

UNDERWRITING AGREEMENT

November 30, 2020

Auxly Cannabis Group Inc.
777 Richmond Street West, Unit 002
Toronto, Ontario M6J 0C2

Attention: Hugo Alves, Chief Executive Officer

Dear Sirs:

Mackie Research Capital Corporation, as lead and sole underwriter and sole bookrunner (“**MRCC**” or the “**Underwriter**”), hereby offers and agrees to purchase on a “bought deal” basis, or alternatively to arrange, as agent for substituted purchasers (the “**Substituted Purchasers**”) in the Qualifying Jurisdictions (as defined below) to purchase, from Auxly Cannabis Group Inc. (the “**Company**”), and the Company hereby agrees to issue and sell to the Underwriter or Substituted Purchasers, an aggregate of 40,000,000 units (the “**Initial Units**”) of the Company, at the purchase price of \$0.30 per Initial Unit (the “**Issue Price**”), for aggregate gross proceeds of \$12,000,000, upon and subject to the terms and conditions contained herein (the “**Offering**”). Each Initial Unit shall consist of one common share in the capital of the Company (each an “**Initial Share**” and collectively the “**Initial Shares**”) and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant being an “**Initial Warrant**” and collectively, the “**Initial Warrants**”). For greater certainty, the obligation of the Underwriter to purchase the Initial Units shall be reduced by an amount equal to the number of Initial Units purchased by any Substituted Purchasers. After a reasonable effort has been made to sell all of the Initial Units at the Issue Price, the Underwriter may subsequently reduce the selling price to investors from time to time, provided that any such reduction in the Issue Price shall not affect the aggregate gross proceeds less the Underwriter’s Fees (as defined below) payable to the Company.

Upon and subject to the terms and conditions herein set forth and in reliance upon the representations and warranties herein contained, the Company hereby grants to the Underwriter an option (the “**Over-Allotment Option**”) to purchase, or arrange for Substituted Purchasers to purchase, up to an additional 6,000,000 units of the Company (the “**Additional Units**”) at a price per Additional Unit equal to the Issue Price, that is exercisable in whole or in part, and at any time and from time to time, on or before 5:00 p.m. (Toronto time) on the date that is 30 days after and including the Closing Date (as defined below). Each Additional Unit shall consist of one common share in the capital of the Company (each an “**Additional Share**” and collectively the “**Additional Shares**”) and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant being an “**Additional Warrant**” and collectively the “**Additional Warrants**”). The Underwriter can elect to exercise the Over-Allotment Option for Additional Units only, Additional Shares only, or Additional Warrants only, or any combination thereof. The purchase price for Additional Warrants purchased upon exercise of the Over-Allotment Option is \$0.0543 per full Warrant (or \$0.0271 per one-half Warrant), and the purchase price per Additional Share purchased upon exercise of the Over-Allotment Option is \$0.2729 per Additional Share, so long as the aggregate number of Additional Shares and Additional Warrants that may be issued under such Over-Allotment Option does not exceed 6,000,000 Additional Shares and 3,000,000 Additional Warrants.. Delivery of and payment for any Additional Units, Additional Shares or Additional Warrants will be made at the time and on the date (each an “**Option Closing Date**”) that Closing occurs.

Unless the context otherwise requires or unless otherwise specifically stated, all references in this Agreement to (i) the “**Offering**” shall be deemed to include the Over-Allotment Option, (ii) the “**Offered**

Units” shall mean, collectively, the Initial Units and the Additional Units, (iii) the **“Unit Shares”** shall mean, collectively, the Initial Shares and the Additional Shares, (iv) the **“Shares”** shall mean, collectively, the Units Shares and the Compensation Shares (as defined below), (v) the **“Unit Warrants”** shall mean, collectively, the Initial Warrants and the Additional Warrants, and (vi) the **“Warrants”** shall mean the Unit Warrants.

The Warrants shall be created and issued pursuant to a warrant indenture (the **“Warrant Indenture”**) to be dated as of the Closing Date between the Company and Computershare Trust Company of Canada, in its capacity as warrant agent thereunder (the **“Warrant Agent”**). Each Warrant will entitle the holder thereof to acquire one common share in the capital of the Company (each a **“Warrant Share”** and collectively the **“Warrant Shares”**) at a price of \$0.40 per Warrant Share, subject to adjustment in accordance with the Warrant Indenture, for a period of 36 months from the Closing Date.

In consideration of the Underwriter’s services to be rendered in connection with the Offering, the Company agrees: (A) to pay to the Underwriter (i) at the Closing Time (as defined below) on the Closing Date, an aggregate cash fee equal to 6.5% of the gross proceeds from the sale of the Initial Units, and (ii) at the Closing Time on each Option Closing Date, an aggregate cash fee equal to 6.5% of the gross proceeds from the sale of the Additional Units, Additional Shares or Additional Warrants, or any combination thereof, purchased at that time (the fees referred to in (A)(i) and (A)(ii) are collectively the **“Underwriter’s Fees”**); and (B) to issue to the Underwriter (i) at the Closing Time on the Closing Date compensation options (**“Compensation Options”**) equal to 6.5% of the number of Initial Units (and any Additional Unit purchased in connection with the Over-Allotment Option). Each Compensation Option will be exercisable for one common share in the capital of the Company (each a **“Compensation Share”** and collectively the **“Compensation Shares”**) for a period of 36 months following the Closing Date at a price of \$0.30 per Compensation Share.

The Company agrees that the Underwriter will be permitted to appoint, at the sole cost and expense of the Underwriter, duly registered Selling Firms (as defined herein) appointed pursuant to section 4(a) as their agents to assist in the Offering, and that the Underwriter may determine the remuneration payable to such other dealers appointed by it.

The Offering is conditional upon and subject to the additional terms and conditions set forth below. The following are additional terms and conditions of the Agreement between the Company and the Underwriter:

1. Interpretation

Definitions – In addition to the terms previously defined and terms defined elsewhere in this Agreement (as defined below) (including the Schedules hereto), where used in this Agreement or in any amendment hereto, the following terms shall have the following meanings, respectively:

“Agreement” means this underwriting agreement dated November 30, 2020 between the Company and the Underwriter, as the same may be supplemented, amended and/or restated from time to time;

“Ancillary Documents” means all agreements, indentures (including the Warrant Indenture), certificates (including the certificates, if any, representing the Offered Units, Shares, Warrants and the Compensation Options), officer’s certificates, notices and other documents executed and delivered, or to be executed and delivered, by the Company in connection with the Offering, whether pursuant to Applicable Securities Laws or otherwise;

“**Applicable Anti-Money Laundering Laws**” has the meaning ascribed thereto in Section 8(ppp) of this Agreement;

“**Applicable Laws**” means, in relation to any person or persons, the Applicable Securities Laws and all other statutes, regulations, rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or licence, or any judgment, order, decision, ruling, award, policy or guidance document that are applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities, including without limitation, the Applicable Regulatory Laws;

“**Applicable Regulatory Laws**” means, collectively, the laws that govern the cultivation, processing, analytical testing, and sale of, and research involving, cannabis and industrial hemp in each of the jurisdictions in which the Company and the Subsidiaries carry on business, including, without limitation, the Food and Drugs Act, the Cannabis Act and their associated regulations including the Food and Drug Regulations and the Cannabis Regulations;

“**Applicable Securities Laws**” means all applicable securities laws in each of the Qualifying Jurisdictions and the respective rules, regulations, instruments (including national and multilateral instruments), blanket orders and blanket rulings under such laws together with applicable published policies, policy statements and notices of the Securities Commissions in the Qualifying Jurisdictions;

“**Assets and Properties**” with respect to any person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned, licensed or leased by or in the possession of such person;

“**Beneficiaries**” has the meaning ascribed thereto in Section 13(c) of this Agreement;

“**BCA**” means the *Business Corporations Act* (British Columbia);

“**Business Day**” means a day, other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Toronto, Ontario;

“**Cannabis Act**” means the Cannabis Act, S.C. 2018, c. 16;

“**Cannabis Licences**” means, collectively, the licences listed in Schedule “A” held by the Company and the Material Subsidiaries, and includes without limitation any other cannabis licences issued under Applicable Regulatory Laws and licences issued under laws and regulations relating to cannabis in Uruguay, and “**Cannabis Licence**” means any one of them, as the context requires or permits;

“**Cannabis Regulations**” mean the regulations promulgated under the Cannabis Act (including, without limitation, the Industrial Hemp Regulations, SOR/2018-145);

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Claims**” and “**Claim**” have the meanings ascribed thereto in Section 13(a) of this Agreement;

“**Closing**” means the closing of the Offering;

“**Closing Date**” means on or about December 11, 2020 or such earlier or later date (not to exceed 42 days from the date of the Final Receipt) as may be agreed to in writing by the Company and MRCC, each acting reasonably;

“**Closing Time**” means 8:00 a.m. (Toronto time) on the Closing Date or Option Closing Date, as applicable, or such other time on the Closing Date or Option Closing Date, as applicable, as may be agreed to by the Company and MRCC;

“**Common Shares**” means the common shares in the capital of the Company;

“**Contract**” means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, licenses, leases, loan documents and security documents;

“**Disclosure Record**” means the Company’s prospectuses, annual reports, annual and interim financial statements, annual information forms, business acquisition reports, management discussion and analysis of financial condition and results of operations, information circulars, material change reports, press releases and all other information or documents required to be filed or furnished by the Company under Applicable Securities Laws which have been publicly filed or otherwise publicly disseminated by the Company since May 5, 2017;

“**distribution**” means distribution or distribution to the public, as the case may be, for the purposes of the Applicable Securities Laws;

“**Documents Incorporated by Reference**” means the documents specified in the Preliminary Prospectus, Prospectus or any Supplemental Material, as the case may be, as being incorporated therein by reference or which are deemed to be incorporated therein by reference pursuant to Applicable Securities Laws;

“**Eligible Issuer**” means an issuer which meets the criteria and has complied with the requirements of NI 44-101 so as to be qualified to offer securities by way of a short form prospectus under Applicable Securities Laws;

“**Encumbrance**” means any charge, mortgage, lien, pledge, claim, restriction, security interest or other encumbrance whether created or arising by agreement, statute or otherwise pursuant to any Applicable Laws, attaching to property, interests or rights;

“**Final Receipt**” means the Passport Receipt for the Prospectus;

“**Financial Information**” means the Financial Statements and certain other financial information of the Company (including financial forecasts, auditors’ reports, accounting data, management’s discussion and analysis of financial condition and results of operations) included or incorporated by reference in the Preliminary Prospectus, Prospectus and any Supplementary Materials;

“**Financial Statements**” means, collectively, the (i) audited consolidated financial statements of the Company incorporated by reference in the Offering Documents as at and for the financial year ended December 31, 2019 (which financial statements include comparative financial information for the 2018 financial year), together with the report of Ernst & Young LLP on those financial statements, and including the notes with respect to those financial statements; and (ii) the

unaudited condensed consolidated interim financial statements of the Company incorporated by reference in the Offering Documents as at and for the three, six and nine months ended September 30, 2020 (which financial statements include comparative financial information for the comparable periods in 2019), and including the notes with respect to those financial statements;

“**Food and Drugs Act**” means the Food and Drugs Act, R.S.C., 1985, c. F-27;

“**Food and Drug Regulations**” mean the regulations promulgated under the Food and Drugs Act;

“**Governmental Authority**” means any governmental authority and includes, without limitation, any international, national, federal, state, provincial or municipal government or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions on behalf of a governmental authority or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board, which were adopted by the Canadian Accounting Standards Board as Canadian generally accepted accounting principles applicable to publicly accountable enterprises;

“**Indemnified Parties**” and “**Indemnified Party**” have the meanings ascribed thereto in Section 13(a) of this Agreement;

“**Intellectual Property**” means all of the following which is currently owned by, issued to or licensed to the Company or any Subsidiary, or other rights of the Company or any Subsidiary to use the following, which are in any case material to the conduct of the business of the Company and the Subsidiaries as currently conducted: (i) patent rights, issued patents, patent applications, patent disclosures, and registrations, inventions, discoveries, developments, concepts, ideas, improvements, processes and methods, whether or not such inventions, discoveries, developments, concepts, ideas, improvements, processes, or methods are patentable or registrable, anywhere in the world, (ii) copyrights (including performance rights) to any original works of art or authorship, including source code and graphics, which are fixed in any medium of expression, including copyright registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (iii) any and all common law or registered trade-mark rights, trade names, business names, trade-marks, proposed trade-marks, certification marks, service marks, distinguishing marks and guises, logos, slogans, goodwill, domain names and any registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (iv) know-how, show-how, confidential information, trade secrets, (v) any and all industrial design rights, industrial designs, design patents, industrial design or design patent registrations and applications therefor, anywhere in the world, whether or not registered or registrable, (vi) any and all integrated circuit topography rights, integrated circuit topographies and integrated circuit topography applications, anywhere in the world, whether or not registered or registrable, (vii) any reissues, divisions, continuations, continuations-in-part, renewals, improvements, translations, derivatives, modifications and extensions of any of the foregoing, (viii) any other industrial, proprietary or intellectual property rights, anywhere in the world, and (ix) proprietary computer software (including but not limited to data, data bases and documentation); including any of the foregoing respecting the cultivation of cannabis and the design, construction and operation of cultivation facilities

“**Leased Premises**” has the meaning ascribed thereto in Section 8(f) of this Agreement of this Agreement;

“**Letter Agreement**” means the letter agreement between the Company and MRCC dated November 23, 2020, as amended on November 24, 2020;

“**Licensed IP**” means the Intellectual Property that is necessary and material to the business of the Company as presently conducted and that is owned by any person other than the Company;

“**Losses**” has the meaning ascribed thereto in Section 13(a) of this Agreement;

“**marketing materials**” and “**template version**” shall have their respective meanings ascribed thereto in NI 41-101;

“**Material Adverse Effect**” means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), fact, event, violation, inaccuracy, circumstance, state of being or effect that (a) is materially adverse (actually or anticipated, whether financial or otherwise) to the business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise), results of operations or control of the Company and the Subsidiaries, taken as a whole, or (b) results or could result in the Prospectus containing a material misrepresentation;

“**material change**” has the meaning ascribed thereto in the Applicable Securities Laws of the Qualifying Jurisdictions;

“**material fact**” has the meaning ascribed thereto in the Applicable Securities Laws of the Qualifying Jurisdictions;

“**Material Subsidiaries**” means Dosecann LD Inc., Kolab Project Inc., Robinson’s Cannabis Incorporated, Robinson’s Outdoor Grow Incorporated, KGK Science Inc., Inverell S.A. and 2368523 Ontario Inc. and “**Material Subsidiary**” means any one of them, as the context requires or permits;

“**misrepresentation**” has the meaning ascribed thereto in the Applicable Securities Laws of the Qualifying Jurisdictions;

“**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators;

“**Offering Documents**” means, collectively, the Preliminary Prospectus, the Prospectus and any Supplementary Material;

“**OSC**” means the Ontario Securities Commission;

“**person**” shall be broadly interpreted and shall include an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment

club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

“**Passport Receipt**” means a receipt issued by the OSC as principal regulator pursuant to the Passport System, and which also evidences the deemed receipt of the Securities Commissions of the Qualifying Jurisdictions (other than Ontario), in any case for the Preliminary Prospectus or the Prospectus, as the case may be;

“**Passport System**” means the passport system procedures provided for under National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions* of the Canadian Securities Administrators;

“**Preliminary Prospectus**” means the preliminary short form prospectus of the Company dated the date hereof relating to the qualification in all of the Qualifying Jurisdictions of the distribution of the Offered Units under the Applicable Securities Laws of the Qualifying Jurisdictions, including all of the Documents Incorporated by Reference;

“**Preliminary Receipt**” means the Passport Receipt for the Preliminary Prospectus;

“**Properties**” means all real property owned or held for use by the Company or any of its Subsidiaries;

“**Prospectus**” means the (final) short form prospectus of the Company to be prepared in connection with the qualification in all of the Qualifying Jurisdictions of the distribution of the Offered Units under the Applicable Securities Laws of the Qualifying Jurisdictions, including all of the Documents Incorporated by Reference;

“**Qualification**” has the meaning ascribed thereto in Section 8(dd) of this Agreement;

“**Qualifying Jurisdictions**” means all of the Provinces of Canada other than Quebec;

“**Regulation S**” has the meaning given to it in Schedule “A” to this Agreement;

“**Rule 144A**” has the meaning given to it in Schedule “A” to this Agreement;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Securities Commission**” means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions and “**Securities Commissions**” means all of them;

“**Selling Firm**” has the meaning ascribed thereto in Section 4(a) of this Agreement;

“**Standard Listing Conditions**” has the meaning ascribed thereto in Section 5(a)(iv) of this Agreement;

“**Subsequent Disclosure Documents**” means any annual and/or interim financial statements, management’s discussion and analysis of financial condition and results of operations, information circulars, annual information forms, material change reports or other documents issued by the Company after the date of this Agreement that are required by Applicable Securities Laws of the Qualifying Jurisdictions to be incorporated by reference into the Preliminary Prospectus, the Prospectus and/or any Supplementary Material;

“**Subsidiary**” means those entities that would be considered a subsidiary of the Company pursuant to Applicable Securities Laws of the Province of Ontario and includes the Material Subsidiaries, and “**Subsidiaries**” means all of them;

“**Sunens**” means Sunens Farms Inc.;

“**Supplementary Material**” means, collectively, any amendment to or amendment and restatement of the Preliminary Prospectus and/or the Prospectus, and any further amendment, amendment and restatement or supplemental prospectus thereto or ancillary materials that may be filed by or on behalf of the Company under the Applicable Securities Laws of the Qualifying Jurisdictions relating to the distribution of the Offered Units thereunder; and

“**TSXV**” means the TSX Venture Exchange.

Other

- (a) Capitalized terms used but not defined herein have the meanings ascribed to them in the Preliminary Prospectus or, upon filing of the Prospectus, the Prospectus.
- (b) Any reference in this Agreement to a Section shall refer to a section of this Agreement.
- (c) All words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to in each case require and the verb shall be construed as agreeing with the required word and/or pronoun.
- (d) Any reference in this Agreement to “\$” or to “dollars” shall refer to the lawful currency of Canada, unless otherwise specified.
- (e) Where any representation or warranty contained in this Agreement or any Ancillary Document is expressly qualified by reference to the “**knowledge**” of the Company, or where any other reference is made herein or in any Ancillary Document to the “**knowledge**” of the Company, it shall be deemed to refer to the actual knowledge of Hugo Alves (Chief Executive Officer) and Brian Schmitt (Chief Financial Officer) of the Company after having made reasonable enquiry of relevant persons and documents, but without any requirement to make any inquiries of any third party or Governmental Authority or to perform any search of any public registry office or database.

2. **Nature of Transaction**

Each purchaser who is resident in a Qualifying Jurisdiction shall purchase the Offered Units pursuant to the Prospectus. Each other purchaser not resident in a Qualifying Jurisdiction, or located outside of a Qualifying Jurisdiction, shall purchase Offered Units, which have been qualified by the Prospectus in Canada, only on a private placement basis under the applicable securities laws of the jurisdiction in which the purchaser is resident or located, in accordance with such procedures as the Company and the Underwriter may mutually agree, acting reasonably, in order to fully comply with Applicable Laws and the terms of this Agreement. The Company hereby agrees to comply with all Applicable Securities Laws on a timely basis in connection with the distribution of the Offered Units and the Company shall execute and file with the Securities Commissions all forms, notices and certificates relating to the Offering required to be filed

pursuant to Applicable Securities Laws in the Qualifying Jurisdictions within the time required, and in the form prescribed, by Applicable Securities Laws in the Qualifying Jurisdictions. The Company also agrees to file within the periods stipulated under Applicable Laws outside of Canada and at the Company's expense all private placement forms required to be filed by the Company in connection with the Offering and pay all filing fees required to be paid in connection therewith so that the distribution of the Offered Units outside of Canada may lawfully occur without the necessity of filing a prospectus or any similar document under the Applicable Laws outside of Canada. The Underwriter agrees to offer the Offered Units for sale only in the Qualifying Jurisdictions and, subject to the written consent of the Company (acting reasonably), in such jurisdictions outside of the Qualifying Jurisdictions where permitted by and in accordance with Applicable Securities Laws and the applicable securities laws of such other jurisdictions, and provided that in the case of jurisdictions other than the Qualifying Jurisdictions, the Company shall not be required to become registered or file a prospectus or registration statement or similar document in such jurisdictions and the Company does not thereafter become subject to any continuous disclosure requirements in such jurisdiction.

3. Filing of Prospectus

- (a) The Company shall:
 - (i) not later than 5:00 p.m. (Toronto time) on November 30, 2020 have prepared and filed the Preliminary Prospectus and other required documents with the Securities Commissions under the Applicable Securities Laws, elected to use the Passport System and designated the OSC as the principal regulator thereunder, and shall have obtained a Preliminary Receipt from the OSC under the Passport System which shall also evidence that a receipt has been issued or is deemed to have been issued for the Preliminary Prospectus by each of the Securities Commissions of the other Qualifying Jurisdictions; and
 - (ii) forthwith after any comments with respect to the Preliminary Prospectus have been received from the Securities Commissions but, in any event, not later than 5:00 p.m. (Toronto time) on December 7, 2020 (or such later date as may be agreed to in writing by the Company and MRCC, each acting reasonably, including in the event that the OSC has not cleared the Final Prospectus for filing), have prepared and filed the Prospectus and other required documents with the Securities Commissions under the Applicable Securities Laws, elected to use the Passport System and designated the OSC as the principal regulator thereunder, and shall have obtained a Final Receipt from the OSC under the Passport System which shall also evidence that a receipt has been issued or is deemed to have been issued for the Prospectus by each of the Securities Commissions of the other Qualifying Jurisdictions and otherwise fulfilled all legal requirements to qualify the Offered Units for distribution to the public in the Qualifying Jurisdictions through the Underwriter or any other registered dealer in the applicable Qualifying Jurisdictions.
- (b) During the period of distribution of the Offered Units, the Company will promptly take, or cause to be taken, any additional steps and proceedings that may from time to time be required under the Applicable Securities Laws, or requested by MRCC, to continue to qualify the distribution of the Offered Units in the Qualifying Jurisdictions.

- (c) Prior to the filing of the Preliminary Prospectus and the Prospectus and thereafter, during the period of distribution of the Offered Units, including prior to the filing of any Supplementary Material, the Company shall allow the Underwriter to review and comment on such documents and shall allow the Underwriter to conduct all due diligence investigations (including through the conduct of oral due diligence sessions at which management of the Company, the chair of the Company's audit committee, its current and former auditors, legal counsel and other applicable experts) which it may reasonably require in order to fulfill its obligations as underwriter in order to enable it to execute the certificate required to be executed by them at the end of the Offering Documents. Without limiting the scope of the due diligence inquiry the Underwriter (or its counsel) may conduct, the Company shall use its best efforts to make available its directors, senior management, auditors and legal counsel to answer any questions which the Underwriter may have and to participate in one or more due diligence sessions to be held prior to filing of each of the Preliminary Prospectus, the Prospectus and any Supplementary Material.

4. Distribution and Certain Obligations of the Underwriter

- (a) The Underwriter shall, and shall require any investment dealer (other than the Underwriter) with which the Underwriter has a contractual relationship in respect of the distribution of the Offered Units (each, a "**Selling Firm**") to agree to, comply with the Applicable Securities Laws in connection with the distribution of the Offered Units and shall offer the Offered Units for sale to the public directly and through Selling Firms upon the terms and conditions set out in the Prospectus and this Agreement. The Underwriter shall, and shall require any Selling Firm to agree to, offer for sale to the public and sell the Offered Units only in those jurisdictions where they may be lawfully offered for sale or sold and shall seek the prior written consent of the Company, such consent not to be unreasonably withheld, regarding the jurisdictions other than the Qualifying Jurisdictions and, if required by the Underwriter, the United States, where the Offered Units are to be offered and sold. The Underwriter shall: (i) use all commercially reasonable efforts to complete and cause each Selling Firm to complete the distribution of the Offered Units as soon as reasonably practicable but in any event no later than 42 days after the date of the Final Receipt; and (ii) as soon as practicable after the completion of the distribution of the Offered Units, and in any event within 30 days after the later of the Closing Date or the last Option Closing Date, notify the Company thereof and provide the Company with a breakdown of the number of Offered Units distributed in the Qualifying Jurisdictions.
- (b) For the purposes of this Section 4, the Underwriter shall be entitled to assume that the Offered Units are qualified for distribution in any Qualifying Jurisdiction where a Passport Receipt or similar document for the Prospectus shall have been obtained from or deemed issued by the applicable Securities Commission (including a Final Receipt for the Prospectus issued under the Passport System) following the filing of the Prospectus unless otherwise notified in writing by the Company.
- (c) During the distribution of the Offered Units, other than the Offering Documents, the press release announcing the Offering, the term sheet attached as Schedule "B" to the Letter Agreement and the amended term sheet attached as Appendix "A" to the amendment to the Letter Agreement (which term sheets the Company and the Underwriter agree are "standard terms sheets" within the meaning of NI 44-101 of such marketing materials), the Underwriter shall not provide any potential investor with any

materials or written communication in relation to the distribution of the Offered Units. The Company and the Underwriter covenant and agree (i) not to provide any potential investor of Offered Units with any marketing materials unless a template version of such marketing materials has been filed by the Company with the Securities Commissions on or before the day such marketing materials are first provided to any potential investor of Offered Units, (ii) not to provide any potential investor in the Qualifying Jurisdictions with any materials or information in relation to the distribution of the Offered Units or the Company other than (a) such marketing materials that have been approved and filed in accordance with NI 44-101, (b) the Preliminary Prospectus, the Prospectus and any Supplementary Material, and (c) any “standard term sheets” (within the meaning of Applicable Securities Laws) approved in writing by the Company and MRCC, and (iii) that any marketing materials approved and filed in accordance with NI 44-101 and any standard term sheets approved in writing by the Company and MRCC shall only be provided to potential investors in the Qualifying Jurisdictions.

- (d) The Underwriter represents and warrants to the Corporation and acknowledges that the Corporation is relying upon such representation and warranty in entering into this Agreement that the Underwriter is registered to carry on business as an investment dealer in each of the Qualifying Jurisdictions.

5. Deliveries on Filing and Related Matters

- (a) The Company shall deliver to the Underwriter:
 - (i) concurrently with the filing of each of the Preliminary Prospectus and the Prospectus, as the case may be, a copy of each of the Preliminary Prospectus and Prospectus, as the case may be, signed by the Company as required by Applicable Securities Laws;
 - (ii) concurrently with the filing thereof, a copy of any Supplementary Material required to be filed by the Company in compliance with Applicable Securities Laws;
 - (iii) concurrently with the filing of the Prospectus with the Securities Commissions, a “long form” comfort letter dated the date of the Prospectus, in form and substance satisfactory to the Underwriter, acting reasonably, addressed to the Underwriter and the directors of the Company from the current auditor of the Company and the former auditor of the Company with respect to the Financial Statements and other financial and accounting information relating to the Company contained or incorporated by reference in the Prospectus, which letters shall be based on a review by such auditors within a cut-off date and based on a review of not more than two Business Days prior to the date of the letter, which letters shall be in addition to any auditors’ comfort and consent letters addressed to the Securities Commissions in the Qualifying Jurisdictions;
 - (iv) prior to the filing of the Prospectus with the Securities Commissions, copies of correspondence demonstrating that the listing and posting for trading on the TSXV of the Shares and the Warrant Shares has been approved subject only to the satisfaction by the Company of such customary and standard conditions imposed by the TSXV in similar circumstances and set forth in a letter of the TSXV addressed to the Company (the “**Standard Listing Conditions**”); and

- (v) copies of all other documents resulting or related to the Company taking all other steps and proceedings that may be necessary in order to qualify the Offered Units for distribution in each of the Qualifying Jurisdictions by the Underwriter and other persons who are registered in a category permitting them to distribute the Offered Units under Applicable Securities Laws and who comply with such Applicable Securities Laws.

(b) ***Supplementary Material***

If applicable, the Company shall also prepare and deliver promptly to the Underwriter signed copies of all Supplementary Material. Concurrently with the delivery of any Supplementary Material or the incorporation or deemed incorporation by reference in the Prospectus of any Subsequent Disclosure Document, the Company shall deliver to the Underwriter, with respect to such Supplementary Material or Subsequent Disclosure Document, a comfort letter from the Company's current auditor and former auditor substantially similar to the letters referred to in Section 5(a)(iii).

(c) ***Representations as to Prospectus and Supplementary Material***

Each delivery to any Underwriter of any Offering Document by the Company shall constitute the representation and warranty of the Company to the Underwriter that:

- (i) all information and statements (except information and statements relating solely to and provided in writing by the Underwriter for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material) contained and incorporated by reference in such Offering Documents, are, at their respective dates, and, if applicable, the respective dates of filing, of such Offering Documents, true and correct in all material respects and contain no misrepresentation and, on the respective dates of such Offering Documents, constitute full, true and plain disclosure of all material facts relating to the Company and the Offered Units, Shares, Warrants and Warrant Shares as required by Applicable Securities Laws of the Qualifying Jurisdictions;
- (ii) no material fact or information (except facts or information relating solely to and provided in writing by the Underwriter for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material) has been omitted from any Offering Document which is required to be stated therein or is necessary to make the statements therein not misleading in the light of the circumstances in which they were made; and
- (iii) each of such Offering Documents complies with the requirements of the Applicable Securities Laws of the Qualifying Jurisdictions.

Such deliveries shall also constitute the Company's consent to the Underwriter and any Selling Firm's use of the Offering Document in connection with the distribution of the Offered Units in compliance with this Agreement.

(d) ***Delivery of Prospectus and Related Matters***

The Company will cause to be delivered to the Underwriter, at those delivery points as the Underwriter reasonably requests, as soon as possible and in any event no later than

12:00 noon (Toronto time) on the next Business Day (or by 12:00 noon (Toronto time) on the second Business Day for deliveries outside of Toronto), in each case following the day on which the Company has obtained (i) the Preliminary Receipt for the Preliminary Prospectus, and (ii) the Final Receipt for the Prospectus, and thereafter from time to time during the distribution of the Offered Units, as many commercial copies of the Preliminary Prospectus, the Prospectus and/or any Supplementary Material, as applicable, as the Underwriter may reasonably request. Each delivery of any of the Offering Documents will have constituted or will constitute, as the case may be, consent of the Company to the use by the Underwriter and any Selling Firms of those documents in connection with the distribution and sale of the Offered Units in all of the Qualifying Jurisdictions.

(e) ***Press Releases***

Neither the Company, nor the Underwriter, shall make any public announcement in connection with the Offering, except if the other party has consented to such announcement or the announcement is required by applicable laws or stock exchange rules. For greater certainty, during the period commencing on the date hereof and until completion of the distribution of the Offered Units, the Company will promptly provide to the Underwriter drafts of any press releases of the Company for review and comment by the Underwriter and the Underwriter's counsel prior to issuance, provided that any such review will be completed in a timely manner, and the Company will incorporate in such press releases all reasonable comments of the Underwriter. To deal with the possibility that the Initial Units and Additional Units may be offered and sold to persons that are, or are acting for the account or benefit of, purchasers in the United States or United States persons, any such press release shall contain a legend in substantially the following form: "NOT INTENDED FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES."

6. Material Change

- (a) The Company shall promptly inform the Underwriter (and promptly confirm such notification in writing) during the period prior to the Underwriter notifying the Company of the completion of the distribution of the Offered Units in accordance with Section 4(a) hereof of the full particulars of:
- (i) any material change whether actual, anticipated, contemplated, threatened or proposed in the Company or any Subsidiary or in any of their businesses, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise) or results of operations or in the Offering;
 - (ii) any material fact which has arisen or has been discovered or any new material fact that would have been required to have been stated in the Offering Documents had that fact arisen or been discovered on or prior to the date of any of the Offering Documents;
 - (iii) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained or incorporated by reference in the Offering Documents or whether any event or state of facts has occurred after the date hereof, which, in any case,

is, or may be, of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents, including as a result of any of the Offering Documents containing or incorporating by reference therein an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not false or not misleading in the light of the circumstances in which it was made, or which could result in any of the Offering Documents not complying with the Applicable Securities Laws of any Qualifying Jurisdiction;

- (iv) any notice by any governmental, judicial or regulatory authority requesting any material information, meeting or hearing relating to the Company, any Subsidiary or the Offering; or
 - (v) any other event or state of affairs that may be relevant to the Underwriter's due diligence investigations.
- (b) Subject to Section 6(d), the Company will prepare and file promptly (and, in any event, within the time prescribed by Applicable Securities Laws) any Supplementary Material which may be necessary under the Applicable Securities Laws, and the Company will prepare and file promptly at the request of the Underwriter any Supplementary Material which, in the opinion of the Underwriter, acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary, to continue to qualify the Offered Units for distribution in each of the Qualifying Jurisdictions.
- (c) During the period commencing on the date hereof until the Underwriter notifies the Company of the completion of the distribution of the Offered Units, the Company will promptly inform the Underwriter in writing of the full particulars of:
- (i) any request of any Securities Commission for any amendment to any Offering Document or for any additional information in respect of the Offering or the Company;
 - (ii) the receipt by the Company of any material communication, whether written or oral, from any Securities Commission, the TSXV or any other competent authority, relating to the Preliminary Prospectus, the Prospectus, any Supplementary Material, the distribution of the Offered Units, Compensation Options, Shares, Warrants, Warrant Shares, or the Company;
 - (iii) any notice or other correspondence received by the Company from any Governmental Authority and any requests from such bodies for information, a meeting or a hearing relating to the Company, the Offering, the issue and sale of the Offered Units, Compensation Options, Shares, Warrants, Warrant Shares, or any other event or state of affairs that could, individually or in the aggregate, have a Material Adverse Effect; or
 - (iv) the issuance by any Securities Commission, the TSXV or any other competent authority, including any other Governmental Authority, of any order to cease or suspend trading or distribution of any securities of the Company (including Offered Units, Shares, Warrants, Warrant Shares or Compensation Options) or of the institution, threat of institution of any proceedings for that purpose or any

notice of investigation that could potentially result in an order to cease or suspend trading or distribution of any securities of the Company (including Offered Units, Shares, Warrants, Warrant Shares or Compensation Options).

- (d) In addition to the provisions of Sections 6(a), 6(b) and 6(c) hereof, the Company shall in good faith discuss with the Underwriter any circumstance, change, event or fact contemplated in Sections 6(a), 6(b) or 6(c) which is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Underwriter under Sections 6(a), 6(b) or 6(c) hereof and shall consult with the Underwriter with respect to the form and content of any Supplementary Material proposed to be filed by the Company, it being understood and agreed that any such Supplementary Material shall not be filed with any Securities Commission prior to the review and approval thereof by the Underwriter and its counsel, acting reasonably.

7. Regulatory Approvals

- (a) Prior to the filing of the Prospectus with the Securities Commissions, the Company shall file or cause to be filed with the TSXV all necessary documents and shall take or cause to be taken all necessary steps to ensure that the Company has obtained all necessary approvals for the Shares and the Warrant Shares to be conditionally listed on the TSXV subject only to the Standard Listing Conditions.
- (b) The Company will make all necessary filings and obtain all necessary regulatory consents and approvals (if any), and the Company will pay all filing, exemption and other fees required to be paid in connection with the transactions contemplated in this Agreement.

8. Representations and Warranties of the Company

The Company represents and warrants to the Underwriter, and acknowledges that the Underwriter is relying on such representations and warranties in purchasing the Offered Units, that:

- (a) the Company: (i) has been duly incorporated, amalgamated, continued or organized and is validly existing as a company in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuation or organization, and has the corporate power, capacity and authority to own, lease and operate its property and assets, to conduct its business as now conducted and to carry out the provisions hereof; and (ii) where required, has been duly qualified as an extra-provincial or foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction in which it owns or leases property, or conducts any business except, in each case, where the failure to so qualify in any such jurisdiction would not, individually or in the aggregate, have a Material Adverse Effect;
- (b) the Company has no Subsidiaries other than the Material Subsidiaries, and, other than Sunens, no investment in any person, which in either case is or could be material to the business and affairs of the Company (on a consolidated basis). Other than the Material Subsidiaries, the other Subsidiaries are inactive and do not carry on, and have not carried on, any business or operations. Inverell S.A. and 2368523 Ontario Inc. are no longer carrying on operations. Other than as disclosed in the Offering Documents, the Company is the direct or indirect registered and beneficial owner of all of the issued and outstanding shares of or other voting securities in each Subsidiary, free and clear of all encumbrances, liens, mortgages, hypothecations, security interests, charges or adverse

interests whatsoever, and no person, firm, corporation or entity has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Company or any Subsidiary of any of the shares or other securities of any Subsidiary;

- (c) each Material Subsidiary: (i) has been duly incorporated, amalgamated, continued or organized and is validly existing as a corporation or limited liability company in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuation or organization and has the corporate power, capacity and authority to own, lease and operate its property and assets, to conduct its business as now conducted and to carry out the provisions hereof; and (ii) where required, has been duly qualified as an extra-provincial or foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any business, and is not precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document;
- (d) the Company and each Material Subsidiary (i) are each conducting and have each conducted their business in material compliance with all Applicable Laws of each jurisdiction in which its business is carried on or in which its services are provided and has not received a notice of any material non-compliance, nor knows of, nor has knowledge of, any facts that could give rise to a notice of material non-compliance with any such Applicable Laws, (ii) are not in breach or violation of any judgment, order or decree of any Governmental Authority or court having jurisdiction over the Company or any Material Subsidiary, as applicable, and (iii) hold all, and are in substantial compliance with all, Governmental Licences that are material to the conduct of the business of the Company (provided that the Cannabis Licences, other than any Cannabis Licenses held by or in relation to Inverell S.A. or its business, shall be deemed to be material to the conduct of the business of the Company for the purposes of this Section 8(d)) and the Material Subsidiaries and required to carry on their business as now conducted;
- (e) other than as disclosed in the Offering Documents, neither the Company nor any Subsidiary has been served with or otherwise received notice of any legal or governmental proceedings and there are no legal or governmental proceedings (whether or not purportedly on behalf of the Company) pending to which the Company or any Subsidiary is a party or of which any property or assets of the Company or any Subsidiary is the subject which is reasonably likely, individually or in the aggregate, to have a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the consummation by the Company of the transactions contemplated by this Agreement and, to the Company's knowledge, no such proceedings have been threatened or contemplated by any Governmental Authority or any other parties;
- (f) with respect to each of the premises which is material to the Company and any Subsidiary and which the Company or any Subsidiary occupies as tenant (the "**Leased Premises**"), the Company or Subsidiary (as applicable) occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and neither the Company nor any Subsidiary is in material breach or violation of or in default under any of the leases pursuant to which the Company or Subsidiary occupies the Leased Premises and to the Company's knowledge, such leases are valid, in good standing and in full force and effect and are enforceable against the respective lessors thereof;

- (g) (A) each of the Properties is 100% beneficially owned by the Company or a Material Subsidiary; (B) the Company or a Material Subsidiary holds the Properties under valid, subsisting and enforceable title documents and such title documents permit the Company and the Material Subsidiaries to carry on their business thereon as currently conducted; (C) except as disclosed in the Prospectus, the Company or a Material Subsidiary has good and marketable freehold title in fee simple to the Properties free and clear of any and all hypothecs, prior claims, mortgages, liens, pledges, charges, security interests, encumbrances, actions, claims or demands of any nature whatsoever or howsoever arising; and (D) there are currently no facts, circumstances, events or conditions which could reasonably be expected to materially and adversely affect or impair the value or permitted use(s) of any of the Properties;
- (h) the Company or a Subsidiary is the absolute legal and beneficial owner, and has good and valid title to, or is the lessee of, all of the material properties and material assets thereof as described in the Offering Documents free and clear of all Encumbrances and defects of title except such as are disclosed in the Offering Documents or such as are not material, individually or in the aggregate, to the Company and the Subsidiaries (taken as a whole), and (A) no other material property or assets are necessary for the conduct of the business of the Company or any Subsidiary as currently conducted, (B) the Company has no knowledge of any claim or the basis for any claim that might or could materially and adversely affect the right of the Company or its Subsidiaries to use, transfer or otherwise exploit such property or assets, and (C) neither the Company nor any Subsidiary has the responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof;
- (i) the Financial Statements:
 - (i) have been prepared in accordance with Applicable Securities Laws and IFRS, applied on a consistent basis throughout the periods referred to therein, except as otherwise disclosed therein;
 - (ii) present fairly, in all material respects, the financial position and condition of the Company and the Subsidiaries (on a consolidated basis) as at the dates thereof and the results of its operations and the changes in its shareholder's equity and cash flows for the periods then ended, and do not contain a misrepresentation; and
 - (iii) have been audited (in the case of the annual financial statements comprising the Financial Statements) or reviewed (in the case of the interim financial statements comprising the Financial Statements) by independent public accountants within the meaning of Applicable Securities Laws and the rules of the Chartered Professional Accountants of Canada;
- (j) the accountants who audited or reviewed (as the case may be) the Financial Statements are independent with respect to the Company within the meaning of Applicable Securities Laws and there has not been any "reportable event" (within the meaning of NI 51-102) with the current auditors or any former auditors of the Company since May 5, 2017;
- (k) there are no material liabilities of the Company or the Subsidiaries, whether direct, indirect, absolute, contingent or otherwise which are not disclosed or reflected in the Financial Statements, except for liabilities incurred in the ordinary course of business

since September 30, 2020, and which liabilities would not, individually or in the aggregate, have a Material Adverse Effect;

- (l) the audit committee's responsibilities and composition comply with National Instrument 52-110 - *Audit Committees*;
- (m) except as disclosed in the Offering Documents, none of the directors, executive officers or shareholders who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares or any known associate or affiliate of any such person, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Company or any Subsidiary which, as the case may be, materially affects or is material to the Company and the Subsidiaries (taken as a whole);
- (n) the Company and each Subsidiary has duly and on a timely basis filed all foreign, federal, state, provincial and municipal tax returns required to be filed by it, has paid, collected, withheld and remitted all taxes due and payable or required to be collected, withheld and remitted by the Company or Subsidiary and has paid all assessments and reassessments and all other taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any Governmental Authority to be due and owing, except where the failure would not, individually or in the aggregate, have a Material Adverse Effect, and adequate provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Company or the Subsidiaries; there are no actions, suits, proceedings, investigations or claims pending or, to the Company's knowledge, threatened against the Company or any Subsidiary in respect of taxes, governmental charges or assessments; and there are no matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by any such authority;
- (o) the Company or a Material Subsidiary owns, or has obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property including, for greater certainty, the Intellectual Property described in the Offering Documents; the Company has no knowledge that the Company or a Material Subsidiary lacks or will be unable to obtain any rights or licenses to use all Intellectual Property necessary and material for the conduct of the business of the Company or the Material Subsidiaries (including the commercialization of the Company's and its Material Subsidiaries' products and services candidates) as described in the Offering Documents; no third parties have rights to any Intellectual Property of the Company or any Material Subsidiary, except as disclosed in the Offering Documents or except for the ownership rights of the owners of the Licensed IP or except for any licenses of use granted by the Company or any Material Subsidiary therein; there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or enforceability of any Intellectual Property or the Company's or any Material Subsidiary's rights in or to any Intellectual Property, the Company has no knowledge of any facts which form a reasonable basis for any such claim, and to the Company's knowledge, there has been no finding of unenforceability or invalidity of the Intellectual Property; to the Company's knowledge, there is no patent or published patent application that contains claims that interfere with the issued or pending claims of any of the Intellectual Property of the

Company or its Material Subsidiaries; and to the Company's knowledge, there is no prior art that necessarily renders any patent application owned by the Company or any Material Subsidiary unpatentable;

- (p) other than Licensed IP, the Company or a Material Subsidiary is the legal and beneficial owner of, has good and marketable title to, and owns all right, title and interest in and to all Intellectual Property free and clear of all Encumbrances or adverse interests whatsoever, other than covenants, conditions, options to purchase and restrictions or other adverse claims of any kind or nature which could, individually or in the aggregate, have a Material Adverse Effect, and the Company has no knowledge of any claim of adverse ownership in respect thereof; other than the Licensed IP, no consent of any person is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Intellectual Property and none of the Intellectual Property of the Company or its Material Subsidiaries comprises an improvement to Licensed IP that would give any person any rights to any such Intellectual Property, including, without limitation, rights to license any such Intellectual Property;
- (q) other than as disclosed in the Offering Documents, neither the Company nor any Subsidiary has received any notice or claim (whether written, oral or otherwise) challenging the ownership or right to use of any of the Intellectual Property or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, nor to the knowledge of the Company is there a reasonable basis for any claim that any person other than the Company or a Material Subsidiary has any claim of legal or beneficial ownership or other claim or interest in any of the Intellectual Property;
- (r) all applications for registration of any Intellectual Property of the Company and its Material Subsidiaries have been properly filed and have been pursued by the Company or its Material Subsidiaries in the ordinary course of business, and neither the Company nor any Material Subsidiary has received any notice (whether written, oral or otherwise) indicating that any application for registration of the Intellectual Property of the Company or its Material Subsidiaries has been finally rejected or denied by the applicable reviewing authority except for any rejection or denial that would not, individually or in the aggregate, have a Material Adverse Effect;
- (s) to the Company's knowledge, the conduct of the business of the Company and its Material Subsidiaries (including, without limitation, the sale of its products and services, or the use or other exploitation of the Intellectual Property by the Company and its Subsidiaries or any customers, distributors or other licensees thereof) has not infringed, violated, misappropriated or otherwise conflicted with any intellectual property right of any person; and there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others that the Company or any Subsidiary infringes or otherwise violates (or would infringe or otherwise violate upon commercialization of the Company's or its Subsidiaries' products or services under development) any intellectual property of others, and the Company has no knowledge of any facts which form a reasonable basis for any such claim;
- (t) neither the Company nor any Subsidiary is a party to any action or proceeding, nor, to the Company's knowledge, is or has any action or proceeding been threatened that alleges that any current or proposed conduct of their respective businesses (including, without limitation, the sale of their respective products and services, or use or other exploitation

of any Intellectual Property by the Company or its Subsidiaries or any customers, distributors or other licensees) has infringed, violated or misappropriated or otherwise conflicted, or will infringe, violate or misappropriate or otherwise conflict, with any intellectual property right of any person;

- (u) to the Company's knowledge, no person has infringed or misappropriated, or is infringing or misappropriating, any rights of the Company or its Material Subsidiaries in or to the Intellectual Property;
- (v) the Company or a Material Subsidiary has entered into valid and enforceable written agreements pursuant to which the Company has been granted all licenses and permissions to use, reproduce, sub-license, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required to operate the business of the Company and the Material Subsidiaries as currently conducted (including, if required, the right to incorporate such Licensed IP into the Intellectual Property). All license agreements in respect to Licensed IP are in full force and effect and neither the Company nor any Material Subsidiary nor, to the Company's knowledge, any other person, is in default of any material obligations thereunder;
- (w) to the extent that any of the Intellectual Property is licensed or disclosed to any person or any person has access to such Intellectual Property (including but not limited to any employee, officer, shareholder, consultant, systems-integrator, distributor or Contract counterparty of the Company or any Subsidiary), the Company or a Material Subsidiary has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure or transfer of such Intellectual Property by such person. Other than such agreements that have expired in accordance with their respective terms, all such agreements are in full force and effect and neither the Company nor any Material Subsidiary nor, to the Company's knowledge, any other person, is in material default of its obligations thereunder;
- (x) to the Company's knowledge, all moral rights as defined under the *Copyright Act* (Canada) or any other applicable legislation or by operation of law in any applicable jurisdiction have been waived in writing in favour of any of the Company or a Subsidiary and its successors or assignees with respect to the copyrightable works that are owned by the Company or a Subsidiary, except as would not, individually or in the aggregate, have a Material Adverse Effect;
- (y) the Company is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, is not in default under the Applicable Securities Laws of those provinces and is not on the list of defaulting issuers maintained by the applicable Securities Commissions in those provinces. As a result of filing the Prospectus with the Securities Commissions and upon obtaining the Final Receipt therefor, the Company will not at the Closing Time on the Closing Date or Option Closing Date, as the case may be, be in default under the Applicable Securities Laws of any of the Qualifying Jurisdictions and will not be on the list of defaulting issuers maintained by any Securities Commission in such Qualifying Jurisdictions;
- (z) the Company is in compliance with its timely and continuous disclosure obligations under the Applicable Securities Laws of each of the Qualifying Jurisdictions and the policies, rules and regulations of the TSXV and, without limiting the generality of the

foregoing, there has not occurred any material change (actual, anticipated, contemplated or threatened) in the business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, assets, properties, condition (financial or otherwise), results of operations or control of the Company since January 1, 2019 which has not been set forth in the Disclosure Record or otherwise publicly disclosed on a non-confidential basis, and the Company has not filed any confidential material change reports since January 1, 2019 which remain confidential as at the date hereof;

- (aa) to the Company's knowledge or as otherwise disclosed in the Offering Documents, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Company;
- (bb) the Company is authorized to issue an unlimited number of Common Shares, of which 642,943,875 Common Shares are issued and outstanding as of the date hereof, and all such issued Common Shares are validly issued and outstanding, and other than as disclosed in the Disclosure Record and the Offering Documents, no person, firm or corporation has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option or privilege (whether pre-emptive or contractual), for the issue or allotment of any unissued shares in the capital of the Company or any other security convertible into or exchangeable for any such shares, or to require the Company to purchase, redeem or otherwise acquire any of the outstanding securities in the capital of the Company, except as disclosed in the Offering Documents;
- (cc) each of the execution and delivery of this Agreement and the Warrant Indenture, the performance by the Company of its obligations hereunder and thereunder, including the offer, issue and sale of the Offered Units (including the Shares and Warrants comprising the Offered Units), the issue and sale of the Warrant Shares underlying the Warrants, the grant and issue of the Compensation Option, and the consummation of the transactions contemplated in this Agreement and the Warrant Indenture, do not and will not:
 - (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, and do not and will not create a state of facts which will result in a breach or violation of or constitute a default under, whether after notice or lapse of time or both, (i) any statute, rule, regulation or law applicable to the Company or any Subsidiary, including, without limitation, the Applicable Securities Laws, or any judgment, order or decree of any Governmental Authority or court having jurisdiction over the Company or any Subsidiary; (ii) the constating documents or resolutions of the shareholders, directors or any committee of directors of the Company or any Subsidiary; (iii) any material mortgage, note, indenture, Contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company or any Subsidiary is a party or by which it is bound; or (iv) any judgment, decree or order binding the Company, any Subsidiary or any of their Assets and Properties;
 - (ii) affect the rights, duties and obligations of any parties to any material indenture, agreement or instrument to which the Company or any Subsidiary is a party, nor give a party the right to terminate any such indenture, agreement or instrument by virtue of the application of terms, provisions or conditions in such indenture, agreement or instrument; or

- (iii) require the consent, approval, authorization, registration or qualification of or with any Governmental Authority, stock exchange, Securities Commission or other third party, except such as have been obtained or such as may be required (and shall be obtained by the Company prior to the Closing Time) under Applicable Securities Laws or stock exchange regulations except (i) those which have been obtained or those which may be required and shall be obtained prior to the Closing Time under Applicable Securities Laws or the rules of the TSXV, and (ii) such post-Closing notice filings with Securities Commissions and the TSXV as may be required in connection with the Offering;
- (dd) the execution and delivery of this Agreement, the Warrant Indenture and any certificate representing the Compensation Options, and the performance of the transactions contemplated hereby and thereby (including the issuance, sale and delivery of the Offered Units, the grant of the Over-Allotment Option, the grant and issue of the Compensation Options, the issuance, sale and delivery of the Shares and Warrants, and the allotment and reservation for the issue and delivery of the Warrant Shares) have been duly authorized by all necessary corporate action of the Company and this Agreement has been, and any certificate representing the Initial Warrants and the Additional Warrants, will at the Closing Time be, duly executed and delivered by the Company and constitutes and will at the Closing Time constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, provided that enforcement hereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction and that the provisions relating to indemnity, contribution, severability and waiver of contribution may be limited under Applicable Law (the "**Qualification**");
- (ee) the Company has the power, capacity and authority to offer, issue and sell the Offered Units including the Shares and Warrants comprising the Offered Units, and to issue and sell the Warrant Shares underlying the Warrants;
- (ff) the Shares and the Warrants have been duly created, authorized, allotted and reserved for issuance and, at the applicable Closing Time:
 - (i) the Initial Shares and, if applicable, the Additional Shares will be duly and validly issued and outstanding as fully paid and non-assessable shares in the capital of the Company;
 - (ii) the Initial Warrants and, if applicable, the Additional Warrants will be duly created and validly issued and outstanding as fully paid securities of the Company; and
 - (iii) the Initial Shares and the Initial Warrants, and, if applicable, the Additional Shares and the Additional Warrants, will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;
- (gg) the Warrant Shares have been duly authorized, allotted and reserved for issuance, and, upon the exercise of the Warrants and payment of the exercise price therefor, will be validly issued and outstanding as fully paid and non-assessable Common Shares in the capital of the Company. The Warrant Shares will not have been issued in violation of or

- subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;
- (hh) the Company has the corporate power, capacity and authority to issue the Compensation Options and to issue the Compensation Shares;
 - (ii) the Shares issuable upon exercise of the Compensation Options have been duly authorized and reserved for issuance and, at the applicable Closing Time:
 - (i) the Compensation Options will be duly and validly created and issued and will be fully paid securities of the Company; and
 - (ii) the Compensation Options, and, if applicable, the Compensation Shares, will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;
 - (jj) the Common Shares and the Warrants have the attributes and characteristics and conform in all material respects with the descriptions thereof contained in the Offering Documents;
 - (kk) the Common Shares are listed and posted for trading on the TSXV and, prior to the Closing Time, all necessary notices and filings will have been made with and all necessary consents, approvals, authorizations will have been obtained by the Company from the TSXV to ensure that, subject to fulfilling the Standard Listing Conditions, the Shares and the Warrant Shares will be listed and posted for trading on the TSXV upon their issuance;
 - (ll) no default exists under and, to the Company's knowledge, no event has occurred which, after notice or lapse of time or both, or otherwise, constitutes a default under or breach, by the Company, any Subsidiary or, to the Company's knowledge, any other person, of any obligation, agreement, covenant or condition contained in any Contract to which the Company or any Subsidiary is a party or by which it or any of its properties may be bound, except in each case for breaches or defaults which would not, individually or in the aggregate, have a Material Adverse Effect; and no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Offered Units, the Shares, the Warrants, the Warrant Shares, the Common Shares, the Compensation Options, the Compensation Shares, or any other security of the Company has been issued or made by any Securities Commission or stock exchange or any other regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated or threatened by any such authority or under any Applicable Securities Laws
 - (mm) except for the formal written consent of the TSXV and the waiver of its anti-dilution/pre-emptive rights by Imperial Brands PLC, there are no third party consents required to be obtained in order for the Company to complete the Offering;
 - (nn) except for the Underwriter as provided herein, there is no person, firm or corporation acting for the Company entitled to any brokerage or finder's fee in connection with the Offering;

- (oo) each of the documents forming the Disclosure Record filed since May 5, 2017 by or on behalf of the Company with any Securities Commission or the TSXV, did not contain a misrepresentation, determined as at the date of filing, which has not been corrected by the filing of a subsequent document which forms part of the Disclosure Record;
- (pp) the minute books and records of the Company and each Material Subsidiary made available to counsel for the Underwriter in connection with their due diligence investigation of the Company for the periods from May 5, 2017 to the date of examination thereof are all of the minute books and records of the Company and the Material Subsidiaries and contain copies of all proceedings (or certified copies thereof) of the shareholders, the boards of directors and all committees of the boards of directors of the Company and the Material Subsidiaries to the date of review of such corporate records and minute books and there have been (A) no other meetings, resolutions or proceedings of the board of directors or any committees of the board of directors of the Company or any Material Subsidiary where any material resolution was passed, or (B) no other meetings, resolutions or proceedings of the shareholders of the Company or any Material Subsidiary, to the date of review of such corporate records and minute books not reflected in such minute books or other records;
- (qq) other than as disclosed in the Offering Documents, no material labour dispute with current and former employees of the Company and the Material Subsidiaries exists or, to the knowledge of the Company, is imminent;
- (rr) the Company and each Material Subsidiary is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged, and the Company has no reason to believe that it will not be able to renew the existing insurance coverage of the Company or any Material Subsidiary as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect;
- (ss) except in compliance with Applicable Laws, the Company and its Subsidiaries have not used any of its property or facilities to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any pollutants, contaminants, chemicals or industrial toxic or hazardous waste or substances (“**Hazardous Substances**”) in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; except in compliance with Applicable Laws, the Company and its Subsidiaries have not caused or permitted the release, in any manner whatsoever, of any Hazardous Substances on or from any of its properties or assets or any such release on or from a facility owned or operated by third parties but with respect to which the Company or any Subsidiary is or may reasonably be alleged to have material liability or has received any notice that it is potentially responsible for a federal, provincial, municipal or local clean-up site or corrective action under any Applicable Laws, statutes, ordinances, by-laws, regulations or any orders, directions or decisions rendered by any ministry, department or administrative regulatory agency relating to the protection of the environment, occupational health and safety or otherwise relating to or dealing with Hazardous Substances in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

- (tt) there has not been and there is not currently any labour disruption or conflict which is materially adversely affecting or could reasonably be expected to materially adversely affect, the carrying on of the business of the Company or any Material Subsidiary;
- (uu) each employee benefit plan that is maintained, administered or contributed to by the Company or any Material Subsidiary for employees or former employees of the Company or any Material Subsidiary has been maintained in compliance with its terms and the requirements of, and is in good standing under, Applicable Laws. Neither the Company nor any Material Subsidiary has a defined benefit plan or defined pension plan. Neither the Company nor any Subsidiary has any outstanding indebtedness or any liabilities or obligations, including any unfunded obligation, under any such employee benefit plan, whether accrued, absolute, contingent or otherwise;
- (vv) the forms and terms of the certificates representing the Common Shares have been approved and adopted by the board of directors of the Company and the form and terms of the certificate representing the Common Shares do not and will not conflict with any Applicable Laws or the rules of the TSXV;
- (ww) Computershare Trust Company of Canada, at its principal offices in Vancouver, British Columbia has been duly appointed as the registrar and transfer agent for the Common Shares;
- (xx) the business and material property and assets of the Company and the Material Subsidiaries conform in all material respects to the descriptions thereof contained in the Offering Documents;
- (yy) all products manufactured and services provided to customers, in whole or in part, by the Company and the Subsidiaries and all component parts which are supplied to the Company or any Subsidiary are, to the Company's knowledge, manufactured or provided in full compliance with Applicable Regulatory Laws, and the Company's and the Subsidiaries' products and services have met and satisfied all product safety standards necessary to permit the sale of the Company's and the Subsidiaries' products and services in the jurisdictions in which and to customers to which they are sold, except where the failure to do so would not, individually or in the aggregate, have a Material Adverse Effect;
- (zz) the Company and/or its Material Subsidiaries possess as the exclusive owner thereof the Cannabis Licences, which permit the Company and/or its Material Subsidiaries (as applicable) to engage in the activities authorized by each Cannabis Licence; other than the Cannabis Licences, no other licences, permits, consents or approvals are required to be obtained by the Company or its Subsidiaries to carry on the business presently conducted by the Company and the Subsidiaries; each of the officers and directors of the Company (other than Vikram Bawa) and its Material Subsidiaries, as applicable, has successfully undergone a security clearance and obtained a confirmation of security clearance from the applicable Governmental Authorities and such security clearance is valid and in good standing; neither the Company nor any Subsidiary has received any communication from a Governmental Authority as to the invalidity, void, nullification or other cancellation of the Cannabis Licences and, to the knowledge of the Company, there are no facts or circumstances which could invalidate, void, nullify or otherwise cancel any of the Cannabis Licences;

- (aaa) all supply agreements entered into between the Company and any of its Material Subsidiaries with the Ontario Cannabis Retail Corporation (operating as the Ontario Cannabis Store) and any other similar provincial Governmental Authorities with respect to the retail sale of cannabis are in good standing and in full force and effect, and each of the Company and its Material Subsidiaries is in material compliance with all of its obligations thereunder;
- (bbb) the Company and each Material Subsidiary possesses such permits, certificates, licences, approvals, registrations, qualifications, consents and other authorizations including the Cannabis Licences (collectively, “**Governmental Licences**”), issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by the Company and each Material Subsidiary in all jurisdictions in which it carries on business, that are material to the conduct of the business of the Company (as such business is currently conducted) (provided that the Cannabis Licences shall be deemed to be material to the conduct of the business of the Company for the purposes of this Section 8(bbb)); (B) the Company and each Material Subsidiary is in material compliance with the terms and conditions of all such Governmental Licences; (C) all of such Governmental Licences are in good standing, valid and in full force and effect; (D) neither the Company nor any Material Subsidiary has received any notice of proceedings relating to the revocation, suspension, termination or modification of any such Governmental Licences and, to the knowledge of the Company, there are no facts or circumstances that could lead to the revocation, suspension, modification or termination of any such Governmental Licences if the subject of an unfavourable decision, ruling or finding; (E) neither the Company nor any Material Subsidiary is in material default with respect to filings to be effected or conditions to be fulfilled in order to maintain such Governmental Licences in good standing; (F) none of such Governmental Licences contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict in any material respect the operations or the business of the Company or any Material Subsidiary as now carried on; and (G) neither the Company nor any Material Subsidiary has reason to believe that any party granting any such Governmental Licences is considering limiting, suspending, modifying, withdrawing or revoking the same in any material respect;
- (ccc) neither the Offering (including the proposed use of proceeds), nor the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, will have any material adverse impact on the Cannabis Licences or require the Company or any Material Subsidiary to obtain any new licence or consent or approval under Applicable Regulatory Laws;
- (ddd) neither the Company nor any Subsidiary has received any inspection report, notice of adverse finding, warning letter, untitled letter or other correspondence with or notice from Health Canada or any other Governmental Authority in Canada or any other country, alleging or asserting material non-compliance with any Applicable Laws, that has not been resolved or is otherwise being addressed in a timely manner and in compliance with Applicable Laws by the Company or such Subsidiary. The Company and its Subsidiaries are and have been in material compliance with applicable health care, cannabis, privacy and personal health information laws and the regulations promulgated pursuant to such laws and all other federal, provincial, state, municipal, local or foreign laws, manual provisions, policies and administrative guidance relating to the regulation of the Company in Canada or any other country, including Uruguay. Other than as disclosed in the Offering Documents, neither the Company nor any Subsidiary, either

voluntarily or involuntarily, initiated, conducted or issued or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, post-sale warning or other notice or action relating to the alleged safety or efficacy of any product or any alleged product defect or violation and, to the knowledge of the Company, there is no basis for any such notice or action;

- (eee) the statements under the “Canadian Regulatory Environment” and “Licences and Regulatory Framework in Uruguay” in the Offering Documents provide a fair and accurate summary of the Cannabis Act and the Cannabis Regulations and other Applicable Regulatory Laws as of the date thereof;
- (fff) all forward-looking information and statements of the Company contained in the Offering Documents, including any forecasts and estimates, expressions of opinion, intentions and expectations have been based on assumptions that are, in the opinion of the Company based on relevant information available to it at the time such assumptions were made, reasonable in the circumstances, and the Company has updated such forward-looking information and statements as required by and in compliance with Applicable Securities Laws;
- (ggg) the statistical, industry and market related data included in the Offering Documents are derived from sources which the Company reasonably believes to be accurate, reasonable and reliable, and such data is consistent with the sources from which it was derived;
- (hhh) all information which has been prepared by the Company relating to the Company and its Subsidiaries and their businesses, properties and liabilities and provided or made available to the Underwriter, and all financial, marketing, sales and operational information provided to the Underwriter is, as of the date of such information, true and correct in all material respects, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (iii) (i) the responses given by the Company and its officers at all oral due diligence sessions conducted by the Underwriter in connection with the Offering, as they relate to matters of fact, have been and shall continue to be true and correct in all material respects as at the time such responses have been or are given, as the case may be, and such responses have not and shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which such responses were given or shall be given, as the case may be; and (ii) where the responses reflect the opinion or view of the Company or its officers (including responses or portions of such responses which are forward-looking or otherwise relate to projections, forecasts, or estimates of future performance or results (operating, financial or otherwise)), such opinions or views have been and will be honestly held and believed to be reasonable at the time they are given;
- (jjj) the Company and the Material Subsidiaries are not insolvent (within the meaning of Applicable Laws) and are able to pay their liabilities as they become due. As of date of this Agreement and after giving effect to the Offering, to the knowledge of the Company, the Company will have working capital and sources of funds sufficient to fund the operations of the Company and the Material Subsidiaries for at least 12 months from such date, subject to the qualifications contained in the Prospectus;
- (kkk) the Company has not withheld from the Underwriter any adverse material facts relating to the Company or the Offering;

- (lll) the Company (i) has not made any significant acquisitions as such term is defined in Part 8 of NI 51-102 in its current financial year or prior financial years in respect of which historical and/or pro forma financial statements or other information would be required to be included or incorporated by reference into the Preliminary Prospectus or the Prospectus and for which a business acquisition report has not been filed under NI 51-102, (ii) has not entered into any agreement or arrangement in respect of a transaction that would be a significant acquisition for purposes of Part 8 of NI 51-102, and (iii) there are no proposed acquisitions by the Company that have progressed to the state where a reasonable person would believe that the likelihood of the Company completing the acquisition is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the Prospectus;
- (mmm) the Company is not currently party to any agreement in respect of the change of control of the Company (whether by sale or transfer of shares or sale of all or substantially all of the assets and properties of the Company or otherwise);
- (nnn) all statements made in the Preliminary Prospectus and the Prospectus describing the Offered Units, the Shares, the Warrants, the Warrant Shares, the Compensation Options, and the Compensation Shares and the respective attributes thereof are complete and accurate in all material respects;
- (ooo) the Company, the Subsidiaries and their respective directors, officers, employees and other representatives are familiar with and have conducted all transactions, negotiations, discussions and dealings in full compliance with anti-bribery and anti-corruption laws and regulations applicable in any jurisdiction in which they are located or conducting business. Neither the Company nor any Subsidiary has made any offer, payment, promise to pay, or authorization of payment of money or anything of value to any government official, or any other person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a government official, for the purpose of (i) assisting the parties in obtaining, retaining or directing business; (ii) influencing any act or decision of a government official in his or its official capacity; (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or (iv) securing any improper advantage;
- (ppp) the operations of the Company and the Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the “**Applicable Anti-Money Laundering Laws**”) and no action, suit or proceeding by or before any Governmental Authority involving the Company or any Subsidiary with respect to Applicable Anti-Money Laundering Laws is, to the knowledge of the Company, pending or threatened;
- (qqq) the Company has filed a current annual information form in the form prescribed by NI 51-102 in each of the Qualifying Jurisdictions prior to the date of this Agreement; the Company is as of the date hereof an Eligible Issuer in the Qualifying Jurisdictions and, on the dates of and upon filing of the Preliminary Prospectus and Prospectus, will be an Eligible Issuer in the Qualifying Jurisdictions and there will be no documents required to

be filed under the Applicable Securities Laws of the Qualifying Jurisdictions in connection with the Offering of the Offered Units that will not have been filed as required as at those respective dates;

- (rrr) the Shares, Warrants and Warrant Shares will at the Closing Time qualify as eligible investments as described in the Preliminary Prospectus under the heading “Eligibility for Investment” and the Company will not take or permit any action within its control which would cause the Shares, Warrants or Warrant Shares to cease to be qualified, during the period of distribution of the Offered Units, as eligible investments to the extent so described in the Prospectus;
- (sss) the Company has not received any notice of the termination or cancellation of the strategic alliance agreement or shareholders agreement to which the Company is a party in respect of or in connection with Sunens. To the knowledge of the Company, (A) Sunens possesses all permits, certificates, licences, approvals, registrations, qualifications, consents and other authorizations including cannabis licences (collectively, “**Sunens Governmental Licences**”) issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary or required to conduct the business as now operated by Sunens; (B) Sunens is in compliance with the terms and conditions of all such Sunens Governmental Licences except for instances of noncompliance which would not, individually or in the aggregate, have a Material Adverse Effect; (C) all of the Sunens Governmental Licences held by Sunens are in good standing, valid and in full force and effect; and (D) Sunens has not received any notice relating to the cancellation, revocation, limitation, suspension, or adverse modification of any such Sunens Governmental Licences; and
- (ttt) at the time of delivery thereof to the Underwriter:
 - (i) the Preliminary Prospectus complied, and the Prospectus and all Supplementary Material, if any, will comply, with the requirements of Applicable Securities Laws;
 - (ii) the Preliminary Prospectus provided, and the Prospectus and all Supplementary Material, if any, will provide, full, true and plain disclosure of all material facts relating to the Company and the Subsidiaries (taken as a whole) and the Offered Units; and
 - (iii) the Preliminary Prospectus did not, and the Prospectus and all Supplementary Material, if any, will not, contain any misrepresentation.

9. **Covenants of the Company**

The Company covenants and agrees with the Underwriter that the Company:

- (a) will advise the Underwriter, promptly after receiving notice thereof, of the time when the Preliminary Prospectus, the Prospectus and any Supplementary Material has been filed and Passport Receipts have been obtained and will provide evidence satisfactory to the Underwriter of each such filing and copies of such Passport Receipts;

- (b) will advise the Underwriter, promptly after receiving notice or obtaining knowledge of:
 - (i) the issuance by any Securities Commission of any order suspending or preventing the use of the Preliminary Prospectus, the Prospectus or any Supplementary Material or suspending or seeking to suspend the trading or distribution of the Offered Units, Shares, Warrants or Warrant Shares; (ii) the suspension of the qualification of the Offered Units for offering or sale in any of the Qualifying Jurisdictions; (iii) the institution, threatening or contemplation of any proceeding for any such purposes; or (iv) any requests made by any Securities Commission for amending or supplementing the Preliminary Prospectus or the Prospectus or any Supplementary Material or for additional information, and will use its commercially reasonable efforts to prevent the issuance of any order or any suspension respectively referred to in (i) or (ii) above and, if any such order is issued, to obtain the withdrawal thereof as promptly as possible or if any such suspension occurs, to promptly remedy such suspension in accordance with this Agreement;
- (c) will, for a period of 36 months following the Closing Date, use its commercially reasonable efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of the Applicable Securities Laws of each of the Qualifying Jurisdictions which have such a concept and will comply with all of its obligations under Applicable Securities Laws, provided that the Company shall not be required to comply with this Section 9(c) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Company ceases to be a “reporting issuer” (within the meaning of Applicable Securities Laws);
- (d) will, for a period of 36 months following the Closing Date, use its commercially reasonable efforts (including, without limitation, making application to the Securities Commissions of each Qualifying Jurisdiction for all consents, orders and approvals necessary) to maintain the listing of the Common Shares on the TSXV or the TSX or such other recognized stock exchange or quotation system as MRCC may approve, acting reasonably, provided that the Company shall not be required to comply with this Section 9(d) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Company ceases to be a “reporting issuer” (within the meaning of Applicable Securities Laws);
- (e) will use its commercially reasonable efforts to ensure that the Shares and the Warrant Shares are, when issued, listed and posted for trading on the TSXV (or the TSX or such other recognized national stock exchange or quotation system) upon their date of issuance;
- (f) will apply the net proceeds from the issue and sale of the Offered Units in accordance with the disclosure set out under the heading “Use of Proceeds” in the Prospectus, subject to the qualifications set out therein;
- (g) will promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Underwriter may reasonably require from time to time for the purpose of giving effect to this Agreement and take all such steps as may be reasonably required within its power to implement to the full extent the provisions, and to satisfy the conditions, of this Agreement;
- (h) will on or before the time of filing the Prospectus provide to the Underwriter a copy of the conditional listing approval of the Shares and the Warrant Shares;

- (i) will, until completion of the distribution of the Offered Units, forthwith notify the Underwriter of any breach of any covenant of this Agreement or any Ancillary Documents by any party thereto, or upon it becoming aware that any representation or warranty of the Company contained in this Agreement or any Ancillary Document is or has become untrue or inaccurate in any material respect;
- (j) will not, at any time prior to the closing of the Offering, halt the trading of the Common Shares on the TSXV without the prior written consent of MRCC, unless required to do so under Applicable Securities Laws or the rules of the TSXV;
- (k) will use its best efforts to cause all directors, senior officers and insiders of the Company, and their respective associates, and all shareholders (except for Imperial Brands PLC) with a pro-forma ownership interest in the Company greater than 5%, to enter into an agreement with and in form and substance satisfactory to the Underwriter at the Closing Time on the Closing Date pursuant to which they will agree not to, for a period commencing on the Closing Date and ending on the date that is 90 days following the Closing Date, directly or indirectly offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, or announce any intention to do any of the foregoing, any Common Shares or other securities of the Company held by them, directly or indirectly, other than (a) with the prior written consent of MRCC, which consent will not be unreasonably withheld or delayed, (b) upon the exercise of previously issued options or other convertible securities, (c) transfers among a shareholder's affiliates for tax or other planning purposes, or (d) a tender or sale by a shareholder of securities of the Company in or pursuant to a take-over bid or similar transaction involving a change of control of the Company; and
- (l) will, until completion of the distribution of the Offered Units, make available management of the Company for meetings with investors as scheduled by MRCC at the discretion of MRCC, acting reasonably.

10. Conditions of Closing

The obligation of the Underwriter to purchase, or act as agent for Substituted Purchasers to purchase, the Initial Units at the Closing Time on the Closing Date and to purchase any Additional Units, Additional Shares and/or Additional Warrants at the Closing Time on an Option Closing Date shall be subject to the following:

- (a) the Underwriter will receive at the Closing Time a legal opinion addressed to the Underwriter and its counsel dated and delivered on the Closing Date from the Company's counsel, Owens Wright LLP (and such other counsel as may be required) in form and substance satisfactory to the Underwriter and its counsel, acting reasonably, with respect to the following matters, subject to such reasonable assumptions and qualifications customary with respect to transactions of this nature as may be accepted by Underwriter's counsel:

- (i) the Company is a “reporting issuer”, or its equivalent, in each of the Qualifying Jurisdictions and it is not listed as in default of any requirement of Applicable Securities Laws on the lists maintained by the Securities Commissions in the Qualifying Jurisdictions;
- (ii) the Company is a corporation existing under the BCA;
- (iii) there are no restrictions on the corporate power and capacity of the Company to own property and assets and to carry on business;
- (iv) the Company has the corporate power and capacity to (i) execute, deliver and perform its obligations under this Agreement, the Warrant Indenture and the certificate representing the Compensation Options, (ii) to issue the Offered Units, (iii) to issue the Compensation Options, (iv) to grant the Over-Allotment Option; (v) to issue the Warrant Shares upon the exercise of the Warrants; and (vi) to issue the Compensation Shares upon the exercise of the Compensation Options;
- (v) the authorized share capital of the Company consists of an unlimited number of Common Shares;
- (vi) the execution and delivery by the Company of this Agreement, the Warrant Indenture and the certificate representing the Compensation Options and the performance by the Company of its obligations hereunder and thereunder have been duly authorized by all necessary corporate action on the part of the Company, and each of this Agreement, the Warrant Indenture and the certificate representing the Compensation Options has been duly executed and delivered by and is enforceable against the Company in accordance with its terms;
- (vii) the execution and delivery by the Company of this Agreement, the Warrant Indenture and the certificate representing the Compensation Options and the performance by the Company of its obligations hereunder and thereunder does not and will not (as the case may be) contravene: (A) the BCA, or (B) the articles of the Company;
- (viii) all necessary corporate action has been taken by the Company to authorize the execution of each of the Preliminary Prospectus and the Prospectus and the filing thereof with the Securities Commissions;
- (ix) the Unit Shares have been validly issued and are outstanding as fully paid and non-assessable Common Shares;
- (x) the Unit Warrants have been validly created and issued as warrants of the Company;
- (xi) all necessary corporate action has been taken by the Company to reserve for issuance and authorize the issue of the Warrant Shares and, upon due exercise of the Warrants in accordance with their terms, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
- (xii) all necessary corporate action has been taken by the Company to reserve for issuance and authorize the issue of the Compensation Shares and, upon due

exercise of the Compensation Options in accordance with their terms, the Compensation Shares will be validly issued as fully paid and non-assessable Common Shares;

- (xiii) the attributes of the Shares, the Warrants and the Warrant Shares conform in all material respects with the description of the Shares, the Warrants and the Warrants Shares in the Prospectus;
- (xiv) all necessary documents have been filed, all necessary proceedings have been taken, all approvals, permits and consents of the appropriate regulatory authority in each Qualifying Jurisdiction have been obtained, and all necessary legal requirements have been fulfilled by the Company under Applicable Securities Laws to qualify the Offered Units for issue and sale to the public in each of the Qualifying Jurisdictions through investment dealers or brokers who are duly registered under Applicable Securities Laws and who have complied with the relevant provisions of such Applicable Securities Laws and the terms of their registration and to qualify the issuance of the Compensation Options to the Underwriter in the Qualifying Jurisdictions;
- (xv) no prospectus is required, nor are other documents required to be filed, proceedings taken or approvals, permits, consents or authorizations of regulatory authorities obtained under the Applicable Securities Laws to permit the issuance by the Company of (a) the Warrant Shares to holders of the Warrants to whom the Applicable Securities Laws apply upon the exercise of the Warrants in accordance with their terms; and (b) the Compensation Shares to holders of the Compensation Options to whom the Applicable Securities Laws apply upon the exercise of the Compensation Options in accordance with their terms;
- (xvi) the TSXV has conditionally approved the listing of the Shares and the Warrant Shares, subject to the satisfaction by the Company of the Standard Listing Conditions;
- (xvii) the form of certificates representing the Warrants, as applicable, and the Compensation Options have been duly approved by the Corporation and comply in all material respects with the BCA;
- (xviii) Computershare Trust Company of Canada has been duly appointed as the transfer agent and registrar for the Common Shares;
- (xix) Computershare Trust Company of Canada has been duly appointed as the warrant agent for the Warrants under the Warrant Indenture;
- (xx) that the summary under the heading “Certain Canadian Federal Income Tax Considerations” in the Prospectus is a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of the Shares, Warrants and Warrant Shares, subject to the qualifications, assumptions, limitations and understandings set out in such summary; and
- (xxi) confirming that the statements under the heading “Eligibility for Investment” in the Prospectus, subject to the qualifications, assumptions and limitations set out

under such heading, constitute a fair and adequate description of status of the Shares, Warrants and Warrant Shares as “qualified investments” under the *Income Tax Act* (Canada) and its regulations.

In connection with such opinion, counsel to the Company may rely on the opinions of local counsel in the Qualifying Jurisdictions acceptable to counsel to the Underwriter, acting reasonably, as to the qualification for distribution of the Offered Units or opinions may be given directly by local counsel of the Company with respect to those items and as to other matters governed by the laws of jurisdictions other than the province or provinces in which the Company’s Canadian counsel are qualified to practice and may rely, to the extent appropriate in the circumstances but only as to matters of fact, on certificates of officers of the Company and others;

- (b) the Underwriter shall have received legal opinions from legal counsel to, and duly qualified to practice law in the jurisdiction of existence of, each wholly-owned Material Subsidiary (other than 2368523 Ontario Inc. and Inverell S.A.) addressed to the Underwriter and legal counsel to the Underwriter and based upon an officer’s certificate for each such Material Subsidiary with respect to: (i) the existence of each such Material Subsidiary; (ii) the corporate power and capacity of each such Material Subsidiary to carry on its business and activities and to own and lease its property and assets, and (iii) the ownership of the outstanding shares of each such material Subsidiary;
- (c) the Underwriter shall have received a certificate dated the Closing Date, signed by the Chief Executive Officer and Chief Financial Officer of the Company or any other senior officer(s) of the Company as may be acceptable to the Underwriter, in form and content satisfactory to the Underwriter’s counsel, acting reasonably, with respect to:
 - (i) the constating documents of the Company;
 - (ii) resolutions of the Company’s board of directors relevant to, among other things, the issue and sale of the Offered Units, the Shares, the Warrants, the Warrants Shares, the Compensation Options, and the Compensation Shares, to be issued and sold by the Company and the authorization of this Agreement and the other agreements and transactions contemplated herein; and
 - (iii) the incumbency and signatures of signing officers of the Company;
- (d) the Underwriter shall have received a certificate of status or the equivalent dated within one Business Day of the Closing Date, in respect of the Company and each Material Subsidiary;
- (e) the Company shall cause its current and former auditors to deliver to the Underwriter a “bring down” comfort letter, addressed to the Underwriter and the board of directors of the Company, dated the Closing Date, in form and substance satisfactory to the Underwriter, acting reasonably, bringing forward to a date not more than two Business Days prior to the Closing Date the information contained in the comfort letters referred to in Section 5(a)(iii) hereof;
- (f) the Company shall deliver to the Underwriter, at the Closing Time, certificates dated the Closing Date or the Option Closing Date, as applicable, addressed to the Underwriter and signed by the Chief Executive Officer and the Chief Financial Officer of the Company, or

such other senior officer(s) of the Company as may be acceptable to the Underwriter, certifying for and on behalf of the Company and without personal liability, to the effect that:

- (i) the Company has complied in all material respects with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with and satisfied up to the Closing Time;
- (ii) the representations and warranties of the Company contained herein are true and correct in all material respects as at the Closing Time with the same force and effect as if made on and as at the Closing Time after giving effect to the transactions contemplated hereby;
- (iii) the Final Receipt has been issued by the OSC for the Prospectus pursuant to the Passport System and, to the knowledge of such persons, no order, ruling or determination having the effect of ceasing the trading or suspending the sale of the Common Shares or other securities of the Company, or the Offered Units to be issued and sold by the Company has been issued and no proceedings for such purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened;
- (iv) since the respective dates as of which information is given in the Prospectus or any Supplementary Material (A) there has been no material change in the Company, (B) there has been no material and adverse change (financial or otherwise) in the business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise) or results of operations or control of the Company and the Subsidiaries (taken as a whole), and (C) no transaction has been entered into by or affecting the Company or any Subsidiary which is material to the Company and the Subsidiaries (taken as a whole), other than as disclosed in the Prospectus or in any Supplementary Material;
- (v) there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact) contained in the Prospectus which fact or change is, or may be, of such a nature as to render any statement in the Prospectus misleading or untrue in any material respect or which would result in a misrepresentation in the Prospectus or which would result in the Prospectus not complying with Applicable Securities Laws; and
- (vi) such other matters as the Underwriter may reasonably request;

and each such statement shall be true.

- (g) the Underwriter shall have received copies of correspondence indicating that the Company has obtained all necessary approvals for the issuance of the Offered Shares, the Compensation Shares and the Warrant Shares to be listed on the TSXV, subject only to the Standard Listing Conditions;
- (h) the representations and warranties of the Company contained in this Agreement will be true and correct in all material respects at and as of the Closing Time on the Closing Date, and, if applicable, the Option Closing Date as if such representations and warranties

were made at and as of such time and all agreements, covenants and conditions required by this Agreement to be performed, complied with or satisfied by the Company at or prior to the Closing Time on the Closing Date or the Option Closing Date, as applicable, will have been performed, complied with or satisfied in all material respects prior to that time;

- (i) the Company shall have received a Preliminary Receipt and a Final Receipt qualifying the Offered Units for distribution in the Qualifying Jurisdictions, and neither the Preliminary Receipt nor the Final Receipt shall be invalid or have been revoked or rescinded by any Securities Commission;
- (j) the Underwriter shall have received a certificate from Computershare Trust Company of Canada as to the number of Common Shares issued and outstanding as at the date immediately prior to the Closing Date;
- (k) the Underwriter will have received evidence, satisfactory to the Underwriter, acting reasonably, that Imperial Brands PLC has waived its anti-dilution/pre-emptive rights in connection with the Offering;
- (l) the Underwriter will have received such other certificates, opinions, agreements or closing documents in form and substance reasonably satisfactory to the Underwriter as the Underwriter may reasonably request; and
- (m) the Underwriter shall have received duly executed agreements in accordance with Section 9(k).

11. Closing

The closing of the purchase and sale of the Offered Units shall be completed at the Closing Time at the Toronto offices of Owens Wright LLP or at such other place as MRCC and the Company shall agree upon. At the Closing Time:

- (a) the Company will deliver to MRCC, or as MRCC may direct, (i) via electronic deposit or represented by one or more certificates in definitive form, the Offered Shares, Warrant Shares and Warrants, in each case registered in the name of "CDS & Co." or in such other name or names as MRCC may notify the Company in writing not less than 24 hours prior to the Closing Time or made and settled in CDS under the non-certificated inventory system, (ii) one or more certificates in definitive form representing the Compensation Options, in each case registered in such name or names as MRCC shall notify the Company in writing not less than 24 hours prior to the Closing Time, and (iii) all further documentation as may be contemplated in this Agreement or as counsel to the Underwriter may reasonably require; against payment by the Underwriter to the Company (in accordance with their respective entitlements) of the applicable purchase price for the Initial Units and any Additional Units, Additional Shares and/or Additional Warrants being issued and sold under this Agreement, net of the Underwriter's Fees and the Underwriter's expenses contemplated in Section 15 of this Agreement, by certified cheque, bank draft or wire transfer payable to or as directed by the Company not less than 24 hours prior to the Closing Time;
- (b) the Company shall make all necessary arrangements for the exchange of such definitive certificates, on the date of delivery, at the principal offices of the registrar of the

Company in the City of Toronto for certificates representing the Initial Shares and the Initial Warrants, and any Additional Shares and Additional Warrants in such amounts and registered in such names as shall be designated by MRCC not less than 24 hours prior to the Closing Time. The Company shall pay all fees and expenses payable to or incurred by the registrar of the Company in connection with the preparation, delivery, certification and exchange of the definitive certificates contemplated by this Section 11 and the fees and expenses payable to or incurred by the registrar of the Company in connection with such additional transfers required in the course of the distribution of the Initial Shares and the Initial Warrants, and any Additional Shares and Additional Warrants; and

- (c) the obligation of the Underwriter to complete the purchase of any Additional Units, Additional Shares and/or Additional Warrants under this Agreement, upon the exercise of the Over-Allotment Option, is subject to the receipt by the Underwriter of those documents contemplated, and the satisfaction of those conditions set forth, in Section 10 as the Underwriter may request. In the event that the Company shall subdivide, consolidate, reclassify or otherwise change its Common Shares during the period in which the Over-Allotment Option is exercisable, appropriate adjustments will be made to the exercise price and to the number of the Initial Shares and the Initial Warrants, and any Additional Shares and Additional Warrants issuable on exercise thereof such that the Underwriter is entitled to arrange for the sale of the same number and type of securities that the Underwriter would have otherwise arranged for had they exercised such Over-Allotment Option immediately prior to such subdivision, consolidation, reclassification or change.

12. **Restrictions on Further Issues or Sales**

Except for any equity or equity-linked securities which may be issued from time to time as agreed to in (i) employee compensation agreements, arrangements or directors, officers and employee incentive stock options, (ii) strategic investments by Imperial Brands PLC, (iii) non-brokered strategic investments for gross proceeds equal to an amount greater than or equal to \$10,000,000 (iv) existing standby facility to issue unsecured convertible debentures of the Company, provided that the conversion price shall be greater than the Issue Price (v) existing convertible securities of the Company or those granted in the future under any Company plans; (vi) to satisfy existing instruments or agreements of the Company in respect of securities already issued as of the date hereof, or (vii) any agreement(s) for a direct or indirect arm's-length acquisitions, the Company agrees not to offer, nor to announce the offering of, nor to make any agreement to issue any equity or debt securities or securities convertible or exercisable into equity or debt securities of the Company for a period commencing the date hereof and ending 90 days from Closing without the prior written consent of the Underwriter, such consent not to be unreasonably withheld, conditioned or delayed.

13. **Indemnification by the Company**

- (a) The Company shall fully indemnify and save harmless the Underwriter and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling the Underwriter or its affiliates (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against any and all liabilities, claims (including securityholder actions, derivative or otherwise), actions, losses, costs, damages and expenses (including the aggregate amount paid in settlement of any action (but excluding any loss of profits and other consequential damages), suit, proceeding, investigation or claim) and the

reasonable fees and expenses of their counsel (collectively, “**Losses**”) that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the “**Claims**” and individually, a “**Claim**”) to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as the Losses and/or Claims relate to, are caused by, result from, arise out of, or are in connection with, directly or indirectly:

- (i) the breach of any representation or warranty of the Company made in any Ancillary Document or the failure of the Company to comply with any of its obligations in any Ancillary Document or any omission or alleged omission to state in any Ancillary Document any fact required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made;
- (ii) any information or statement (except any information or statement relating solely to the Underwriter and furnished in writing by the Underwriter to the Company for use therein) in any of the Offering Documents (including, for greater certainty, the Documents Incorporated by Reference and any Subsequent Disclosure Documents) containing or being alleged to contain a misrepresentation or being or being alleged to be untrue, or based upon any omission or alleged omission to state in any of the Offering Documents any material fact required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;
- (iii) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating solely to the Underwriter and furnished in writing by the Underwriter to the Company for use therein) contained in any of the Offering Documents or any other document or material filed or delivered on behalf of the Company pursuant to this Agreement, preventing or restricting the trading in or the sale or distribution of the Offered Units, the Shares, the Warrants, the Warrant Shares, the Compensation Options, the Compensation Shares, or any other securities of the Company;
- (iv) the non-compliance by the Company with any Applicable Securities Laws or other regulatory requirements or the rules of the TSXV including the Company’s non-compliance with any statutory requirement to make any document available for inspection;
- (v) any statement contained in the Disclosure Record which at the time and in the light of the circumstances under which it was made, contained or is alleged to have contained a misrepresentation or untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances in which they were made;

- (vi) any misrepresentation or alleged misrepresentation by or on behalf of the Company (other than by the Underwriter and Selling Firms) relating to the Offering, whether oral or written and whether made during and in connection with the Offering, where such misrepresentation may give or gives rise to any other liability under any statute in any jurisdiction which is in force on the date of this Agreement; or
 - (vii) any breach of any representation or warranty of the Company contained herein or the failure of the Company to comply with any of its covenants or other obligations contained herein or to satisfy any conditions contained herein required to be satisfied by the Company.
- (b) If any Claim contemplated by this Section 13 shall be asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this Section 13 shall come to the knowledge of any of the Indemnified Parties, the Indemnified Party concerned shall promptly notify in writing the Company of the nature of such Claim (provided that any failure to so notify in respect of any Claim or potential Claim shall affect the liability of the Company under this Section 13 only if and to the extent that the Company is materially and adversely prejudiced by such failure). The Company shall, subject as hereinafter provided, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any such Claim; provided that the defence shall be through legal counsel selected by the Company and acceptable to the Indemnified Party, acting reasonably. An Indemnified Party shall have the right to employ separate counsel in any such Claim and participate in the defence thereof but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless:
- (i) the Company fails to assume the defence of such Claim on behalf of the Indemnified Party within ten days of receiving notice of such suit;
 - (ii) the employment of such counsel has been authorized by the Company; or
 - (iii) the named parties to any such Claim (including any added or third parties) include the Indemnified Party and the Company and the Indemnified Party shall have been advised by counsel that representation of the Indemnified Party by counsel for the Company is inappropriate as a result of the potential or actual conflicting interests of those represented or that there may be legal defences available to the Indemnified Party or Indemnified Parties which are different from or in addition to those available to the Company or that the subject matter of the Claim may not fall within the foregoing indemnity or that there is a conflict of interest between the Company and the Indemnified Parties;

in which case, the Company shall not have the right to assume the defence of such Claim on behalf of the Indemnified Party and the Company shall be liable to pay the reasonable fees and disbursements of counsel for such Indemnified Parties as well as the reasonable costs and out-of-pocket expenses of the Indemnified Party (including an amount to reimburse the Underwriter at its normal per diem rates for time spent by their respective directors, officers, employees or shareholders). Notwithstanding anything set forth herein, in no event shall the Company be liable for the fees or disbursements of more than one firm of legal counsel to an Indemnified Party in a particular jurisdiction in respect of any particular Claim or related set of Claims.

The Company will not, without each affected Indemnified Party's prior written consent, such consent not to be unreasonably withheld, admit any liability, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder unless in connection with any settlement, compromise or consent by the Company, such settlement, compromise or consent (i) includes an unconditional release of each Indemnified Party from any liabilities arising out of such action, suit, proceeding, investigation or claim (if an Indemnified Party is a party to such action) and (ii) does not include a statement as to, or an admission of fault, culpability or a failure to act by or on behalf of an Indemnified Party.

- (c) The Company hereby acknowledges and agrees that, with respect to Sections 13 and 14 hereof, the Underwriter is contracting on its own behalf and as agents for their affiliates, and its and their respective directors, officers, employees, partners, shareholders, advisors, agents and each other person, if any, controlling the Underwriter or its affiliates (collectively, the "**Beneficiaries**"). In this regard, the Underwriter shall act as trustee for the Beneficiaries of the covenants of the Company under Sections 13 and 14 hereof with respect to the Beneficiaries and accepts these trusts and shall hold and enforce such covenants on behalf of the Beneficiaries.
- (d) The Company hereby waives any right it may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity. The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any person asserting Claims on behalf of or in right of the Company for or in connection with the Offering except to the extent any Losses suffered by the Company are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted from the gross negligence, fraud, illegal act or wilful misconduct of such Indemnified Party.
- (e) Notwithstanding anything to the contrary contained herein, the foregoing indemnity in this Section 13 shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Losses to which the Indemnified Party may be subject were caused solely by the gross negligence, fraud, illegal act or wilful misconduct of the Indemnified Party.
- (f) The Company agrees that in case any legal proceeding shall be brought against the Company and/or the Underwriter by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or if any such commission or authority shall investigate the Company and/or the Indemnified Parties and any Indemnified Parties shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Company by the Underwriter, the Indemnified Parties shall have the right to employ their own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Underwriter for time spent by the Indemnified Parties in connection therewith) and out-of-pocket expenses incurred by Indemnified Parties in connection therewith shall be paid by the Company as they occur. The Company agrees to reimburse the Underwriter for the time spent by its personnel in connection with any Claim at their normal per diem rates.

- (g) The rights to indemnification provided in this Section 13 shall be in addition to and not in derogation of any other rights which the Underwriter may have by statute or otherwise at law.

14. Contribution

- (a) In order to provide for just and equitable contribution in circumstances in which the indemnity provided in Section 13 hereof would otherwise be available in accordance with its terms but is, for any reason held to be illegal, unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, the Company and the Underwriter shall contribute to the aggregate of all Losses (other than loss of profits) of the nature contemplated in Section 13 hereof and suffered or incurred by the Indemnified Parties (i) in such proportion as is appropriate to reflect not only the relative benefits received by the Company, on the one hand, and the Underwriter on the other hand, from the distribution of the Offered Units, or (ii) if the allocation provided by (i) is not permitted by Applicable Law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Underwriter, on the other hand, in respect of such Losses; provided that the Company shall in any event contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim any excess of such amount over the amount actually received by the Underwriter or any other Indemnified Party under this Agreement and further provided that the Underwriter shall not in any event be liable to contribute, in the aggregate, any amount in excess of such total Underwriter's Fees or any portion thereof actually received by the Underwriter. However, no party who has engaged in any fraud, fraudulent misrepresentation or wilful misconduct shall be entitled to claim contribution from any person who has not engaged in such fraud, fraudulent misrepresentation or wilful misconduct.
- (b) The relative benefits received by the Company, on the one hand, and the Underwriter, on the other hand, shall be deemed to be in the same ratio as the total proceeds from the Offering of the Offered Units (net of the Underwriter's Fees payable to the Underwriter but before deducting expenses) received by the Company is to the Underwriter's Fees actually received by the Underwriter. The relative fault of the Company, on the one hand, and of the Underwriter, on the other hand, shall be determined by reference to, among other things, whether the matters or things referred to in Section 13 which resulted in such Claims and/or Losses relate to information supplied by or steps or actions taken or done or not taken or not done by or on behalf of the Company or to information supplied by or steps or actions taken or done or not taken or not done by the Underwriter and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or misrepresentation, or other matter or thing referred to in Section 13. The amount paid or payable by an Indemnified Party as a result of the Claims and/or Losses referred to above shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such Claims and/or Losses, whether or not resulting in an action, suit, proceeding or claim. The parties to this Agreement agree that it would not be just and equitable if contribution pursuant to this Section 14 were determined by any method of allocation which does not take into account the equitable considerations referred to in this Section 14.

- (c) If the Company may be held to be entitled to contribution from the Underwriter under the provisions of any statute or at law, the Company shall be limited to contribution in an aggregate amount not exceeding the lesser of:
 - (i) the portion of the full amount of the Losses giving rise to such contribution for which the Underwriter is responsible, as determined in Section 13(a); and
 - (ii) the amount of the aggregate Underwriter's Fees actually received by the Underwriter from the Company under this Agreement.
- (d) The rights to contribution provided in this Section 14 shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law.
- (e) If an Indemnified Party has reason to believe that a claim for contribution may arise, the Indemnified Party shall give the Company notice thereof in writing, but failure to so notify shall not relieve the Company of any obligation which it may have to the Indemnified Party under this Section 14 provided that the Company is not materially and adversely prejudiced by such failure, and the right of the Company to assume the defence of such Indemnified Party shall apply as set out in Section 13 hereof, *mutatis mutandis*.

15. Fees and Expenses

Whether or not the purchase and sale of the Offered Units shall be completed, all fees and expenses (including all applicable sales taxes) of or incidental to the creation, issuance and delivery of the Offered Units and of or incidental to all matters in connection with the transactions herein set out shall be borne by the Company including, without limitation:

- (a) all expenses of or incidental to the creation, issue, sale or distribution of the Offered Units and the filing of the Preliminary Prospectus, the Prospectus and any Supplementary Material;
- (b) the fees and expenses of the auditors, counsel to the Company and all local counsel (including disbursements and all applicable sales taxes such as GST or HST, on all of the foregoing);
- (c) all costs incurred in connection with the preparation and printing of the Preliminary Prospectus, the Prospectus and any Supplementary Material contemplated hereunder and otherwise relating to the Offering; and
- (d) the reasonable out-of-pocket expenses and fees of the Underwriter, including the reasonable fees and expenses of the Underwriter's Canadian and, if required, United States counsel (subject to a maximum amount set forth in Section 7 of the Letter Agreement for the fees of the Underwriter's Canadian legal counsel), with such expenses to be paid by the Company at the Closing Time or at any other time requested by the Underwriter, provided that all fees and expenses incurred by the Underwriter, or on its behalf, pursuant to the Offering shall be payable by the Company immediately upon receiving an invoice therefor from the Underwriter.

16. All Terms to be Conditions

The Company agrees that the conditions contained in Section 10 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Company and that it will use its commercially reasonable efforts to cause all such conditions to be complied with. Any breach or failure to comply with or satisfy any of the conditions set out in Section 10 shall entitle the Underwriter to terminate its obligation to purchase the Offered Units, by written notice to that effect given to the Company at or prior to the Closing Time. It is understood that the Underwriter may waive, in whole or in part, or extend the time for compliance until no later than 42 days from the date of the Final Receipt with, any of such terms and conditions without prejudice to the rights of the Underwriter in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriter any such waiver or extension must be in writing.

17. Termination by the Underwriter in Certain Events

- (a) The Underwriter shall also be entitled to terminate its obligation to purchase the Offered Units by written notice to that effect given to the Company at or prior to the Closing Time if, after the execution and delivery of this Agreement:
- (i) any order, action or proceeding which cease trades or otherwise operates to prevent or restrict the trading of the Common Shares or any other securities of the Company is made or threatened by a securities regulatory authority;
 - (ii) there is a material change or a change in a material fact or new material fact shall arise, in each case, that has or would be expected to have, in the sole opinion of the Underwriter, a material adverse effect on the business, affairs or financial condition of the Company and/or its Subsidiaries or on the market price or the value of the Common Shares or other securities of the Company;
 - (iii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal), including matters of regulatory transgression or unlawful conduct, is commenced, announced or threatened or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the TSXV or any securities regulatory authority or any law or regulation is enacted or changed which in the sole opinion of the Underwriter, acting reasonably, operates to prevent or materially restrict the trading of the Common Shares or any other securities of the Company or materially and adversely affects or will materially and adversely affect the market price or value of the Offered Units, the Shares, the Warrants, the Warrant Shares, the Compensation Options, the Compensation Shares, the Common Shares or other security of the Company;
 - (iv) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including any natural catastrophe) or any outbreak or escalation of national or international hostilities or any crisis or calamity or act of terrorism or similar event or any governmental action, change of Applicable Law (or the interpretation or administration thereof), inquiry or other occurrence of any nature whatsoever, including by a result of the novel coronavirus (COVID-19) pandemic only to the extent that there are material adverse impacts related

thereto after November 23, 2020, which, in each case, in the opinion of the Underwriter, seriously adversely affects, or involves, or might reasonably be expected to imminently seriously adversely affect, or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Company and/or its Subsidiaries (taken as a whole); or

- (v) the Company is in breach of any material term, condition or covenant of this Agreement or any representation or warranty given by the Company in this Agreement is or becomes false in any material respect and cannot be cured.
- (b) If this Agreement is terminated by the Underwriter pursuant to Section 17(a), there shall be no further liability on the part of the Underwriter, or on the part of the Company to the Underwriter except in respect of any liability which may have arisen or may thereafter arise under Sections 13, 14 and 15.
- (c) The right of the Underwriter to terminate its obligations under this Agreement is in addition to such other remedies as it may have in respect of any default, act or failure to act of the Company in respect of any of the matters contemplated by this Agreement.

18. Post-Closing Advertisements

At any time following Closing of the Offering, the Company hereby grants the Underwriter the right to place advertisements in financial and other newspapers and journals at the Underwriter own expense describing their services to the Company pursuant to the Offering. The Underwriter shall provide the Company with a copy of any such advertisements prior to their publication.

19. Over-Allotment

In connection with the distribution of the Offered Units, the Underwriter and members of their selling group (if any) may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels above those which might otherwise prevail in the open market, in compliance with Applicable Securities Laws. Those stabilizing transactions, if any, may be discontinued at any time.

20. Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered to,

in the case of the Company, to:

Auxly Cannabis Group Inc.
777 Richmond Street West, Unit 002
Toronto, Ontario M6J 0C2

Email: hugo@auxly.com
Attention: Hugo Alves, Chief Executive Officer

with a copy of any such notice (which shall not constitute notice to the Company) to:

Owens Wright LLP

20 Holly Street, Suite 300
Toronto, Ontario M4S 3B1

Email: pdeluca@owenswright.com
Attention: Paul De Luca, Partner

in the case of the Underwriter, to:

Mackie Research Capital Corp.
199 Bay Street, Suite 4500
Toronto, Ontario M5L 1G2

Email: jreymer@mackieresearch.com
Attention: Jeff Reymer, Managing Director, Investment Banking

and with a copy of any such notice (which shall not constitute notice to the Underwriter) to:

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Toronto, Ontario M5H 2T6

Email: jsabetti@fasken.com
Attention: John M. Sabetti

The Company and the Underwriter may change their respective addresses for notice by notice given in the manner aforesaid. Any such notice or other communication shall be in writing, and unless delivered personally to the addressee or to a responsible officer of the addressee, as applicable, shall be given by fax and shall be deemed to have been given when: (i) in the case of a notice delivered personally to a responsible officer of the addressee, when so delivered; and (ii) in the case of a notice delivered or given by fax on the first Business Day following the day on which it is sent.

21. Relationship between the Company and the Underwriter

In connection with the services described herein, the Underwriter shall act as independent contractor, and any duties of the Underwriter arising out of this Agreement shall be owed solely to the Company. The Company acknowledges that each of the Underwriter is a securities firm that is engaged in securities trading and brokerage activities, as well as providing investment banking and financial advisory services, which may involve services provided to other companies engaged in businesses similar or competitive to the business of the Company and that the Underwriter shall have no obligation to disclose such activities and services to the Company. The Company acknowledges and agrees that in connection with all aspects of the engagement contemplated hereby, and any communications in connection therewith, the Company, on the one hand, and the Underwriter and any of their respective affiliates through which they may be acting, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Underwriter or such affiliates, and each party hereto agrees that no such duty will be deemed to have arisen in connection with any such transactions or communications. The Company acknowledges and agrees that it waives, to the fullest extent permitted by law, any claims the Company and its affiliates may have against the Underwriter for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Underwriter shall have no liability (whether direct or indirect) to the Company or any of its

affiliates in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company. Information which is held elsewhere within the Underwriter, but of which none of the individuals in the investment banking department or division of the Underwriter involved in providing the services contemplated by this Agreement actually has knowledge (or without breach of internal procedures can properly obtain) will not for any purpose be taken into account in determining any of the responsibilities of the Underwriter to the Company under this Agreement.

The Company acknowledges and agrees that: (a) the Underwriter has not assumed and does not assume a fiduciary responsibility in favour of the Company with respect to the Offering contemplated hereby or the process leading thereto and the Underwriter has no obligation to the Company with respect to the Offering contemplated hereby except the obligations expressly set forth in this Agreement; (b) the Underwriter and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company; and (c) the Underwriter and its legal counsel have not provided any legal, accounting, regulatory or tax advice with respect to the Offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

22. Miscellaneous

- (a) This Agreement shall enure to the benefit of, and shall be binding upon, the Underwriter and the Company and their respective successors and legal representatives, provided that no party may assign this Agreement or any rights or obligations under this Agreement, in whole or in part, without the prior written consent of the other party.
- (b) This Agreement, including all schedules to this Agreement, constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter. This Agreement may only be amended, supplemented, or otherwise modified by written agreement signed by all of the parties.
- (c) The Company acknowledges and agrees that: (i) the purchase and sale of the Offered Units, pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the Underwriter, on the other; (ii) in connection therewith and with the process leading to such transaction the Underwriter is acting solely as a principal and not the agent or fiduciary of the Company; (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favour of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether the Underwriter has advised or is concurrently advising the Company on other matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement; and (iv) the Company has consulted its own legal and financial advisors to the extent they deemed appropriate. The Company agrees that it will not claim that the Underwriter has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company in connection with such transaction or the process leading thereto.
- (d) The Company acknowledges and agrees that all written and oral opinions, advice, analyses and materials provided by the Underwriter in connection with this Agreement and its engagement hereunder are intended solely for the Company's benefit and the Company's internal use only with respect to the Offering and the Company agrees that no

such opinion, advice, analysis or material will be used for any other purpose whatsoever or reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, without the Underwriter's prior written consent in each specific instance. Any advice or opinions given by the Underwriter hereunder will be made subject to, and will be based upon, such assumptions, limitations, qualifications, and reservations as the Underwriter(s), in its sole judgment, deems necessary or prudent in the circumstances. The Underwriter expressly disclaims any liability or responsibility by reason of any unauthorized use, publication, distribution of or reference to any oral or written opinions or advice or materials provided by the Underwriter or any unauthorized reference to the Underwriter or this Agreement.

- (e) The Company acknowledges that MRCC is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and financial advisory services and that in the ordinary course of its trading and brokerage activities, MRCC and/or any of its affiliates at any time may hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities of the Company or any other company that may be involved in a transaction or related derivative securities.
- (f) Neither the Company nor the Underwriter shall make any public announcement in connection with the Offering, except if the other party has consented to such announcement or the announcement is required by applicable laws or stock exchange rules. In such event, the party proposing to make the announcement will provide the other party with a reasonable opportunity, in the circumstances, to review a draft of the proposed announcement and to provide comments thereon.
- (g) No waiver of any provision of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.
- (h) If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.
- (i) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.
- (j) Time shall be of the essence hereof and, following any waiver or indulgence by any party, time shall again be of the essence hereof.
- (k) The words, "hereunder", "hereof" and similar phrases mean and refer to the Agreement formed as a result of the acceptance by the Company of this offer by the Underwriter to purchase the Offered Units.
- (l) All warranties, representations, covenants (including indemnification obligations) and agreements of the Company and the Underwriters contained in this Agreement and in any

Ancillary Document shall survive the purchase by the Underwriter or the Substituted Purchasers of the Offered Units for a period of 36 months following the Closing Date and shall continue in full force and effect for the benefit of the Underwriter regardless of the Closing of the sale of the Offered Units, any subsequent disposition of the Offered Units by the Underwriter or the termination of the Underwriter's obligations under this Agreement and shall not be limited or prejudiced by any investigation made by the Underwriter in accordance with the preparation of the Preliminary Prospectus, the Prospectus or any Supplementary Material or the distribution of the Offered Units or otherwise, and the Company agrees that the Underwriter shall not be presumed to know of the existence of a claim against the Company under this Agreement or any Ancillary Document or in connection with the purchase and sale of the Offered Units as a result of any investigation made by the Underwriter in accordance with the preparation of the Preliminary Prospectus, the Prospectus or any Supplementary Material or the distribution of the Offered Units or otherwise.

- (m) Each of the parties hereto shall be entitled to rely on delivery of a facsimile or portable document format copy of this Agreement and acceptance by each such party of any such facsimile or portable document format copy shall be legally effective to create a valid and binding agreement between the parties hereto in accordance with the terms hereof.
- (n) This Agreement may be executed by the parties to this Agreement in counterpart and may be executed and delivered by facsimile or other electronic means and all such counterparts and electronic transmissions shall together constitute one and the same agreement.

[remainder of page intentionally left blank]

If this Agreement accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this Agreement where indicated and returning them to us.

Yours very truly,

**MACKIE RESEARCH CAPITAL
CORPORATION**

By: (signed) "Jeff Reymer"
Name: Jeff Reymer
Title: Managing Director, Investment Banking

Accepted and agreed to by the undersigned as of the date of this letter first written above.

AUXLY CANNABIS GROUP INC.

By: (signed) "Hugo Alves"
Name: Hugo Alves
Title: Chief Executive Officer

[Redacted. Commercially sensitive information.]

SCHEDULE “A”

[Redacted. Commercially sensitive information.]

[Redacted. Commercially sensitive information.]

[Redacted. Commercially sensitive information.]