

TREASURY AND INVESTMENT POLICY

1. Policy Statement

The purpose of this investment policy is to establish and maintain practices and procedures to invest Planet 13 Holdings Inc. ("**Planet 13**") corporate funds. The goal is to obtain a suitable return on investment while maintaining security and appropriate liquidity to meet daily cash flow demands.

2. Scope

This policy applies to the investment activities of Planet 13's idle funds.

3. General Objectives

The primary objectives of investment activities shall be adherence to preservation of capital, liquidity, and yield:

a. Preservation of Capital

Safety of principal is a primary objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk and interest rate risk will be mitigated as follows:

1. Credit Risk: Planet 13 will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to lower-risk (i.e. higher-rated) types of securities
 - Diversifying the investment portfolio so that potential losses on individual securities will be minimized

2. Interest Rate Risk: Planet 13 will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
 - Investing operating funds primarily in shorter-term securities or approved investment pools, but no longer than 2 years until maturity.

b. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating or cash flow requirements that may be reasonably anticipated. This shall be done where possible by structuring the portfolio so that securities mature generally concurrent with anticipated cash demands. The portfolio should consist largely of securities with active secondary or resale markets since all possible cash demands cannot be anticipated.

c. Yield

Planet 13 shall maximize the rate of return earned on the investment portfolio without compromising the other objectives listed above. Investments are generally limited to

relatively low risk securities in anticipation of earning a fair return relative to the assumed risk.

d. Foreign Currency

Planet 13 shall develop a plan annually to deal with its foreign currency exposure related to the Canadian and US dollars.

4. Standard of Care

a. Prudence

Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. The Chief Financial Officer (the "CFO") and Controller (the CFO and Controller, together the "**Investment Officers**") acting in accordance with this policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

b. Delegation of Authority

The CFO is responsible for the prudent investment of Planet 13's portfolio. Authority to manage and implement the investment program is granted to the Investment Officers, who shall act in accordance with established procedures and internal controls consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy. The CFO shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

5. Safekeeping and Custody

All investments shall be held for safekeeping in the name of Planet 13 by approved institutions (A brokerage account with a major chartered or investment bank). The depository shall issue a safekeeping receipt to Planet 13 for each investment transaction that lists all pertinent information. The depository shall also provide monthly reports for each account, indicating all investment activity, book value of the holdings, market value as of month-end, and income earned by the investments.

6. Eligible Investments

Investments issued or guaranteed by the following institutions will be permitted by this policy:

1. The Government of Canada.
2. Provincial governments of Canada.
3. Schedule I banks¹ subject to a minimum DBRS rating of R-1 middle or AA.
4. Schedule II banks¹ subject to a minimum DBRS rating of R-1 high or AAA.

¹ Schedule I and Schedule II banks are set out by Section 14 of the *Bank Act*.

5. The United States Government.
 6. Individual investments otherwise approved by the Board.
- 7. Investment Parameters**

1. Diversification

The investments shall be diversified by:

- Investments may not be concentrated with one entity. The CFO will make attempts to ensure the investments are spread between at least two institutions, unless Planet 13 is solely invested in securities of, or entirely backed by the United States Government or the Government of Canada;
- Limiting investment in securities that have higher credit risks;
- Investing in securities with varying maturities, and;
- Investing in mainly liquid, marketable securities that have an active secondary market to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

2. Maximum Maturities

To the extent possible, Planet 13 shall attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Planet 13 will not directly invest in securities maturing more than two (2) years from the date of purchase.

8. Reporting

1. Method

The CFO shall ensure that the Audit Committee receives a report of where funds are invested on a quarterly basis. An annual investment report should be sent to the Audit Committee, and upon request to the Board, and should include the following:

- A listing of individual securities held at the end of the reporting period by maturity date;
- Investment term in days and interest rate;
- A record of the date of each security transaction, including a statement of the purchase and sale price of each security;
- Percentage of the total portfolio which each type of investment represents;
- A statement about the performance of the investment portfolio during the period;
- Such other information that the Audit Committee may require or that, in the opinion of the CFO, should be included.

2. Performance Measures

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return throughout budgetary and economic cycles that is commensurate with the investment risk constraints and cash flow needs of Planet 13. Market yields should be higher than the rate given by Planet 13's bank for the various bank accounts.

3. Market Value

The market value of the portfolio shall be calculated at least annually.

9. Policy Considerations

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments

This policy shall be reviewed by the Corporate Governance & Nominating Committee of the Board of Directors on an annual basis. Amendments may be made at any time at the recommendation of the CFO. The appropriate authority must approve any policy changes.

Enacted June ●, 2018