

MANDATE OF
THE BOARD OF DIRECTORS OF
PLANET 13 HOLDINGS INC.

I. GENERAL

The directors are elected by the shareholders and are responsible for the stewardship of the business and affairs of Planet 13 Holdings Inc. ("**Planet 13**", or the "**Corporation**"). The Board of Directors (the "**Board**") seeks to discharge this responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance and preserve the business of the Corporation and the underlying value of the Corporation.

II. COMPOSITION

The Board believes that better corporate governance is promoted when a board of directors is made up of highly qualified individuals i) from diverse backgrounds who reflect the changing population demographics of the markets in which the Corporation operates, ii) of each gender, and iii) reflective of the talent available with the required expertise. When considering recommendations for nomination to the Board, the Board shall consider:

- diversity criteria including gender, age, ethnicity and geographic background; and
- candidates who are highly qualified based on their experience, functional expertise, and personal skills and qualities.

Notwithstanding this, the Corporation does not support the adoption of quotas to support its belief in the importance of diversity. In addition to the criteria set out above and elsewhere herein, employees and directors of the Corporation ("**Directors**") will be recruited and promoted based upon their ability and contributions.

The Directors shall consist of persons who possess skills and competencies in areas that are:

- necessary to enable the Board and Board committees to properly discharge their duties and responsibilities; and
- relevant to the Corporation's activities.

In the event that the Board consists of fewer than five directors, at least two directors shall be "independent" (as such term is defined in Section 10A(m)(3) of the Securities Exchange Act of 1934 - Independence, or as under other applicable securities laws and exchange requirements). Should the Board consist of five or more directors, at least a majority of the directors shall be independent. Subject to the size and operations of the Corporation, the Board is committed to setting measurable objectives for the long-term goal of improving gender representation across all levels of the organisation. Annually, the Board will report to the Corporation's shareholders the following:

- a summary of the Corporation's progress towards achieving the measurable objectives set under this Policy; and
- details of the measurable objectives set under this Policy for the subsequent financial year.

The Board does not believe it should establish term limits for directors as term limits could result in the loss of Directors who have been able to develop, over a period of time, significant insight into the Corporation and its operations and an institutional memory that benefits the Board as well as the Corporation and its stakeholders.

The Board, on its initiative and on an exceptional basis, may exercise discretion to introduce maximum terms or mandatory retirement where it considers that such a limitation would benefit the Corporation and its stakeholders.

Subject to the limitations herein, the Corporate Governance and Nominating ("CG&N") Committee of the Board will annually (and more frequently, if appropriate) recommend candidates to the Board for election or appointment as Directors, taking into account the Board's conclusions with respect to the appropriate size and composition of the Board and Board committees, the competencies and skills required to enable the Board and Board Committees to properly discharge their responsibilities, and the competencies and skills of the current Board.

No director should serve on the board of a regulatory body with oversight of the Corporation. Each director should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the Director's time and availability for his or her commitment to Planet 13 as well as his or her ability to exercise their fiduciary duties as directors.

Directors should advise the chair of the CG&N Committee and the Co-Chief Executive Officers (each a "CEO") of the Corporation before accepting membership on other public company boards of directors, or any audit committee, or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the Corporation; in addition, no director shall serve on the board of another company operating in the artificial intelligence industry.

Without prior approval of the CG&N Committee, the co-CEOs of the Corporation should not serve on the board of any other public company; and at no time shall the co-CEOs serve on more than one other public company.

The Board approves the final choice of candidates.

The shareholders of the Corporation elect the Directors annually.

At any time when the Chair is not independent, the directors shall select an independent director to carry out the functions of a Lead Director. This person would chair regular meetings of the independent directors and assume other responsibilities which the independent directors as a whole have designated.

The Secretary of the Corporation (the "**Secretary**") shall be secretary of the Board.

Directors are expected to comply with the Corporation's Code of Business Conduct and Ethics.

III. MEETINGS, PROCEEDINGS, AND ADMINISTRATION

The quorum for the transaction of business at any meeting of the Board shall be a majority of directors or such other number of directors as the Board may from time to time determine according to the articles of incorporation of the Corporation.

The Board shall have at least four scheduled meetings per year. The Chair of the Board ("**Chair**") and the co-CEOs shall develop the agenda for each meeting.

Committee meetings may be held in person, by video-conference, by telephone or by any combination of the foregoing.

Independent directors shall meet at the end of each Board meeting without management and non-independent directors.

At meetings of the Board, resolutions shall be approved by a majority of the votes cast on the resolution.

Regularly scheduled Board meetings shall normally proceed as follows:

- a. Review and approval of the minutes of the preceding Board meeting;
- b. Business arising from the previous minutes;
- c. Reports of committees;
- d. Report of the co-CEOs, financial and operational reports;
- e. Other business;
- f. In-camera session with solely independent directors; and
- g. Adjournment.

A secretary should be named for each Board and committee meeting, and minutes should be circulated in due course after such meeting. This role is normally filled by the Secretary.

Minutes of the committee meetings will be made available to each Board member upon request.

IV. AUTHORITY AND RESPONSIBILITIES

The powers of the Board may be exercised at a meeting for which notice has been given and at which a quorum is present or, in appropriate circumstances, by resolution in writing signed by all the directors.

The Board is authorized to retain, and to set and pay the compensation of, independent legal counsel and other advisers if it considers this appropriate.

The Board is authorized to invite officers and employees of the Corporation and outsiders with relevant experience and expertise to attend or participate in its meetings and proceedings, if it considers this appropriate.

The Board and the Directors have unrestricted access to the advice and services of the Secretary and outside auditors and legal counsel.

The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Corporation. The Board discharges its responsibilities directly and through its committees; namely, the Audit Committee, the Compensation Committee, the CG&N Committee, and through other such committees which the Board may elect to form. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives.

The Board is authorized through the CG&N Committee to conduct evaluations of the Board and the Directors and perform succession planning activities.

A. Board

Responsibilities of the Board include, but are not limited to:

- selecting and appointing, evaluating and (if necessary) terminating either CEO;
- satisfying itself as to the integrity of the co-CEOs and other executive officers and ensuring that they promote a culture of integrity throughout the organization;

- adopting a strategic planning process, approving strategic plans, and monitoring performance against plans;
- reviewing the Corporation's long term strategy annually;
- reviewing and approving annual operational budgets, capital expenditure limits and corporate objectives, and monitoring performance on each of the above;
- approving all decisions involving extraordinary expenditures individually in excess of US\$100,000;
- reviewing policies and procedures to identify business risks, and ensure that systems and actions are in place to monitor them;
- reviewing policies and processes to ensure that the Corporation's internal control and management information systems are operating properly;
- approving the audited annual financial statements, interim financial statements, annual and interim management's discussions and analysis (MD&A), annual information form, annual report on Form 10-K, information circular and/or proxy statement, and other filings required under applicable securities laws;
- assessing the contribution of the Board, committees and all directors annually, and planning for succession of the Board;
- reviewing and approving committee chair nominees from time to time as recommended by the respective committees;
- assessing the effectiveness of the Board and each of the directors annually at a meeting of the Board to determine if any changes to the Board size or make-up are required;
- assessing the effectiveness of each director by way of a formal review undertaken by with the Chair of the Board, Lead Director or Chair of the CG&N Committee where each director will receive peer feedback from other directors to determine how they could operate more effectively within the Board;
- arranging formal orientation programs for new directors, where appropriate;
- considering diversity in the selection criteria of new Board members;
- establishing and maintaining an appropriate system of corporate governance including practices to ensure the Board functions effectively and independently of management, including reserving a portion of all Board and its committee meetings for in camera discussions without management present;
- approving and monitoring compliance with significant policies and procedures by which the Corporation is operated;
- proactively monitoring the Corporation's performance in meeting standards and objectives related to those diversity initiatives established by the Board, and progress in achieving them;
- ensuring that a comprehensive compensation strategy is maintained which includes competitive industry positioning, weighting of compensation elements and relationship of compensation to performance;

- ensuring that an adequate system of internal control is maintained to safeguard the Corporation's assets and the integrity of its financial and other reporting systems;
- ensuring that the Corporation has in place a communication and disclosure policy which supports the oversight of public communication and disclosure and enables disclosure controls in compliance with all legal and regulatory requirements and that such is reviewed at such intervals as the Board deems appropriate. Directors must adhere to the Corporation's disclosure policy;
- providing oversight of environmental matters;
- reviewing and considering for approval all amendments or departures proposed by management from established strategy, capital and operating budgets, or matters of policy, which diverge from the ordinary course of business;
- ensuring that a process is established that adequately provides for management succession planning, including the appointing, training, and monitoring of senior management;
- annually assessing the charters of Board committees and revising where necessary;
- adhering to all other Board responsibilities set out in the Corporation's by-laws and other statutory and regulatory requirements; and
- enhancing the reputation, goodwill and image of the Corporation.

B. Chair

Responsibilities of the Chair of the Board include, but are not limited to:

- providing leadership to the Board with respect to its functions as described in this Mandate and as otherwise may be appropriate, including overseeing the logistics of the operations of the Board;
- chairing meetings of the Board, unless not present including in camera sessions;
- ensuring that the Board meets on a regular basis and at least quarterly;
- establishing a calendar for holding meetings of the Board;
- establishing the agenda for each meeting of the Board, with input from other Board members and any other parties as applicable;
- ensuring that Board materials are available to any director on request;
- ensuring that the members of the Board understand and discharge their duties and obligations;
- fostering ethical and responsible decision making by the Board and its individual members;
- overseeing the structure, composition, membership and activities of the Board;
- ensuring that resources and expertise are available to the Board so that it may conduct its work effectively and efficiently;
- pre-approving work to be undertaken for the Board by consultants;
- facilitating effective communication between members of the Board and management;
- attending each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair;

- communicate with directors between meetings;
- attend key functions of the Corporation;
- meet with major shareholder groups; and
- act as Chair at any annual and, if applicable, special meeting of shareholders of the Corporation.

C. Directors

Expectations of Directors include, but are not limited to:

- maintaining a high attendance record at meetings of the Board and the committees of which they are members. Directors are encouraged to attend at least 75% of meetings of the Board and any committee on which a directors serves in the absence of extenuating circumstances. Attendance by telephone or video conference may be used to facilitate a director's attendance;
- reviewing the materials circulated in advance of meetings of the Board and its committees and being prepared to discuss the issues presented. Directors are encouraged to contact the Chair of the Board, the co-CEOs and any other appropriate executive officer(s) to ask questions and discuss agenda items prior to meetings;
- being sufficiently knowledgeable of the business of Planet 13, including its financial statements, and the risks it faces, ensuring active and effective participation in the deliberations of the Board and of each committee on which he or she serves.
- to freely contact the co-CEOs at any time to discuss any aspect of the Corporation's business. Directors should use their judgement to ensure that any such contact is not disruptive to the operations of the Corporation. The Board expects that there will be frequent opportunities for Directors to meet with the co-CEOs in meetings of the Board and committees, or in other formal or informal settings.
- Maintaining the confidentiality of the proceedings and deliberations of the Board and its committees. Each Director will maintain the confidentiality of information received in connection with his or her service as a director.

D. Management of Planet 13

Expectations of Management of Planet 13 include, but are not limited to:

- at the request of the Board, report on the Corporation's performance, management's concerns and any other matter the Board or its Chair may deem appropriate. Management must promptly report to the Chair any significant developments, changes, transactions or proposals respecting Planet 13.
- prepare and present to the Board annually (or more frequently if appropriate) a business plan and budget, and report regularly to the Board on the Corporation's performance against the business plan and budget;
- review and update annually (or more frequently if appropriate) the Corporation's strategic plan, and report regularly to the Board on the implementation of the strategic plan in light of evolving conditions;
- report regularly to the Board on the Corporation's business and affairs and on any matters of material consequence for the Corporation and its shareholders;

- speak for the Corporation in its communications with shareholders and the public in accordance with the Corporation's Disclosure Policy;
- comply with any additional expectations that are developed and communicated during the annual strategic planning and budgeting process and during regular Board and committee meetings;
- implement policies and practices to achieving diversity initiatives determined by the Board and report to the Board on the progress toward and achievement of such diversity initiatives;
- promote a work environment that values and utilizes the contributions of employees with a variety of backgrounds, experiences and perspectives through awareness of the benefits of workforce diversity and successful management of diversity; and
- consult the Board with respect to all matters which by law require Board approval.

Enacted June 11, 2018

Updated by the CG&N Committee & Board
by resolution on December 10, 2021