

AUXLY CANNABIS GROUP INC.
BOUGHT-DEAL SHORT-FORM PROSPECTUS OFFERING OF UNITS
UPSIZED TERM SHEET

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in those provinces of Canada the Underwriter may designate. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.

There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

- Issuer:** Auxly Cannabis Group Inc. (“**Auxly**” or the “**Company**”).
- Offering:** Bought-deal, short-form prospectus offering (the “**Offering**”) of 40,000,000 units of the Company (the “**Units**”).
- Offering Size:** \$12,000,000.
- Offering Price:** \$0.30 per Unit.
- Units:** Each Unit shall be comprised of one common share (a “**Common Share**”) of the Company and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”) of the Company.
- Warrant:** Each Warrant shall entitle the holder thereof to purchase one additional Common Share of the Company at an exercise price of \$0.40 at any time up to 36 months from Closing (as defined herein).
- Underwriter’s Option:** Up to 15% of the number of Units, or the components thereof, issued pursuant to the Offering to cover any over-allotments and for market stabilization purposes, exercisable within 30 days after the closing of the Offering (“**Underwriter’s Option**”).
- Use of Proceeds:** The net proceeds from the Offering will be used for working capital and general corporate purposes.
- Form of Offering:** The Units will be offered by way of a short form prospectus to be filed in those provinces of Canada (except Quebec) as the Underwriter may designate pursuant to National Instrument 44-101 – Short Form Prospectus Distributions and may be offered in the United States on a private placement basis pursuant to an appropriate exemption from the registration requirements under applicable U.S. law.
- Listing:** The Company shall obtain the necessary approvals to list the Common Shares and the Common Shares issuable on the exercise of the Warrants and compensation options for trading on the TSX Venture Exchange.
- Eligibility:** The Units are eligible for RRSPs, RRIFs, RDSPs, RESPs, TFSA and DPSPs.
- Commission:** 6.5% cash commission and 6.5% compensation options.
- Underwriter:** Mackie Research Capital Corporation.
- Closing:** The closing of the Offering will occur on or about the week of December 11, 2020 (the “**Closing**”), or such later or earlier date as the Underwriter and the Company may agree upon.