"**Final Payment**" has the meaning ascribed to that term in Section 10 of the Plan.

"Grant Agreement" means an agreement between the Corporation and a Participant under which a Deferred Share Unit is granted, substantially in the form attached hereto as Schedule "A", as each may be amended from time to time;

"Insider" shall have the meaning ascribed thereto in the *Securities Act* (Ontario) or its successor, as amended from time to time.

"**Non-Executive Director**" means a member of the Board who is not an officer or employee of the Corporation or of any of its Affiliates.

"Notice of Redemption" means written notice, substantially in the form attached hereto as Schedule "D", by the Participant, or the administrator or liquidator of the estate of the Participant, to the Corporation of the Participant's wish to redeem his Deferred Share Units for cash or Common Shares of the Corporation.

"Participant" means a director or officer of the Corporation who is designated by the Committee as eligible to participate in the Plan.

"Plan" means this Aphria Inc. Deferred Share Unit Plan as set forth herein and as may be amended from time to time.

"Share Price" means the volume weighted average trading price of the Common Shares on the TSXV for the five (5) consecutive trading days immediately preceding the applicable date.

"Termination Date" means the date upon which a Participant ceases to be a director, officer, and, if applicable, an employee of the Corporation and all Affiliates, for any reason including, without limiting the generality of the foregoing, as a result of retirement, death, voluntary or involuntary termination without cause, or permanent disability.

"**TSXV**" mean 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.

Section 3 Deferred Share Units Subject to the Plan.

(1) 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 security based compensation arrangements of the Corporation, shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Any Common Share subject to a Deferred Share Unit which for any reason is cancelled or terminated without having been redeemed shall again be available for grants under the Plan, and under all other security based compensation arrangements.

(2) The aggregate value of Deferred Share Units awarded to Non-Executive Directors within any one-year period under the Plan together with all other security based compensation arrangements of the Corporation, if any, shall not exceed $150,000 in value of equity per Participant.

(3) The maximum number of Common Shares issued to Insiders under the Plan, or when combined with any other previously established or proposed share compensation arrangements, within any one-year period, may not exceed 10% of the outstanding issue.

(4) The maximum number of Common Shares issuable to Insiders under the Plan, or when combined with any other previously established or proposed share compensation arrangements, at any time, may not exceed 10% of the outstanding issue.

(5) The maximum 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.

Section 4 Administration of Plan.

The Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:

(a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan and to amend and rescind such rules and regulations from time to time;

(b) to interpret and construe the Plan and to determine all questions arising out of the Plan, and any such interpretation, construction or determination made by the Committee shall be final, binding and conclusive for all purposes;

(c) to prescribe the form of the instruments used in conjunction with the Plan; and

(d) to determine which members of the Board or officers of the Corporation are eligible to participate in the Plan.

Section 5 Awards of Deferred Share Units.

(1) Subject to this Section 5(1) and such other terms and conditions as the Board or the Committee may prescribe, the Committee may recommend the award of, and the Board may, acting on such recommendation, from time to time award, Deferred Share Units to a Participant at such time, in such number and effective as of such date as the Board may determine. The Board shall base its decision to award Deferred Share Units to Participants on such criteria as the Board or Committee may determine, provided that such criteria and the award shall, in any event, relate to services performed or to be performed by the Participant as a director or officer of the Corporation.

(2) The number of Deferred Share Units that a Participant is entitled to receive at a particular time shall be evidenced by a Grant Agreement, signed on behalf of the Corporation. Certificates representing Deferred Share Units shall not be issued by the Corporation. Fractional Deferred Share Units will not be issued under the Plan and any fractional entitlements will be rounded down to the nearest whole number.

Section 6 Election Notice; Elected Amount

(1) Subject to Board approval, a Participant may elect by filing an election notice in the form of Schedule "B" attached hereto (the "**Election Notice**"), once each fiscal year, to be paid up to one hundred percent (100%) of his Annual Board Retainer or Annual Bonus, as applicable, in the form of Deferred Share Units (the "**Elected Amount**"), with the balance being paid in cash in accordance with the Corporation's regular practices of paying such cash compensation. In the case of an existing Participant, the election must be completed, signed and delivered to the Corporation by the end of the fiscal year preceding the fiscal year to which such election is to apply. In the case of a new Participant, the election must be completed, signed and delivered to the Corporation as soon as possible, and, in any event, no later than 30 days, after the director's appointment, with such election to be effective on the first day of the fiscal quarter of the Corporation next following the date of the Corporation's receipt of the election until the final day of such fiscal year. For the first year of the Plan, Participants must make such election as soon as possible, and, in any event, no later than 30 days after adoption of the Plan and the election shall be effective on the first day of the fiscal quarter of the Corporation next following the date of the Corporation's receipt of the election until the final day of such fiscal year. If no election is made in respect of a particular fiscal year, the new or existing Participant will be paid in cash in accordance with the Corporation's regular practices of paying such cash compensation.

(2) The Election Notice shall, subject to any minimum amount that may be required by the Board, from time to time, designate the percentage of the Annual Board Retainer or Annual Bonus, as applicable, for the applicable fiscal year that is to be deferred into Deferred Share Units, with the remaining percentage to be paid in cash in accordance with the Corporation's regular practices of paying such cash compensation.

(3) In the absence of a designation to the contrary (including delivery of an Election Notice by a Participant requesting that a greater or lesser percentage of his Annual Board Retainer or Annual Bonus, as applicable be payable in the form of Deferred Share Units relative to the percentage previously elected by such Participant), the Participant's Election Notice shall remain in effect unless otherwise terminated.

(4) Each Participant is entitled to terminate his participation in the Plan by filing with the Corporation, a notice electing to terminate the receipt of additional Deferred Share Units in the form of Schedule "C" attached hereto ("**Termination Notice**").

(5) Such Termination Notice shall be effective as of the date received by the Corporation.

(6) Thereafter, any portion of such Participant's Annual Board Retainer or Annual Bonus, as applicable and all subsequent Annual Board Retainers or Annual Bonuses, as applicable, shall be paid in cash in accordance with the Corporation's regular practices of paying such cash compensation.

(7) For greater certainty, to the extent a Participant terminates his participation in the Plan, he shall not be entitled to become a Participant again until the fiscal year following the fiscal year in which the Termination Notice becomes effective.

Section 7 Calculation

(1) The number of Deferred Share Units granted at any particular time pursuant to this Plan will be calculated by:

(a) In the case of an Elected Amount, by dividing (i) the dollar amount of the Elected Amount allocated to the Participant by (ii) the Share Price of the Common Shares on the award date; or

(b) In the case of a grant of Deferred Share Units pursuant to Section 5, by dividing (i) the dollar amount of such grant by (ii) the Share Price of the Common Shares on the date of grant.

Section 8 Vesting.

(a) Unless otherwise stated in an applicable Grant Agreement, all Deferred Share Units recorded in a Participant's Deferred Share Unit notional account shall vest on the date of grant.

(b) Notwithstanding that a Deferred Share Unit may have vested, Participants will not have any right to receive any benefit under the Plan in respect of a Deferred Share Unit until the Termination Date.

Section 9 Taxes and Other Source Deductions.

(1) The Corporation or an Affiliate may withhold from any amount payable to a Participant, either under the Plan or otherwise, such amounts as are required by law to be withheld, deducted or remitted by the Corporation or an Affiliate as a consequence of his participation in this Plan ("**Withholding Amount**"). In the event that a Participant does not deliver to the Corporation or an

Affiliate upon the settlement of a Deferred Share Unit a cash payment in an amount equal to the Withholding Amount, the Participant shall be deemed to have elected that the Corporation shall have the right, in its discretion, to satisfy any Withholding Amount by:

(a) selling or causing to be sold by the Corporation or by a broker or otherwise, on behalf of any Participant, such number of Common Shares issued to the Participant, as applicable, on the settlement of Deferred Share Units as is sufficient to fund the Withholding Amount and to apply the cash received on such sale of underlying Common Shares to fund the Withholding Amount;

(b) retaining the amount necessary to satisfy the Withholding Amount from any cash amount which would otherwise be delivered, provided or paid to the Participant by the Corporation or an Affiliate, whether under this Plan or otherwise;

(c) requiring the Participant, as a condition of redemption to reimburse the Corporation or an Affiliate for any such Withholding Amount; and/or

(d) making such other arrangements as the Corporation may reasonably require.

(2) The sale of Common Shares, by the Corporation, or by a Broker will be made on the exchange on which the Common Shares are then listed for trading

Section 10 Redemption of Deferred Share Units.

(1) Each Participant shall be entitled to redeem his Deferred Share Units during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following the Termination Date by providing a written Notice of Redemption to the Corporation in the form of Schedule "D" attached hereto. In the event of the death of a Participant, the Notice of Redemption shall be filed by the administrator or liquidator of the estate of the Participant. The Notice of Redemption must specify an election to receive the following:

(a) a cash payment equal to the number of Deferred Share Units credited to Participant's Account as of the Termination Date multiplied by the Share Price on the Termination Date;

(b) Common Shares purchased on the Participant's behalf on the open market by a Broker; or

(c) a percentage of the number of Deferred Share Units paid out in cash and the remaining percentage of the Deferred Share Units paid out as Common Shares or purchased on the Participant's behalf on the open market by a Broker.

In the event a Notice of Redemption is not provided by a Eligible Participant, such Participant will be deemed to have elected to receive a cash payment as provided for in Section 10(1)(a).

(2) Where Common Shares are purchased on the open market on the Participant's behalf, the Corporation will remit all or a portion of the final payment to the Broker, and the Broker will be required to (within ten (10) business days) use such payment to purchase Common Shares in the open market on the TSXV or any other public exchange on which the Common Shares are traded. The number of Common Shares to be purchased will be computed by taking the number of Deferred Share Units that the Participant elected to receive in Common Shares, net of the number of Deferred Share Units that would equal the Withholding Amount. Any Common Shares acquired by the Broker from all or a portion of the final payment and any cash remaining therefrom shall be delivered directly to the Participant forthwith as soon as practicable upon completion of such purchases. The Corporation will pay all brokerage fees arising in connection with the purchase of Common Shares by the Broker in accordance with the Plan.

(3) Notwithstanding the foregoing, the Corporation may, in its absolute discretion and subject to the receipt of any necessary shareholder and regulatory approvals, issue to the Participant such number of Common Shares from treasury that equals the number of Deferred Share Units, net of the number of Deferred Share Units that would equal the Withholding Amount, recorded in the Participant's Account on the Termination Date. If the Corporation issues Common Shares as aforesaid, such Common Shares will be issued in consideration for the past services of the Participant to the Corporation and the entitlement of the Participant under this Plan shall be satisfied in full by such issuance of Common Shares. The Corporation will also make a cash payment, less any Withholding Amount, to the Participant with respect to the number of fractional Deferred Share Units standing to the Participant's credit after the maximum whole Common Shares have been issued by the Corporation as described above.

(4) The Corporation will make all of the payments described in this Section 10 (referred to hereinafter as the "**Final Payment**") to the Participant or the Broker within 120 days of the Termination Date. Upon making such payment to the Participant or the Broker, the Deferred Share Units upon which such payment was based shall be cancelled and no further payments shall be made from the Plan in relation to such Deferred Share Units.

(5) In the event of the death of a Participant, provided that a Notice of Redemption is not filed with the Corporation as described in this Section 10, the Corporation shall, within one calendar year of the Participant's death, make a lump sum cash payment in each case to or for the benefit of the administrator or liquidator of the estate of the Participant. In any event, the payment date will be no later than the end of the first calendar year commencing after the Participant's death. The lump sum cash payment shall be equal to the number of Deferred Share Units credited to the Participant's Account on the date of death multiplied by the Share Price as of the Termination Date, net of any Withholding Amount. If permitted by applicable law, the Participant may appoint a beneficiary of his rights under the Plan. For this purpose, the beneficiary must be a dependent, a relation of the Participant, or the legal representative of the Participant.

Section 11 Award of Dividend Equivalents.

Dividend Equivalents will be awarded in respect of vested Deferred Share Units in a Participant's Account on the same basis as dividends declared and paid on Common Shares as if the Participant was a shareholder of record of Common Shares on the relevant record date. These Dividend Equivalents will be credited to the Participant's Account as additional Deferred Share Units (or fractions thereof), with the number of additional Deferred Share Units equal to (a) the actual amount of dividends that would have been paid if the Participant had held Common Shares under the Plan on the applicable record date divided by (b) the closing price for Common Shares on the TSXV on the date on which the dividends on Common Shares are payable. For greater certainty, no Deferred Share Units representing Dividend Equivalents will be credited to a Participant's Account in relation to Deferred Share Units that have been previously cancelled or paid out of the Plan.

Section 12 Adjustments and Reorganizations.

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of Corporation assets to shareholders, or any other change affecting shares, such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of Deferred Share Units outstanding under the Plan.

Section 13 Unfunded Plan.

The Plan shall be unfunded. To the extent any Participant or his estate holds any rights by virtue of a grant of Deferred Share Units under the Plan, such rights shall be no greater than the rights of an unsecured creditor of the Corporation.

Section 14 Plan Amendment.

(1) The Board may at any time, and from time to time, and without shareholder approval, amend any provision of the Plan, subject to any regulatory or stock exchange requirement at the time of such amendment, including, without limitation:

(a) amendments to the termination provisions of Section 15;

(b) amendments necessary or advisable because of any change in application securities laws;

(c) amendments to Section 4 relating to the administration of the Plan;

(d) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the TSXV, including amendments of a "clerical" or "housekeeping" nature.

(2) Any amendment shall not alter the terms or conditions of any Deferred Share Unit or impair any right of any holder of Deferred Share Units pursuant to any Deferred Share Unit granted prior to such amendment.

(3) No amendment shall be made which prevents the Plan from continuously meeting the requirements of paragraph 6801(d) of the *Income Tax Regulations* (Canada) or any successor provision thereto.

Section 15 Plan Termination.

The Committee may decide to discontinue granting awards under the Plan at any time in which case no further Deferred Share Units shall be awarded or credited under Section 5 of the Plan. Any Deferred Share Units which remain outstanding in a Participant's Account at that time shall continue to be dealt with according to the terms of the Plan. For greater certainty, Dividend Equivalents shall continue to be awarded, as appropriate, in respect of such outstanding Deferred Share Units pursuant to Section 11 of the Plan. The Plan shall terminate when all payments owing pursuant to Section 6 of the Plan have been made and all Deferred Share Units have been cancelled in all Participants' Accounts.

Section 16 Final Determination.

Any determination or decision by or opinion of the Committee made or held pursuant to the terms of the Plan shall be final, conclusive and binding on all parties concerned. All rights, entitlements and obligations of Participants under the Plan are set forth in the terms of the Plan and cannot be modified by any other documents, statements or communications, except by Plan amendments referred to in Section 14 of the Plan.

Section 17 No Right to Continued Service.

Participation in the Plan shall not be construed to give any Participant a right to be retained as a director or officer of the Corporation.

Section 18 No Other Benefit.

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of Common Shares nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

Section 19 No Shareholder Rights.

Under no circumstances shall Deferred Share Units be considered Common Shares nor shall they entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Common Shares nor shall any Participant be considered the owner of Common Shares by virtue of the award of Deferred Share Units.

Section 20 Reorganization of the Corporation.

The existence of any Deferred Share Units shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares or other securities of the Corporation or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Section 21 Successors and Assigns.

The Plan shall be binding on all successors and assigns of the Corporation.

Section 22 General Restrictions and Assignment.

Except as required by law, the rights of a Participant under the Plan are not capable of being anticipated, assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

Section 23 Governing Law.

The validity, construction and effect of the Plan and any actions taken or relating to the Plan shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 24 Currency.

All amounts paid or values to be determined under the Plan shall be in Canadian dollars.

Section 25 Severability.

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision of the Plan and any invalid or unenforceable provision shall be severed from the Plan.

Section 26 Notice.

Any notice, direction, payment or other communication required, permitted or contemplated by the Plan shall be in writing and shall be sufficiently given if mailed by prepaid registered mail or delivered to the Corporation at its head office (and to the Participant at his address as shown on the books and records of the Corporation. Any such notice or other communication, if mailed, shall be deemed to have been given on the fifth day (including Saturdays, Sundays and statutory holidays) after the date of mailing and, if delivered, at the time of delivery, as the case may be. Any party may, at any time or from time to time by notice given as aforesaid to the parties, change its address for such notice or other communication.

SCHEDULE "A"
APHRIA INC. DEFERRED SHARE UNIT GRANT AGREEMENT

Name: **[name of Participant]**

Award Date **[insert date]**

Aphria Inc. (the "**Corporation**") has adopted the Deferred Share Unit Plan (the "**Plan**"). Your award is governed in all respects by the terms of the Plan, and the provisions of the Plan are hereby incorporated by reference. Capitalized terms used and not otherwise defined in this Grant Agreement shall have the meanings set forth in the Plan. If there is a conflict between the terms of this Grant Agreement and the Plan, the terms of the Plan shall govern.

Your Award The Corporation hereby grants to you **[●]** Deferred Share Units, which shall be payable on the Termination Date.

PLEASE SIGN AND RETURN A COPY OF THIS GRANT AGREEMENT TO THE CORPORATION.

By your signature below, you acknowledge that you have received a copy of the Plan and have reviewed, considered and agreed to the terms of this Grant Agreement and the Plan.

Signature: _____

Date: _____

On behalf of the Corporation:

_____
Name:
Title:

SCHEDULE "B"
APHRIA INC. (THE "COMPANY")
DSU ELECTION NOTICE

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Deferred Share Unit Plan (the "**Plan**"), I hereby elect to receive_____% of my _____ (*Annual Board Retainer or Annual Bonus)* in the form of Deferred Share Units in lieu of cash.

I confirm that:

(a) I have received and reviewed a copy of the terms of the Plan and have reviewed, considered and agreed to be bound by the terms of this Election Notice and the Plan.

(b) I have requested and am satisfied that the Plan and the foregoing be drawn up in the English language. *Le soussigné reconnaît qu'il a exigé que le Régime et ce qui précède soient rédigés et exécutés en anglais et s'en déclare satisfait.*

(c) I recognize that when Deferred Share Units are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the Deferred Share Units, the Company will make or arrange with me to make all appropriate withholdings as required by law at that time.

(d) The value of Deferred Share Units is based on the value of the Common Shares of the Company and therefore is not guaranteed.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan.

Date:_____

_____
(Name of Participant)

_____
(Signature of Participant)

SCHEDULE "C"
APHRIA INC.
ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DEFERRED SHARE UNITS

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule "B" to the Plan, I hereby elect to terminate my participation in the Plan effective as of the date this Termination Notice is received by Aphria Inc.

I understand that the Deferred Share Units already granted under the Plan cannot be redeemed until the Termination Date.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to continue to be bound by the Plan.

Date:_____

_____
(Name of Participant)

_____
(Signature of Participant)

SCHEDULE "D"
APHRIA INC. (THE "CORPORATION")
NOTICE OF REDEMPTION

I, _____, in respect of the (print name)

Deferred Share Units that were granted to me as a director or officer of the Corporation, hereby elect to redeem _____ Deferred Share Units and to receive (check one):

( ) (i) Cash;

( ) (ii) Common Shares; or

( ) (iii) a combination of Cash and Common Shares as follows _____.

If I elect to receive cash or a portion of my Deferred Share Units in cash, I acknowledge that the Corporation will deduct applicable withholding taxes in accordance with the Deferred Share Unit Plan.

If I elect to receive only Common Shares, or insufficient cash to pay applicable withholding taxes, I (check one):

( ) (i) enclose cash, a certified cheque, bank draft or money order payable to the Corporation in the amount of $_____ as full payment for the applicable withholding taxes;

( ) (ii) undertake to direct that such number of Common Shares are to be sold, and the proceeds of such Common Shares delivered to the Corporation, as is necessary to put the Company in funds equal to the amount that would have otherwise been required in (i) above; or

( ) (iii) elect to redeem for cash such number of Deferred Share Units as is necessary raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company.

Date:_____

_____
(Name of Participant)

_____
(Signature of Participant)

Exhibit "C"

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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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 auditor's 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.

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 preapproval 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 provide the minutes of each meeting of the Committee to the members of the Board, upon request.

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.

Exhibit "D"

NOTICE OF CHANGE OF AUDITORS REPORTING PACKAGE

See attached.

Aphria Inc.
Change of Auditor Notice
Pursuant to National Instrument 51-102, Section 4.11

I. Former auditor

a. On August 18, 2016, MNP LLP resigned as the auditor of Aphria Inc. at the reporting issuer's request.

b. The Audit Committee participated in and/or approved the decision to change the auditor.

c. The auditor's reports of MNP LLP on the financial statements of Aphria Inc. for the two years ended May 31, 2016 did not contain any modifications as to departures from generally accepted accounting principles or limitation in the scope of the audit.

d. In connection with the audits for the two years ended May 31, 2016 and through to August 18, 2016, there have been no reportable events, as defined in the National Instrument.

II. Successor auditor

Aphria Inc. has decided to propose for appointment PricewaterhouseCoopers LLP as its new auditor as of October 27, 2016. The Audit Committee considered and/or approved the proposal for appointment.

Dated at Leamington, Ontario, this 18th day of August 2016.

Aphria Inc.
Carl Merton, Chief Financial Officer
(Signed) "Carl Merton"

August 25, 2016

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Saskatchewan Financial Services Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador

Dear Sirs/Mesdames:

Re: Aphria Inc. (the "Company") Change of Auditor Notice

Pursuant to National Instrument 51-102, we have read the Company's Notice of Change of Auditor dated August 18, 2016 (the "Notice"). Based on our knowledge of the information as of the date of this letter, we agree with each statement in the Notice as it pertains to MNP LLP.

Yours truly,

MNP LLP

MNP LLP

August 29, 2016

To: Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Saskatchewan Financial Services Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Office of the Superintendent of Securities, Government of Newfoundland and Labrador

We have read the statements made by Aphria Inc. in the attached copy of change of auditor notice dated August 18, 2016, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated August 18, 2016.

Yours very truly,

PricewaterhouseCoopers LLP

Chartered Professional Accountants


phria