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**AUXLY CANNABIS GROUP INC.**  
**WARRANT INDENTURE**

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Providing for the issue of  
up to 27,381,500 Common Share purchase Warrants

June 14, 2021

## Table of Contents

<b>WARRANT INDENTURE .....</b>	<b>6</b>
<b>ARTICLE 1 - INTERPRETATION.....</b>	<b>7</b>
<b>1.1. Definitions.....</b>	<b>7</b>
<b>1.2. Headings.....</b>	<b>11</b>
<b>1.3. Gender.....</b>	<b>11</b>
<b>1.4. Weekends and Holidays.....</b>	<b>11</b>
<b>1.5. Meaning of "Outstanding" .....</b>	<b>11</b>
<b>1.6. Time.....</b>	<b>12</b>
<b>1.7. Applicable Law.....</b>	<b>12</b>
<b>1.8. Severability .....</b>	<b>12</b>
<b>1.9. Currency .....</b>	<b>12</b>
<b>1.10. Conflicts .....</b>	<b>12</b>
<b>1.11. Schedules.....</b>	<b>12</b>
<b>ARTICLE 2 - ISSUE OF WARRANTS.....</b>	<b>12</b>
<b>2.1 Creation, Form and Terms of Warrants.....</b>	<b>12</b>
<b>2.2 Form of Warrants, Certificated Warrants .....</b>	<b>13</b>
<b>2.3 Book Entry Only Warrants.....</b>	<b>13</b>
<b>2.4 Certificated Warrants.....</b>	<b>15</b>
<b>2.5 Transferability and Ownership of Warrants .....</b>	<b>18</b>
<b>2.6 Warrantholders Not Shareholders .....</b>	<b>20</b>
<b>2.7 Signing of Warrant Certificates.....</b>	<b>20</b>
<b>2.8 Countersigning .....</b>	<b>20</b>
<b>2.9 Loss, Mutilation, Destruction or Theft of Warrants.....</b>	<b>21</b>
<b>2.10 Exchange of Warrants.....</b>	<b>21</b>
<b>2.11 Ranking.....</b>	<b>21</b>
<b>2.12 Purchase of Warrants for Cancellation .....</b>	<b>21</b>
<b>ARTICLE 3 - COVENANTS OF THE CORPORATION.....</b>	<b>22</b>
<b>3.1. To Issue Warrants and Reserve Common Shares .....</b>	<b>22</b>
<b>3.2. To Execute Further Assurances.....</b>	<b>22</b>
<b>3.3. To Carry On Business .....</b>	<b>22</b>
<b>3.4. Reporting Issuer.....</b>	<b>23</b>
<b>3.5. No Breach of Constating Documents .....</b>	<b>23</b>
<b>3.6. Securities Qualification Requirements.....</b>	<b>23</b>
<b>3.7. Maintain Listing.....</b>	<b>23</b>

3.8.	Satisfy Covenants .....	23
3.9.	Performance of Covenants by Warrant Agent.....	23
3.10.	Warrant Agent's Remuneration and Expenses.....	24
3.11.	Trust for Warrantholder's Benefit.....	24
3.12.	Notice to Warrantholders of Certain Events.....	24
3.13.	Closure of Share Transfer Books .....	25
<b>ARTICLE 4 - ADJUSTMENT OF NUMBER OF WARRANT SHARES.....</b>		<b>25</b>
4.1.	Adjustment of Number of Warrant Shares.....	25
4.2.	Proceedings Prior to any Action Requiring Adjustment.....	29
4.3.	Certificate of Adjustment.....	29
4.4.	No Action After Notice .....	29
4.5.	Protection of Warrant Agent .....	30
4.6.	Notice of Special Matters.....	30
<b>ARTICLE 5 - EXERCISE AND CANCELLATION OF WARRANTS.....</b>		<b>30</b>
5.1	Exercise of Warrants .....	30
5.2	Transfer Fees and Taxes.....	33
5.3	Prohibition on Exercise by Persons in the United States and U.S. Persons.....	33
5.4	Effect of Exercise of Warrants.....	34
5.5	Partial Exercise .....	34
5.6	Warrants Void After Exercise Time .....	35
5.7	Fractions of Warrant Shares .....	35
5.8	Accounting and Recording.....	35
<b>ARTICLE 6 - MEETINGS OF WARRANTHOLDERS .....</b>		<b>35</b>
6.1	Definitions.....	35
6.2	Convening Meetings.....	36
6.3	Place of Meeting .....	36
6.4	Notice.....	36
6.5	Persons Entitled to Attend .....	36
6.6	Quorum.....	37
6.7	Chair.....	37
6.8	Power to Adjourn.....	37
6.9	Adjourned Meeting.....	37
6.10	Show of Hands.....	37
6.11	Poll.....	37
6.12	Regulations .....	38
6.13	Powers of Warrantholders .....	38

6.14	Powers Cumulative .....	39
6.15	Minutes of Meetings.....	39
6.16	Written Resolutions .....	40
6.17	Binding Effect.....	40
6.18	Holdings by the Corporation or Subsidiaries of the Corporation Disregarded .....	40
6.19	Corporation, Warrant Agent and Agent May be Represented .....	40
<b>ARTICLE 7 - SUPPLEMENTAL INDENTURES, MERGER, SUCCESSORS .....</b>		<b>40</b>
7.1	Provision for Supplemental Indentures for Certain Purposes.....	40
7.2	Corporation May Consolidate, etc. on Certain Terms .....	41
7.3	Successor Body Corporate Substituted.....	42
<b>ARTICLE 8 - CONCERNING THE WARRANT AGENT.....</b>		<b>42</b>
8.1	Duties of Warrant Agent .....	42
8.2	Certificate of the Corporation .....	42
8.3	Warrant Agent May Employ Experts.....	42
8.4	Documents, Monies, etc. Held by Warrant Agent.....	43
8.5	Resignation and Replacement of Warrant Agent .....	43
8.6	Indenture Legislation.....	44
8.7	Notice.....	44
8.8	Use of Proceeds.....	45
8.9	No Inquiries .....	45
8.10	Actions by Warrant Agent to Protect Interest .....	45
8.11	Warrant Agent Not Required to Give Security.....	45
8.12	[Intentionally deleted].....	Error! Bookmark not defined.
8.13	Warrant Agent Not Ordinarily Bound .....	45
8.14	Warrant Agent May Deal in Instruments.....	45
8.15	Recitals or Statements of Fact Made by Corporation .....	46
8.16	Warrant Agent's Discretion Absolute .....	46
8.17	No Representations as to Validity.....	46
8.18	Acceptance of Trusts.....	46
8.19	Warrant Agent's Authority to Carry on Business .....	46
8.20	Indemnification of Warrant Agent.....	47
8.21	Performance of Covenants by Warrant Agent.....	47
8.22	Anti-Money Laundering.....	48
8.23	Not Appointed Receiver.....	48
<b>ARTICLE 9 - NOTICES .....</b>		<b>48</b>
9.1	Notice to Corporation, Warrant Agent and Underwriters .....	48

<b>9.2</b>	<b>Notice to Warrantholders.....</b>	<b>49</b>
<b>ARTICLE 10</b>	<b>- POWER OF BOARD OF DIRECTORS.....</b>	<b>51</b>
<b>10.1</b>	<b>Board of Directors.....</b>	<b>51</b>
<b>ARTICLE 11</b>	<b>- MISCELLANEOUS PROVISIONS .....</b>	<b>51</b>
<b>11.1</b>	<b>Further Assurances.....</b>	<b>51</b>
<b>11.2</b>	<b>Unenforceable Terms.....</b>	<b>51</b>
<b>11.3</b>	<b>No Waiver .....</b>	<b>51</b>
<b>11.4</b>	<b>Waiver of Default.....</b>	<b>52</b>
<b>11.5</b>	<b>Immunity of Shareholders.....</b>	<b>52</b>
<b>11.6</b>	<b>Limitation of Liability .....</b>	<b>52</b>
<b>11.7</b>	<b>Suits by Warrantholders .....</b>	<b>52</b>
<b>11.8</b>	<b>Rights of Rescission and Withdrawal for Holders .....</b>	<b>53</b>
<b>11.9</b>	<b>Force Majeure .....</b>	<b>53</b>
<b>11.10</b>	<b>SEC Certification .....</b>	<b>54</b>
<b>11.11</b>	<b>Privacy Matters.....</b>	<b>54</b>
<b>11.12</b>	<b>Cannabis Compliance.....</b>	<b>54</b>
<b>11.13</b>	<b>Enurement .....</b>	<b>57</b>
<b>11.14</b>	<b>Counterparts and Formal Date .....</b>	<b>57</b>
<b>11.15</b>	<b>Satisfaction and Discharge of Indenture.....</b>	<b>57</b>
<b>11.16</b>	<b>Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders</b>	<b>58</b>
<b>11.17</b>	<b>Further Assurances.....</b>	<b>58</b>
<b>11.18</b>	<b>Formal Date and Effective Date .....</b>	<b>58</b>
<b>SCHEDULE "A"</b>	<b>- FORM OF WARRANT CERTIFICATE .....</b>	<b>1</b>
<b>SCHEDULE "B"</b>	<b>- DEFINITION OF "U.S. PERSON" AND "UNITED STATES" .....</b>	<b>1</b>

**WARRANT INDENTURE**

THIS WARRANT INDENTURE made as of June 14, 2021.

BETWEEN:

**AUXLY CANNABIS GROUP INC.**, a corporation existing under the laws of the Province of Ontario

(the "**Corporation**")

OF THE FIRST PART

AND:

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company existing under the federal laws of Canada and authorized to carry on business in all provinces and territories of Canada

(the "**Warrant Agent**")

OF THE SECOND PART

**WHEREAS** in connection with the offering by the Corporation of up to 54,763,000 Units (as defined below), including Units issued pursuant to the exercise of the Over-Allotment Option (as defined below), at a price of \$0.315 per Unit pursuant to the Prospectus Supplement (as defined below), the Corporation proposes to issue and sell to the public up to 27,381,500 Warrants (as defined below), of which 23,810,000 Warrants will be issuable pursuant to the issuance of the Units in respect of the base offering, and 3,571,500 Warrants will be issuable upon the due exercise of the Over-Allotment Option (the "**Offering**");

**AND WHEREAS** each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of \$0.38 at any time prior to 4:59 p.m. (Toronto time) on June 14, 2024;

**AND WHEREAS** for such purpose the Corporation deems it necessary to create and issue Warrants and Warrant Certificates (as defined below) to be constituted and issued in the manner hereinafter set forth;

**AND WHEREAS** the Corporation is duly authorized to create and issue the Warrants as herein provided;

**AND WHEREAS** all things necessary have been done and performed to make the Warrants, when Authenticated (as defined below) or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Corporation with the benefits of and subject to the terms of this Indenture;

**AND WHEREAS** the foregoing recitals are made as statements of fact by the Corporation and not by the Warrant Agent; and

**AND WHEREAS** the Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants

issued pursuant to this Indenture from time to time;

**NOW THEREFORE THIS INDENTURE WITNESSES** that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

### ARTICLE 1 - INTERPRETATION

#### 1.1. Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith, the following words have the respective meaning indicated below:

- (a) "**Applicable Legislation**" means the provisions, if any, for the time being, of any statute of Canada or a province thereof, and of the regulations under such statute, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures, and of corporations issuing their securities under trust indentures, to the extent that any such provisions are in force and applicable to this Indenture;
- (b) "**Approved Bank**" has the meaning ascribed thereto in Section 8.4;
- (c) "**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Warrant Agent, (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant are entered in the register of holders of Warrants, and "*Authenticate*", "*Authenticating*" and "*Authentication*" have the appropriate correlative meanings;
- (d) "**Base Shelf Prospectus**" means the short form base shelf prospectus of the Corporation dated March 18, 2021;
- (e) "**Book Entry Only Participants**" means institutions that participate directly or indirectly in the Depository's book entry registration system for the Warrants;
- (f) "**Book Entry Only Warrants**" means Warrants that are to be held only by or on behalf of the Depository;
- (g) "**Business Day**" means a day (other than a Saturday, Sunday, civic or statutory holiday) on which Canadian chartered banks are open for the transaction of regular business in the City of Toronto, Ontario and/or in the City of Vancouver, British Columbia;
- (h) "**Capital Reorganization**" has the meaning ascribed thereto in Section 4.1(d);
- (i) "**CDS Global Warrants**" means Warrants representing all or a portion of the aggregate number of Warrants issued in the name of the Depository represented by an Uncertificated Warrant, or if requested by the Depository or the Corporation, by a Warrant Certificate;
- (j) "**CDSX**" means the settlement and clearing system of the Depository for equity and debt securities in Canada;

- (k) "**Closing Date**" means June 14, 2021 or such other date as the Underwriters and the Corporation agree for the closing of the Offering;
- (l) "**Common Shares**" means fully paid and non-assessable common shares in the capital of the Corporation;
- (m) "**Common Share Reorganization**" has the meaning ascribed thereto in Section 4.1(a);
- (n) "**Confirmation**" has the meaning ascribed thereto in Section 5.1(c);
- (o) "**Convertible Securities**" has the meaning ascribed thereto in Section 4.1(a);
- (p) "**Corporation**" means Auxly Cannabis Group Inc., a corporation existing under the laws of Ontario;
- (q) "**Corporation's Auditor**" means the firm of accountants appointed by the shareholders of the Corporation and serving as the auditor of the Corporation at the relevant time;
- (r) "**Counsel**" means a barrister or solicitor or firm of barristers and solicitors retained by the Warrant Agent, Corporation (who may be counsel to the Corporation), or Warrantholders;
- (s) "**Current Market Price**" of a Common Share at any date means the price per share equal to the weighted average price at which the Common Shares have traded during the 20 consecutive Trading Days ending on the third Trading Day immediately prior to such date, on any stock exchange on which such shares are listed as may be selected for such purpose by the directors or, if such shares are not listed on any stock exchange, then on such over-the-counter market in Canada as may be selected for such purpose by the directors, provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the counter market, then the Current Market Price shall be determined by such firm of independent chartered accountants as may be selected by the directors of the Corporation;
- (t) "**Depository**" means CDS Clearing and Depository Services Inc. or such other person as is designated in writing by the Corporation to act as depository in respect of the Warrants;
- (u) "**Designated Provinces**" means each of the provinces of Canada, other than Quebec;
- (v) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to an action by the directors means an action by the directors of the Corporation as a board or, whenever duly empowered, action by a committee of such board;
- (w) "**Exchange Basis**" means, at any time, the number of Warrant Shares which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 4 of this Indenture, with such number equal to one (1) Warrant Share per Warrant as of the Closing Date;
- (x) "**Exercise Date**" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of this Indenture;

- (y) "**Exercise Form**" has the meaning ascribed thereto in Section 5.1(a);
- (z) "**Exercise Price**" means \$0.38 for each Warrant Share, subject to adjustment in accordance with the provisions of this Indenture;
- (aa) "**Expiry Date**" means June 14, 2024;
- (bb) "**Expiry Time**" means 4:59 p.m. (Toronto time) on the Expiry Date or such earlier time on the Expiry Date as may be required by the Depository pursuant to their internal procedures;
- (cc) "**Indenture**", "**herein**", "**hereto**", "**hereunder**", "**hereof**", "**hereby**" and similar expressions mean or refer to this Indenture and not to any particular Article, Section, paragraph, clause, subdivision or portion hereof and include any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "**Article**", "**Section**" and "**paragraph**" followed by a number mean and refer to the specified Article, Section or paragraph of this Indenture;
- (dd) "**Indemnified Parties**" has the meaning ascribed thereto in Section 8.19;
- (ee) "**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;
- (ff) "**Offering**" has the meaning ascribed thereto in the recitals of this Indenture;
- (gg) "**Officer's Certificate**" means a certificate signed by a senior officer of the Corporation;
- (hh) "**Over-Allotment Option**" means the over-allotment option granted by the Corporation to the Underwriters, exercisable in whole or in part, at the sole discretion of the Underwriters at any time up to 30 days from and including the Closing Date, to purchase up to an additional 7,143,000 Units at the Purchase Price, for additional aggregate gross proceeds of up to \$2,250,045;
- (ii) "**person**" means an individual, body corporate, partnership, trust, warrant agent, executor, administrator, legal representative or any unincorporated organization;
- (jj) "**Prospectus Supplement**" means the prospectus supplement dated June 14, 2021 to the Base Shelf Prospectus;
- (kk) "**Purchase Price**" means \$0.315 per Unit;
- (ll) "**register**" means the one set of records and accounts maintained by the Warrant Agent pursuant to Section 2.5(a);
- (mm) "**Rights Offering**" has the meaning ascribed thereto in Section 4.1(b);
- (nn) "**Rights Period**" has the meaning ascribed thereto in Section 4.1(b);

- (oo) **"Regulation S"** means Regulation S as promulgated by the United States Securities and Exchange Commission under the U.S. Securities Act;
- (pp) **"SEC"** means the United States Securities and Exchange Commission;
- (qq) **"Securities Regulators"** means, collectively, the securities commissions or other applicable securities regulatory authorities of each of the Designated Provinces;
- (rr) **"Special Distribution"** has the meaning ascribed thereto in Section 4.1(c);
- (ss) **"Subsidiary of the Corporation"** means a corporation of which voting securities carrying a majority of the votes attached to all outstanding voting securities of the Corporation are owned, directly or indirectly, by the Corporation or by one or more subsidiaries of the Corporation, or by the Corporation and one or more subsidiaries of the Corporation, and, as used in this definition, voting securities means securities, other than debt securities, carrying a voting right to elect directors either under all circumstances or under some circumstances that may have occurred and are continuing;
- (tt) **"Trading Day"** means any day on which the facilities of the TSX, or, if the Common Shares are not listed thereon, the facilities of any stock exchange on which the Common Shares are listed, is open for trading;
- (uu) **"TSX"** means the Toronto Stock Exchange;
- (vv) **"Uncertificated Warrant"** means any Warrant that is not a certificated Warrant;
- (ww) **"Underwriters"** means ATB Capital Markets Inc., Cantor Fitzgerald Canada Corporation, Desjardins Securities Inc., Raymond James Ltd. and Mackie Research Capital Corporation;
- (xx) **"Underwriting Agreement"** means the underwriting agreement dated June 1, 2021 between the Corporation and the Underwriters in respect of the Offering;
- (yy) **"Unit Share"** means one Common Share issued as part of a Unit;
- (zz) **"Units"** means units of the Corporation issued under the Offering, with each Unit comprised of one Unit Share and one-half of one Warrant;
- (aaa) **"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, as amended;
- (bbb) **"U.S. Person"** means a "U.S. person" as provided in Regulation S under the U.S. Securities Act and set forth in Schedule "B" attached hereto, and **"United States"** has the meaning ascribed thereto in Regulation S under the U.S. Securities Act and set forth in Schedule "B" attached hereto;
- (ccc) **"U.S. Purchaser"** means (a) any U.S. Person that purchased Units, (b) any person that purchased Units on behalf or for the account or benefit of any U.S. Person or any person in the United States, (c) any purchaser of Units that received an offer of the Units while in the United States, or (d) any person that was in the United States at the time the purchaser's buy order was made or the subscription agreement for Units was executed or delivered;

- (ddd) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;
- (eee) "**Warrant**" means a warrant of the Corporation created by the Corporation and issued and Authenticated hereunder with an exercise price of \$0.38 per Warrant, subject to adjustments as set out herein, until the Expiry Time and entitling the holder thereof to acquire one (1) Warrant Share upon exercise in accordance with this Indenture, subject to adjustment as set out herein;
- (fff) "**Warrantholder**" means the registered holder from time to time of an outstanding Warrant.
- (ggg) "**Warrant Agent**" means the warrant agent under this Indenture, initially being Computershare Trust Company of Canada, in its capacity as warrant agent, having an office in Vancouver, British Columbia;
- (hhh) "**Warrant Certificate**" means a certificate evidencing one or more Warrants issuable hereunder, substantially in the form attached hereto as Schedule "A";
- (iii) "**Warrant Share**" means each Common Share issuable upon the exercise of one Warrant in accordance with this Indenture; and
- (jjj) "**written direction of the Corporation**" and "**certificate of the Corporation**" and any other document required to be signed by the Corporation, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Corporation by any officer or director and may consist of one or more instruments so executed.

## 1.2. Headings

The division of this Indenture into Articles, Sections or other subdivisions, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or the Warrants

## 1.3. Gender

Words importing the singular number also include the plural and vice versa and words importing the masculine gender include the feminine gender.

## 1.4. Weekends and Holidays

If the date for the taking of any action under this Indenture expires on a day which is not a Business Day, such action may be taken on the next succeeding Business Day with the same force and effect as if taken within the period for the taking of such action.

## 1.5. Meaning of "Outstanding"

Every Warrant represented by a Warrant Certificate countersigned by the Warrant Agent or Uncertificated Warrant that has been Authenticated and delivered to the holder thereof is deemed to be outstanding until it is cancelled or delivered to the Warrant Agent for cancellation or until the Expiry Time. Where a new Warrant Certificate has been issued pursuant to Section 2.9 to replace one which has been mutilated, lost, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates are

counted for the purpose of determining the aggregate number of Warrants outstanding. A Warrant Certificate representing a number of Warrants which has been partially exercised will be deemed to be outstanding only to the extent of the unexercised portion of the Warrants.

#### **1.6. Time**

Time is of the essence hereof and of each Warrant Certificate.

#### **1.7. Applicable Law**

This Indenture and each Warrant Certificate are subject to and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### **1.8. Severability**

Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under Applicable Legislation. In the event that any provision hereof shall be determined to be invalid, illegal or unenforceable in any respect under Applicable Legislation the validity, legality and enforceability of the remainder of such provision and any other provision hereof shall not be affected or impaired thereby.

#### **1.9. Currency**

All references to currency herein are to Canadian dollars unless otherwise indicated.

#### **1.10. Conflicts**

In the event of any conflict or inconsistency between the provisions of this Indenture and the Warrant Certificates, the provisions of this Indenture will govern.

#### **1.11. Schedules**

The attached Schedule "A" and Schedule "B" are incorporated into and form part of this Indenture.

### **ARTICLE 2 - ISSUE OF WARRANTS**

#### **2.1 Creation, Form and Terms of Warrants**

- a) A total of up to 27,381,500 Warrants entitling the registered holders thereof to acquire an aggregate of up to 27,381,500 Warrant Shares (subject to adjustment in accordance with the terms of this Indenture) are hereby created and authorized to be issued hereunder upon the terms and conditions herein set forth. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited with the Depository and Warrant Certificates evidencing the Warrants shall be executed by the Corporation, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent to the Corporation, as applicable, in accordance with a written direction of the Corporation, all in accordance with Section 2.2 and Section 2.7. Subject to adjustment in accordance with the provisions of this Indenture, each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Corporation, at the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date. No fractional Warrants shall be issued or otherwise provided for hereunder.
- b) Neither the Corporation nor the Warrant Agent shall have any obligation to deliver Warrant

Shares upon the exercise of any Warrant if the person to whom such shares are to be delivered is a resident of a country or political subdivision thereof in which the Warrant Shares may not lawfully be issued pursuant to applicable securities legislation. The Corporation or the Warrant Agent may require any person to provide proof of an applicable exemption from such securities legislation to the Corporation and Warrant Agent before Warrant Shares are delivered pursuant to the exercise of any Warrant.

## **2.2 Form of Warrants, Certificated Warrants**

- a) The Warrants may be issued in both certificated and uncertificated form. All Warrants issued in certificated form shall be evidenced by a Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of the Closing Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions. All Warrants issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.3.
- b) Each Warrantholder by purchasing such Warrant acknowledges and agrees that the terms and conditions set forth in the form of the Warrant Certificate set out in Schedule "A" hereto shall apply to all Warrants and Warrantholders regardless of whether such Warrants are issued in certificated or uncertificated form or whether such Warrantholders are registered Warrantholders or owners of Warrant who beneficially hold security entitlements in respect of the Warrants through a Depository.

## **2.3 Book Entry Only Warrants**

- (a) Registration of beneficial interests in and transfers of Warrants held by the Depository shall be made only through the book entry registration system and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by the Depository, as determined by the Corporation, from time to time. Except as provided herein, owners of beneficial interests in any CDS Global Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register.
- (b) Notwithstanding any other provision in this Indenture, no CDS Global Warrants may be exchanged for Warrants registered, and no transfer of any CDS Global Warrants may be registered in the name of any person other than the Depository for such CDS Global Warrants or a nominee thereof unless:
  - (i) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Entry Only Warrants and the Corporation is unable to locate a qualified successor;
  - (ii) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Warrants and the Corporation is unable to locate a qualified successor;

- (iii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;
- (iv) the Corporation determines that the Warrants shall no longer be held as Book Entry Only Warrants through the Depository;
- (v) such right is required by Applicable Legislation, as determined by the Corporation and the Corporation's counsel;
- (vi) the Warrant is to be Authenticated to or for the account or benefit of a person in the United States or a U.S. Person; or
- (vii) such registration is effected in accordance with the internal procedures of the Depository and the Warrant Agent;

following which, Warrants for those holders requesting the same shall be registered and issued to the beneficial owners of such Warrants or their nominees as directed by the holder. The Corporation shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section.

- (c) Every Warrant that is Authenticated upon registration or transfer of a CDS Global Warrant, or in exchange for or in lieu of a CDS Global Warrant or any portion thereof, shall be Authenticated in the form of, and shall be, a CDS Global Warrant, unless such Warrant is registered in the name of a person other than the Depository for such CDS Global Warrant or a nominee thereof.
- (d) Notwithstanding anything to the contrary in this Indenture, a CDS Global Warrant will be issued as an Uncertificated Warrant, unless otherwise requested in writing by the Depository or the Corporation.
- (e) The rights of beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system shall be limited to those established by Applicable Legislation and agreements between the Depository and the Book Entry Only Participants and between such Book Entry Only Participants and the beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system, and such rights must be exercised through a Book Entry Only Participant in accordance with the rules and procedures of the Depository.
- (f) Notwithstanding anything herein to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:
  - (i) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Warrants or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the book entry registration system (other than the Depository or its nominee);
  - (ii) maintaining, supervising or reviewing any records of the Depository or any Book Entry Only Participant relating to any such interest; or

- (iii) any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Book Entry Only Participant.
- (g) The Corporation may terminate the application of this Section in its sole discretion in which case all Warrants shall be evidenced by Warrant Certificates registered in the name of a person other than the Depository.

## 2.4 Certificated Warrants

- (a) For Warrants issued in certificated form, the form of certificate representing Warrants shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Warrant Agent. Each Warrant Certificate shall be Authenticated manually on behalf of the Warrant Agent. Each Warrant Certificate shall be signed by any one duly authorized signatory of the Corporation, whose signature shall appear on the Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Warrant Certificate which has two signatures as hereinbefore provided shall be valid notwithstanding that one or more of the persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Corporation, with the approval of the Warrant Agent, may determine.
- (b) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Corporation.
- (c) No Warrant shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Warrant Agent. Authentication by the Warrant Agent, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of such Warrant Certificates or Uncertificated Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration thereof. Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (d) No Warrant Certificate shall be considered issued and Authenticated or, if Authenticated, shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it

has been Authenticated by manual signature by or on behalf of the Warrant Agent. Such Authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.

- (e) No Uncertificated Warrant shall be considered issued and shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by entry on the register of the particulars of the Uncertificated Warrant. Such entry on the register of the particulars of an Uncertificated Warrant shall be conclusive evidence that such Uncertificated Warrant is a valid and binding obligation of the Corporation and that the holder is entitled to the benefits of this Indenture.
- (f) The Authentication by the Warrant Agent of any Warrants whether by way of entry on the register or otherwise shall not be construed as a representation or warranty by the Warrant Agent as to the validity of the Indenture or such Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or the proceeds thereof. Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.
- (g) The Warrant Agent shall be entitled to request any other documents that it may require in accordance with its internal policies of the removal of the legend set forth above.
- (h) Each CDS Global Warrant held by the Depository and each CDS Global Warrant issued in exchange therefor or in substitution thereof shall bear or be deemed to bear the following legend or such variations thereof as the Corporation may prescribe from time to time:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO AUXLY CANNABIS GROUP INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS, OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS, HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

- (i) Each Warrant, including Warrants required to be certificated pursuant to Section 5.1(d), issued to, or for the account or benefit of, a U.S. Person or person in the United States and any certificates issued in replacement thereof or in substitution therefor, shall, until such time as the same is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, bear a legend in substantially the following form or such variations thereof as the Corporation may prescribe from time to time:

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF AUXLY CANNABIS GROUP INC. (THE "CORPORATION") THAT THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER U.S. SECURITIES LAWS AND ANY APPLICABLE STATE SECURITIES LAWS. PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER OF THE SECURITIES HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON A CANADIAN STOCK EXCHANGE.

THESE WARRANTS MAY NOT BE EXERCISED BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THESE WARRANTS HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. 'UNITED STATES' AND 'U.S. PERSON' ARE AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.

provided that, if the Warrants are being sold outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act, this legend may be removed by the transferor providing a declaration to the Warrant Agent in the form set forth in Schedule "A" to Appendix 2 attached hereto or as the Warrant Agent or the Corporation may prescribe from time to time, and if required by the Warrant Agent, including an opinion of counsel, of recognised standing reasonably satisfactory to the Corporation and the Warrant Agent, that the proposed transfer may be effected without registration under the U.S. Securities Act; provided further, that if the Warrants are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivering to the Corporation and the Warrant Agent an opinion of counsel, of recognized standing in form and substance satisfactory to the Corporation and the Warrant Agent, acting reasonably, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

The Warrant Agent shall be entitled to request any other documents that it may require in accordance with its internal policies for the removal of the legend set forth above.

## 2.5 Transferability and Ownership of Warrants

- (a) The Corporation hereby appoints the Warrant Agent as registrar of the Warrants and shall cause the Warrant Agent to keep at its Vancouver office a register in which the Warrant Agent shall enter the names and addresses of the Warrantholders and other particulars, prescribed by law, of the Warrants held by them, together with a record of transfers in which particulars of all transfers of Warrants will be recorded. The Warrant Agent shall cause the register to be open at all reasonable times for inspection by the Corporation, the Underwriters and any Warrantholder and upon payment to the Warrant Agent of its reasonable fees. Any Warrantholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Warrant Agent stating the name and address of the Warrantholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Warrantholders or to influence the voting of Warrantholders at any meeting of Warrantholders
- (b) Once an Uncertificated Warrant has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect exercise or proper instructions to the Warrant Agent from the holder as provided herein, except that the Warrant Agent may act unilaterally to make purely administrative changes internal to the Warrant Agent and changes to correct errors. Each person who becomes a holder of an Uncertificated Warrant, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Warrant Agent to make such minor error corrections and (ii) agreed to pay to the Warrant Agent, promptly upon written demand, the full amount of all loss and expense (including without limitation reasonable legal fees of the Corporation and the Warrant Agent plus interest, at an appropriate then prevailing rate of interest to the Warrant Agent), sustained by the Corporation or the Warrant Agent as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Warrant Agent; provided, that no person who is a bona fide purchaser shall have any such obligation to the Corporation or to the Warrant Agent.
- (c) The Warrant Certificates may only be transferred by the Warrantholder (or its legal representatives or its attorney duly appointed), in accordance with Applicable Legislation and upon compliance with the conditions herein, on the register kept at the office of the Warrant Agent pursuant to Section 2.5(a) by delivering to the Warrant Agent's Vancouver office a duly executed Form of Transfer attached as Appendix "2" to the Warrant Certificate and complying with such other reasonable requirements as the Corporation and the Warrant Agent may prescribe and such transfer shall be duly noted on the register by the Warrant Agent. In the case of Uncertificated Warrants the Warrants may only be transferred, in accordance with the procedures of the Depository under its book entry registration system. In the case of a Warrant Certificate that contains a U.S. restrictive legend, the Warrants may only be transferred if the transferor has checked Box (A), (B) or (C) in the Form of Transfer.
- (d) Notwithstanding anything contained in this Indenture or in the Warrant Certificate, the Warrant Agent, relying solely on the Form of Transfer or such other reasonable requirements as the Corporation and Warrant Agent may prescribe pursuant to Section

2.5(b) or this Section shall not register any transfer of a Warrant unless the transfer is made in compliance with this Section.

- (e) If a Warrant Certificate is tendered for transfer, the Warrant Agent shall not register such transfer if the Corporation has provided written instructions to the Warrant Agent prior to such exercise to the effect that the Corporation believes such exercise would not comply with the U.S. Securities Act or applicable U.S. state securities laws.
- (f) The Corporation shall direct the Warrant Agent as to matters related to the applicable hold periods and applicable securities legislation. The Warrant Agent shall have no obligation to ensure or verify compliance with any Applicable Legislation or regulatory requirements on the issue, exercise or transfer of any Warrants or any Warrant Shares or other securities issuable upon the exercise of any Warrants. The Warrant Agent shall be entitled to process all proffered transfers and exercises of Warrants upon the presumption that such transfers or exercises are permissible pursuant to all Applicable Legislation and regulatory requirements and the terms of this Indenture. The Warrant Agent may assume for the purposes of this Indenture that the address on the register of Warrantholders of any Warrantholder is the Warrantholder's actual address and is also determinative of the Warrantholder's residency and that the address of any transferee to whom any Warrants or any Warrant Shares are to be registered, as shown on the transfer document, is the transferee's actual address and is also determinative of the transferee's residency.
- (g) Upon any transfer of Warrants in accordance with the provisions of this Indenture, the Corporation shall covenant and agree with the Warrant Agent, on behalf of the transferee holder and with the transferee holder, that the transferee holder is a permitted assignee of the transferring holder.
- (h) A person who furnishes evidence that he is, to the reasonable satisfaction of the Warrant Agent:
  - (i) the executor, administrator, heir or legal representative of the heirs of the estate of a deceased Warrantholder;
  - (ii) a guardian, committee, trustee, curator or tutor representing a Warrantholder who is an infant, an incompetent person or a missing person; or
  - (iii) a liquidator or a trustee in bankruptcy for a Warrantholder,

may, as hereinafter stated, by surrendering such evidence together with the Warrant Certificate in question to the Warrant Agent (by delivery or mail as set forth in Section 9.1), and subject to such reasonable requirements as the Warrant Agent may prescribe and all applicable securities legislation and requirements of regulatory authorities, become noted upon the register of Warrantholders. After receiving the surrendered Warrant Certificate and upon the person surrendering the Warrant Certificate meeting the requirements as hereinbefore set forth, the Warrant Agent shall forthwith give written notice thereof together with confirmation as to the identity of the person entitled to become the holder to the Corporation. Forthwith after receiving written notice from the Warrant Agent as aforesaid, the Corporation shall cause a new Warrant Certificate to be issued and sent to the new holder and the Warrant Agent shall alter the register of holders accordingly.

- (i) The Corporation and the Warrant Agent shall deem and treat the registered holder of any Warrant as the absolute legal and beneficial owner thereof for all purposes, free from all equities or rights of set off or counterclaim between the Corporation and any previous holder of such Warrant, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction, and neither the Corporation nor the Warrant Agent is affected by any notice to the contrary.
- (j) Subject to the provisions of this Indenture and Applicable Legislation, each Warrantholder is entitled to the rights and privileges attaching to the Warrants, and the issue of the Warrant Shares by the Corporation on exercise of Warrants by any Warrantholder in accordance with the terms and conditions herein contained discharges all responsibilities of the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent is bound to inquire into the title of any such registered holder.
- (k) A reasonable charge will be levied on a presenter of a Warrant Certificate pursuant to this Indenture for the transfer of any Warrant. Either the Warrantholder or the Corporation will assume this charge.
- (l) Notwithstanding any other provision of this Section 2.5, in connection with any transfer of the Warrant Agent as the Warrant Agent may deem necessary to secure the obligations of the transferee of such Warrants with respect to such transfer.

## **2.6 Warrantholders Not Shareholders**

A Warrantholder is not deemed or regarded as a shareholder of the Corporation nor is such Warrantholder entitled to any right or interest except as is expressly provided in this Indenture and on the Warrant Certificates.

## **2.7 Signing of Warrant Certificates**

Any one director or officer of the Corporation shall sign a Warrant Certificate either manually or by facsimile signature. A facsimile signature upon any Warrant Certificate is, for all purposes hereof, deemed to be the signature of the person whose signature it purports to be and to have been signed at the time such facsimile signature is reproduced. If a person whose signature, either manually or in facsimile, appears on a Warrant Certificate is not a director or officer of the Corporation at the date of this Indenture or at the date of the countersigning and delivery of such Warrant Certificate, such fact does not affect in any way the validity of the Warrants or the entitlement of the Warrantholder to the benefits of this Indenture or of the Warrant Certificate.

## **2.8 Countersigning**

The Warrant Agent shall countersign Warrant Certificates and Authenticate Uncertificated Warrants upon the written direction of the Corporation. No Warrant Certificate shall be issued, or if issued, is valid or exercisable or entitles the holder thereof to the benefits of this Indenture until the Warrant Certificate has been manually countersigned by the Warrant Agent or the Uncertificated Warrant has been Authenticated by the Warrant Agent, as the case may be. The countersignature or Authentication by or on behalf of the Warrant Agent will be conclusive evidence as against the Corporation that the Warrant Certificate so countersigned or Uncertificated Warrant so Authenticated has been duly issued hereunder and that the holder is entitled to the benefit hereof. The countersignature by or on behalf of the Warrant Agent on any Warrant Certificate or the Authentication of any Uncertificated Warrant by or on behalf of

the Warrant Agent is not to be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of the Warrants or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent is in no way liable or answerable for the use made of the Warrants or the proceeds from the issuance thereof, except as specified by this Indenture. The countersignature or Authentication, as the case may be, by or on behalf of the Warrant Agent is only a representation and warranty of the Warrant Agent that the Warrant Certificate has been duly countersigned by or on behalf of the Warrant Agent or the Uncertificated Warrant has been duly Authenticated by or on behalf of the Warrant Agent pursuant to the provisions of this Indenture.

## **2.9 Loss, Mutilation, Destruction or Theft of Warrants**

In case any of the Warrant Certificates issued and countersigned hereunder is mutilated or lost, destroyed or stolen, the Corporation, in its discretion, may issue and thereupon the Warrant Agent will countersign and deliver a new Warrant Certificate of like date and tenor in exchange for and in place of the one mutilated, lost, destroyed or stolen and upon surrender and cancellation of such mutilated Warrant Certificate or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate and the substituted Warrant Certificate entitles the holder thereof to the benefits hereof and ranks equally in accordance with its terms with all other Warrants issued hereunder.

The Warrantholder applying for the issue of a new Warrant Certificate pursuant to this Section shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Corporation and the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as is satisfactory to the Corporation in their discretion. The Corporation and the Warrant Agent will also, as a condition precedent to issuing a new Warrant Certificate, require such applicant to furnish an indemnity and surety bond in the amount and form satisfactory to the Corporation and Warrant Agent, in their sole discretion, and the applicant shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

## **2.10 Exchange of Warrants**

A Warrantholder may at any time prior to the Expiry Time, by written instruction delivered to the Warrant Agent at the office of the Warrant Agent in Vancouver, British Columbia, exchange its Warrant Certificates for Warrant Certificates evidencing Warrants in other denominations entitling the Warrantholder to acquire in the aggregate the same number of Warrant Shares to which it was entitled to acquire under the Warrant Certificates so surrendered, in which case the Warrant Agent may make a charge sufficient to reimburse it for any government fees or charges required to be paid and such reasonable fees as the Warrant Agent may determine for every Warrant Certificate issued upon exchange. The Warrantholder surrendering such Warrant Certificate shall bear such fee and charge. Payment of the charges is a condition precedent to the exchange of the Warrant Certificate. The Corporation shall sign and the Warrant Agent shall countersign all Warrant Certificates necessary to carry out exchanges as aforesaid.

## **2.11 Ranking**

All Warrants will have the same attributes and rank *pari passu* regardless of the date of actual issue.

## **2.12 Purchase of Warrants for Cancellation**

Subject to Applicable Legislation, the Corporation may, at any time or from time to time, purchase

all or any of the Warrants in the market, by private contract or otherwise, on such terms as the Corporation may determine. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable plus reasonable costs of purchase. The Warrant Certificates representing the Warrants purchased hereunder by the Corporation shall, immediately following purchase, be delivered to and cancelled by the Warrant Agent and no Warrants shall be issued in substitution therefor.

### **ARTICLE 3 - COVENANTS OF THE CORPORATION**

So long as any Warrants remain outstanding, the Corporation represents, warrants, covenants and agrees with the Warrant Agent for the benefit of the Warrant Agent and Warrantholders as follows:

#### **3.1. To Issue Warrants and Reserve Common Shares**

That it is duly authorized to create and issue the Warrants and that the Warrants, when issued and countersigned by the Warrant Agent, will be valid, binding and enforceable against the Corporation in accordance with their terms and the terms of this Indenture and that, subject to the provisions of this Indenture, the Corporation shall for so long as any Warrants remain outstanding: (i) cause the Warrant Shares acquired pursuant to the exercise of Warrants and the certificates representing such securities, to be duly issued and delivered in accordance with the terms of the Warrants and this Indenture without payment of additional consideration or further action by the Warrantholders; (ii) reserve and allot out of its authorized capital a number of Common Shares sufficient to enable the Corporation to meet its obligations to issue the Warrant Shares in respect of the exercise of all Warrants outstanding from time to time; (iii) ensure that all Warrant Shares issued pursuant to the exercise of the Warrants shall be issued as fully paid and non-assessable and free and clear of all encumbrances arising through or under the Corporation; and (iv) ensure that all Warrants issued shall be duly and validly created, authorized and issued in accordance with the terms hereby.

#### **3.2. To Execute Further Assurances**

That it shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, all other acts, deeds and assurances in law as may reasonably be required for the better accomplishing and effecting of the intentions and provisions of this Indenture.

#### **3.3. To Carry On Business**

That subject to the express provisions hereof, the Corporation or any Subsidiary of the Corporation may cease to operate or may dispose of any business, premises, property, assets or operation if in the opinion of the directors or officers of the Corporation or any Subsidiary of the Corporation, as the case may be, it would be advisable and in the best interests of the Corporation or any Subsidiary of the Corporation, as the case may be, to do so, and subject to the express provisions hereof, it shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, provided, however, that (subject to Article 4 hereof) nothing herein contained shall prevent any winding up or liquidation of the Corporation or any Subsidiary of the Corporation or the abandonment of any rights and franchises of the Corporation or any Subsidiary of the Corporation or any corporate reorganization, amalgamation, consolidation, merger, sale, or take-over bid or other business combination from being completed by the Corporation in accordance with applicable corporate and securities laws (and none of which are presently contemplated by the Corporation at the date hereof) if, in the opinion of the directors or officers of the Corporation or any Subsidiary of the Corporation, as the case may be, it is advisable and in the best interest of the Corporation or of such Subsidiary of the Corporation to do so.

### **3.4. Reporting Issuer**

That the Corporation is presently a reporting issuer in each of the provinces and territories of Canada, and will use its best efforts to maintain such status in such jurisdictions and make all requisite filings under applicable Canadian securities legislation and stock exchange rules to report the exercise of the right to acquire Warrant Shares pursuant to the exercise of the Warrants.

### **3.5. No Breach of Constatting Documents**

That the issue and sale of the Warrants and the issue of any Warrant Shares do not or will not conflict with any of the terms, conditions or provisions of the constating documents of the Corporation or the articles or resolutions of the Corporation or any trust indenture, loan agreement or any other agreement or instrument to which the Corporation or any Subsidiary of the Corporation is contractually bound as of the date of this Indenture.

### **3.6. Securities Qualification Requirements**

That, if any instrument is required to be filed with or any permission, order or ruling is required to be obtained from the Securities Regulators or any other step is required under any federal or provincial law of the Designated Provinces before any securities or property which a Warrantholder is entitled to receive pursuant to the exercise of a Warrant may properly and legally be delivered upon the due exercise of a Warrant, the Corporation covenants that it shall use its best efforts to make such filing, obtain such permission, order or ruling and take all such action, at its expense, as is required or appropriate in the circumstances.

### **3.7. Maintain Listing**

That the Corporation will use its best efforts to maintain the listing of the Common Shares on the TSX or such other stock exchange on which the Common Shares are listed and posted for trading and ensure that the Warrant Shares will be accepted for trading on such exchange simultaneously with or as soon as practicable following their issue.

### **3.8. Satisfy Covenants**

That the Corporation will comply with all covenants and satisfy all terms and conditions on its part to be performed and satisfied under this Indenture and advise the Warrant Agent promptly in writing of any default under the terms of this Indenture.

### **3.9. Performance of Covenants by Warrant Agent**

If the Corporation shall fail to perform any of its covenants contained in this Indenture and the Corporation has not rectified such failure within ten (10) Business Days after receiving notice of such failure by the Warrant Agent, the Warrant Agent may notify the Warrantholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but shall be under no obligation to perform said covenants or to notify the Warrantholders of such performance by it. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

### **3.10. Warrant Agent's Remuneration and Expenses**

The Corporation will pay the Warrant Agent from time to time such reasonable remuneration for its services hereunder as may be agreed upon between the Corporation and the Warrant Agent and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements and advances properly incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed, except any such expense, disbursement advance as may arise from the gross negligence, wilful misconduct or fraud of the Warrant Agent. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

### **3.11. Trust for Warrantholder's Benefit**

The covenants of the Corporation to the Warrant Agent in this Indenture shall be held in trust by the Warrant Agent for the benefit of the Warrantholders.

### **3.12. Notice to Warrantholders of Certain Events**

The Corporation covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that, so long as any of the Warrants are outstanding, it will not:

- (a) pay any dividend payable in shares of any class to the holders of its Common Shares or make any other distribution to the holders of its Common Shares;
- (b) offer to all or substantially all of the holders of its Common Shares rights to subscribe for or to purchase any Common Shares or shares of any class or any other securities, rights, warrants or options;
- (c) make any repayment of capital on, or distribution of evidences of indebtedness on, any of its assets (excluding cash dividends) to the holders of Common Shares;
- (d) amalgamate, consolidate or merge with any other person or sell or lease the whole or substantially the whole of its assets or undertaking;
- (e) effect any subdivision, consolidation or reclassification of its Common Shares; or
- (f) liquidate, dissolve or wind-up,

unless, in each such case, the Corporation will have given notice, in the manner specified in Section 9.2, to each Warrantholder, of the action proposed to be taken and the date on which (a) the books of the Corporation will close or a record will be taken for such dividend, repayment, distribution, subscription rights or other rights, warrants or securities, or (b) such subdivision, consolidation, reclassification, amalgamation, merger, sale or lease, dissolution, liquidation or winding-up will take place, as the case may be, provided that the Corporation will only be required to specify in the notice those particulars of the action as will have been fixed and determined at the date on which the notice is given. The notice will also specify the date as of which the holders of Common Shares of record will participate in the dividend, repayment, distribution, subscription of rights or other rights, warrants or securities, or will be entitled to exchange their Common Shares for securities or other property deliverable upon such reclassification, amalgamation,

merger, sale or lease, other disposition, dissolution, liquidation or winding-up, as the case may be. The notice will be given, with respect to the actions described in Sections (a), (b), (c), (d), (e) and (f) above not less than fourteen (14) days prior to the record date or the date on which the Corporation's transfer books are to be closed with respect thereto.

### **3.13. Closure of Share Transfer Books**

The Corporation further covenants and agrees that it will not during the period of any notice given under Section 9.1 or Section 9.2 close its share transfer books or take any other corporate action which might deprive the Warrantholders of the opportunity of exercising their Warrants; provided that nothing contained in this Section 3.13 will be deemed to affect the right of the Corporation to do or take part in any of the things referred to in Section 3.12 or to pay cash dividends on the shares of any class or classes in its capital from time to time outstanding.

## **ARTICLE 4 - ADJUSTMENT OF NUMBER OF WARRANT SHARES**

### **4.1. Adjustment of Number of Warrant Shares**

The rights to acquire Warrant Shares in effect at any date attaching to the Warrants are subject to adjustment from time to time as follows:

- (a) if and whenever at any time from the date hereof and prior to the Expiry Time, the Corporation:
  - (i) subdivides, re-divides or changes its outstanding Common Shares into a greater number of shares;
  - (ii) consolidates, reduces or combines its outstanding Common Shares into a smaller number of shares; or
  - (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares ("**Convertible Securities**") to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants or pursuant to the exercise of director, officer or employee stock options granted under the Corporation's stock option plan);

(any of the above being a "**Common Share Reorganization**"), the number of Warrant Shares issuable upon the exercise of each Warrant is adjusted immediately after the effective date of the Common Share Reorganization or on the record date for the issue of Common Shares or Convertible Securities by way of stock dividend, by multiplying the number of Warrant Shares previously obtainable on the exercise of a Warrant by the fraction of which:

- (A) the numerator is the total number of Common Shares outstanding immediately after the effective or record date of the Common Share Reorganization, or, in the case of the issuance of exchangeable or Convertible Securities, the total number of Common Shares outstanding immediately after the effective or record date of the Common Share Reorganization plus the total number of Common Shares issuable upon conversion or exchange of such Convertible Securities; and

- (B) the denominator is the total number of Common Shares outstanding immediately prior to the applicable effective or record date of such Common Share Reorganization;

and the Corporation and Warrant Agent, upon receipt of notice pursuant to Section 4.3, shall make such adjustment successively whenever any event referred to in this Section 4.1(a) occurs and any such issue of Common Shares or Convertible Securities by way of a stock dividend is deemed to have occurred on the record date for the stock dividend for the purpose of calculating the number of outstanding Common Shares under this Section 4.1(a). To the extent that any Convertible Securities are not converted into or exchanged for Common Shares, prior to the expiration thereof, the number of Warrant Shares obtainable under each Warrant shall be readjusted to the number of Warrant Shares that is then obtainable based upon the number of Common Shares actually issued on conversion or exchange of such Convertible Securities;

- (b) if and whenever at any time from the date hereof and prior to the Expiry Time the Corporation shall fix a record date for the issue of rights, options or warrants to all or substantially all of the holders of Common Shares under which such holders are entitled, during a period expiring not more than forty-five (45) calendar days after the record date for such issue ("**Rights Period**"), to subscribe for or acquire Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or having an exchange or conversion price per share) of less than 95% of the Current Market Price for the Common Shares on such record date (any such issuance being herein called "**Rights Offering**"), then the number of Warrant Shares obtainable upon the exercise of each Warrant shall be adjusted effective immediately after the end of the Rights Period to a number determined by multiplying the number of Warrant Shares obtainable upon the exercise thereof immediately prior to the end of the Rights Period by a fraction:
  - (i) the numerator of which shall be the number of Common Shares outstanding after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering; and
  - (ii) the denominator of which shall be the aggregate of:
    - (A) the number of Common Shares outstanding as of the record date for the Rights Offering, and
    - (B) a number determined by dividing (1) the product of the number of Common Shares issued or subscribed during the Rights Period upon the exercise of the rights, warrants, or options under the Rights Offering and the price at which such Common Shares are offered by (2) the Current Market Price of the Common Shares as of the record date for the Rights Offering;
- (c) if and whenever at any time from the date hereof and prior to the Expiry Time the Corporation shall issue or distribute to all or to substantially all of the holders of the Common Shares:
  - (i) securities of the Corporation including rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into

any such shares or property or assets and including evidence of its indebtedness;  
or

- (ii) any property (including cash) or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the number of Warrant Shares obtainable upon the exercise of each Warrant shall be adjusted effective immediately after the record date at which the holders of affected Common Shares are determined for purposes of the Special Distribution to a number determined by multiplying the number of Warrant Shares obtainable upon the exercise thereof in effect on such record date by a fraction:

- (iii) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price of the Common Shares on such record date; and

- (iv) the denominator of which shall be:

(A) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, less

(B) the fair market value on such record date, as determined by action by the directors (whose determination shall be conclusive), to the holders of the Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution;

- (d) if and whenever at any time from the date hereof and prior to the Expiry Time, there is a reclassification or redesignation of the Common Shares or a change in or exchange of the Common Shares into or for other shares or securities, or a capital reorganization of the Corporation other than as described in Section 4.1(a) or the triggering of a shareholders' rights plan or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate, trust, partnership or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the Common Shares or a change or exchange of the Common Shares into other shares), or a transfer, sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any of such events being referred to as a "**Capital Reorganization**", every Warrantholder who has not exercised its right of acquisition, as at the effective date of such Capital Reorganization is entitled to receive upon exercise in accordance with the terms and conditions hereof and shall accept, in lieu of the number of Warrant Shares obtainable under the Warrants to which it was previously entitled, the kind and number of Warrant Shares or other securities or property of the Corporation that the Warrantholder would have been entitled to receive on such Capital Reorganization if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares obtainable upon the exercise of Warrants then held, subject to adjustment thereafter in accordance with provisions of the same, as nearly as may be possible, as those contained in this Section 4.1. The Corporation shall not carry into effect any action requiring an adjustment pursuant to this Section 4.1(d) unless all necessary steps have been taken so that the Warrantholders are

thereafter entitled to receive such kind and number of Warrant Shares, other securities or property. The Corporation will not enter into a Capital Reorganization unless its successor, or the purchasing body corporate, partnership, trust or other entity, as the case may be, prior to or contemporaneously with any such Capital Reorganization, enters into an indenture which provides, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this Indenture are correspondingly made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of his acquisition rights thereafter. An indenture entered into by the Corporation pursuant to the provisions of this Section 4.1(d) is deemed a supplemental indenture entered into pursuant to the provisions of Article 7. An indenture entered into between the Corporation, any successor to the Corporation or any purchasing body corporate, partnership, trust or other entity and the Warrant Agent must provide for adjustments which are as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which apply to successive Capital Reorganizations;

- (e) where this Section 4.1 requires that an adjustment becomes effective immediately after a record date or effective date, as the case may be, for an event referred to herein, the Corporation may defer, until the occurrence of that event, issuing to the Warrantholder exercising his acquisition rights after the record date or effective date, as the case may be and before the occurrence of that event the adjusted number of Warrant Shares, other securities or property issuable upon the exercise of the Warrants by reason of the adjustment required by that event. If the Corporation relies on this Section 4.1(e) to defer issuing an adjusted number of Warrant Shares, other securities or property to a Warrantholder, the Warrantholder has the right to receive any distributions made on the adjusted number of Warrant Shares, other securities or property declared in favour of holders of record on and after the date of exercise or such later date as the Warrantholder would but for the provisions of this Section 4.1(e), have become the holder of record of the adjusted number of Warrant Shares, other securities or property;
- (f) the adjustments provided for in this Section 4.1 are cumulative. After any adjustment pursuant to this Section 4.1, the term "**Warrant Shares**" where used in this Indenture is interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section, the Warrantholder is entitled to receive upon the exercise of his Warrant, and the number of Warrant Shares obtainable in any exercise made pursuant to a Warrant is interpreted to mean the number of Warrant Shares or other property or securities a Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant;
- (g) notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to any stock option or stock purchase plan in force from time to time for directors, officers, employees or consultants of the Corporation;
- (h) in the event of a question arising with respect to the adjustments provided for in this Section 4.1, that question shall be conclusively determined by the Corporation's Auditor or if they are unwilling or unable to act, such independent naturally recognized chartered accountants as may be selected by the directors of the Corporation, acting reasonably, who shall have access to all necessary records of the Corporation, and a determination by the Corporation's

Auditor is binding upon the Corporation, the Warrant Agent, all Warrantholders and all other persons interested therein;

- (i) no adjustment in the number of Warrant Shares obtainable upon exercise of Warrants shall be made in respect of any event described in this Section 4.1, other than the events referred in clauses (i) and (ii) of Section (b) thereof, if the Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if the Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event;
- (j) any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Exercise Price which shall be calculated by multiplying the Exercise Price by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and (b) the denominator of which shall be the Exchange Basis after the adjustment; and
- (k) notwithstanding anything in this Article 4, no adjustment in the Exercise Price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the Exercise Price by at least one percent (1%) or the number of Warrant Shares purchasable upon exercise by at least one one-hundredth of a Warrant Share. Further, no adjustment will be made for Common Shares issued: (1) upon exercise of the Warrants; (2) pursuant to any dividend reinvestment or similar plan adopted by the Corporation; (3) pursuant to stock option or purchase plans, as payment of interest on outstanding notes, in connection with strategic license agreements or other partnering arrangements; or (4) in connection with a strategic merger, consolidation or purchase of substantially all of the securities or assets of a corporation or other entity.

#### **4.2. Proceedings Prior to any Action Requiring Adjustment**

As a condition precedent to the taking of any action which requires an adjustment in any of the acquisition rights pursuant to the Warrants, including the number of Warrant Shares obtainable upon the exercise thereof, the Corporation shall take any corporate action which may in its opinion be necessary in order that the Corporation or any successor to the Corporation has reserved, allotted and set aside for issuance Common Shares in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Warrant Shares and may validly and legally deliver all other securities or property which the Warrantholders are entitled to receive on the full exercise of the Warrants in accordance with the provisions hereof.

#### **4.3. Certificate of Adjustment**

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment as provided in Section 4.1, deliver a written notice to the Warrantholders and the Warrant Agent specifying the nature of the event requiring the adjustment, the amount of the adjustment necessitated thereby, and setting forth in reasonable detail the method of calculation and the facts upon which the calculation is based.

#### **4.4. No Action After Notice**

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the holder of a Warrant of the opportunity of exercising the Warrants during the period of fourteen (14) calendar days after giving of the notice set forth in Section

4.3 hereof and 4.6 hereof.

#### **4.5. Protection of Warrant Agent**

The Warrant Agent:

- (a) is not at any time under any duty or responsibility to a Warrantholder to determine whether any facts exist which require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) is not accountable with respect to the validity or value (or the kind or amount) of any shares or other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;
- (c) is not responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver certificates for the Warrant Shares upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 4; and
- (d) shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the agents, directors, officers, employees, or servants of the Corporation.

#### **4.6. Notice of Special Matters**

The Corporation covenants with the Warrant Agent that so long as any Warrants remain outstanding it will give fourteen (14) calendar days' prior written notice in the manner provided for in Article 9 to the Warrant Agent, each Warrantholder and to the Underwriters of any event which requires an adjustment to the subscription rights attaching to any of the Warrants pursuant to this Article 4. The Corporation covenants and agrees that such notice shall contain the particulars of such event in reasonable detail and, if determinable, the required adjustment in the manner provided for in Article 9. The Corporation further covenants and agrees that it shall promptly, as soon as the adjustment calculations are reasonably determinable, file a certificate of the Corporation with the Warrant Agent, on which the Warrant Agent may act and rely, showing how such adjustment shall be computed.

### **ARTICLE 5 - EXERCISE AND CANCELLATION OF WARRANTS**

#### **5.1 Exercise of Warrants**

- (a) Warrantholders who wish to exercise the Warrants, in the case of Warrant Certificates, held by them in order to acquire Warrant Shares must duly complete and execute exercise form(s) in the form attached as Appendix "1" to the Warrant Certificate(s) (the "**Exercise Form**"), in accordance with the instructions attached as Appendix "3" to the Warrant Certificate, which form may be amended by the Corporation with the consent of the Warrant Agent, if such amendment does not, in the reasonable opinion of the Corporation and the Warrant Agent, which may be based on the advice of counsel, materially and adversely affect the rights, entitlements and interests of the Warrantholders, and deliver such certificate(s), the executed Exercise Form and a certified cheque, bank draft or money order of funds payable to or to the order of the Corporation for the aggregate Exercise Price

to the Warrant Agent. The Warrants represented by a Warrant Certificate shall be deemed to be surrendered upon personal delivery of such certificate, Exercise Form and aggregate Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.

- (b) Exercise is subject to compliance with and may be restricted by the securities laws of the Designated Provinces and the United States and applicable states thereof and is further subject to the Warranholders providing such assurances and executing such documents as may, in the reasonable opinion of the Corporation or the Warrant Agent, be required to ensure compliance with applicable securities legislation. If, at the time of the voluntary exercise of the Warrants pursuant to this Section 5.1, there remain restrictions on resale under applicable securities legislation on the Warrant Shares so acquired, the Corporation, may, if required on the advice of counsel, endorse the certificates representing the Warrant Shares with respect to those restrictions.
- (c) A Warranholder of Uncertificated Warrants evidenced by a security entitlement in respect of Warrants must complete the Exercise Form and deliver the executed Exercise Form and a certified cheque, bank draft or money order payable to or to the order of the Corporation for the aggregate Exercise Price to the Warrant Agent. The Uncertificated Warrants shall be deemed to be surrendered upon receipt of the Exercise Form and aggregate Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.
- (d) A beneficial holder of Uncertificated Warrants evidenced by a security entitlement in respect of Warrants in the book entry registration system who desires to exercise his or her Warrants must do so by causing a Book Entry Only Participant to deliver to the Depository on behalf of the entitlement holder, notice of the owner's intention to exercise Warrants in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, as well as payment for the aggregate Exercise Price, the Depository shall deliver to the Warrant Agent a confirmation of its intention to exercise Warrants (as applicable, a "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through the book entry registration system, including CDSX, shall constitute a representation to both the Corporation and the Warrant Agent that the beneficial owner at the time of exercise of such Warrants (a) is not in the United States; (b) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (c) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Book Entry Only Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the book entry registration system, including CDSX, by the Book Entry Only Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such beneficial owner or Book Entry Only Participant and the exercise procedures set forth in Section 5.2(a) shall be followed.
- (e) Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Book Entry Only Participant in a manner acceptable to it. A notice in form acceptable to the Book Entry Only Participant and payment from such beneficial holder should be provided to the Book Entry Only Participant sufficiently in advance so as to permit the Book Entry Only Participant to deliver notice and payment to the Depository and for the Depository in turn to deliver written notice and payment to the Warrant Agent prior to Expiry Time. The Depository will initiate the exercise by way of the Confirmation

and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to the Depository through the book entry registration system the Warrant Shares to which the exercising beneficial Warrantholder is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the entitlement holder exercising the Warrants and/or the Book Entry Only Participant exercising the Warrants on its behalf.

- (f) By causing a Book Entry Only Participant to deliver notice to the Depository, a beneficial Warrantholder shall be deemed to have irrevocably surrendered his or her Warrants so exercised and appointed such Book Entry Only Participant to act as his or her exclusive settlement agent with respect to the exercise and the receipt of Warrant Shares in connection with the obligations arising from such exercise.
- (g) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Book Entry Only Participant to exercise or to give effect to the settlement thereof in accordance with the beneficial Warrantholder's instructions will not give rise to any obligations or liability on the part of the Corporation or Warrant Agent to the Book Entry Only Participant or the Warrantholder.
- (h) Any exercise form or Exercise Form referred to in this Section 5.1 shall be signed by the Warrantholder, or its executors or administrators or other legal representatives or an attorney of the Warrantholder, duly appointed by an instrument in writing satisfactory to the Warrant Agent but such exercise form need not be executed by the Depository.
- (i) Any exercise referred to in this Section 5.1 shall require that the entire Exercise Price for Warrant Shares subscribed must be paid at the time of subscription and such Exercise Price and original Exercise Form executed by the Warrantholder or the Confirmation from the Depository must be received by the Warrant Agent prior to the Expiry Time.
- (j) Warrants may only be exercised pursuant to this Section 5.1 by or on behalf of a registered Warrantholder, as applicable, who makes the certifications set forth on the Exercise Form.
- (k) If the form of Exercise Form set forth in the Warrant Certificate shall have been amended, the Corporation shall cause the amended Exercise Form to be forwarded to all Warrantholders.
- (l) Exercise Forms and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Expiry Time. Any Exercise Form or Confirmation received by the Warrant Agent after business hours on any Business Day other than the Expiry Date will be deemed to have been received by the Warrant Agent on the next following Business Day.
- (m) Any Warrant with respect to which a Confirmation is not received by the Warrant Agent before the Expiry Time shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.
- (n) Within three (3) Business Days after the date of due exercise of a Warrant, the Warrant Agent shall cause to be delivered or mailed to the person or persons in whose name or names the Warrant is registered or to such address as the Corporation or Warrantholder

may specify in writing to the Warrant Agent prior to the exercise of a Warrant or, if so specified in writing by the holder, cause to be delivered to such person or persons a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the book entry registration system.

## **5.2 Transfer Fees and Taxes.**

- (a) If any of the Warrant Shares subscribed for are to be issued to a person or persons other than the Warrantholder, the Warrantholder shall execute the form of transfer and will comply with such reasonable requirements as the Warrant Agent may stipulate and will pay to the Corporation or the Warrant Agent on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation will not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation and the Warrant Agent that such tax has been paid or that no tax is due.

## **5.3 Prohibition on Exercise by Persons in the United States and U.S. Persons**

- (a) Subject to Section 5.3(b) below, (i) Warrants may not be exercised by a U.S. Person or person within the United States or by or on behalf of any person in the United States or U.S. Person; and (ii) no Common Shares issued upon exercise of Warrants may be registered or delivered to any address in the United States.
- (b) Notwithstanding Section 5.3(a), (i) Warrants may be exercised in the United States or by or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States, provided that the Warrants are exercised in accordance with Box (2), (3) or (4) of the Exercise Form and the Corporation has approved the issuance of the Warrant Shares, and (ii) Common Shares issued upon exercise of any such Warrants may be delivered to an address in the United States, provided that the Warrantholder is exercising the Warrants pursuant to Box (2), Box (3) or Box (4) of the Exercise Form.
- (c) Certificates representing Warrant Shares issued upon the exercise of Warrants which bear the legend set forth in Section 2.4(i) or which are issued and delivered pursuant to Section 5.3(b) shall bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO AUXLY CANNABIS GROUP INC. (THE “CORPORATION”) (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER U.S. SECURITIES LAWS AND ANY APPLICABLE STATE SECURITIES LAWS. PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER OF THE SECURITIES HAS FURNISHED TO THE

CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON A CANADIAN STOCK EXCHANGE. PROVIDED THAT THE CORPORATION IS A “FOREIGN ISSUER” WITHIN THE MEANING OF REGULATIONS UNDER THE U.S. SECURITIES ACT AT THE TIME OF SALE, A NEW CERTIFICATE BEARING NO LEGEND, MAY BE OBTAINED FROM THE CORPORATION’S TRANSFER AGENT UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE CORPORATION’S TRANSFER AGENT AND THE CORPORATION TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATIONS OF THE U.S. SECURITIES ACT. THE CORPORATION’S TRANSFER AGENT MAY REQUIRE AN OPINION OF COUNSEL, OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO IT, IN CONNECTION WITH ANY OFFER, SALE OR TRANSFER OF THE SECURITIES BY THE HOLDER HEREOF.”

#### **5.4 Effect of Exercise of Warrants**

- (a) Upon the exercise of the Warrants, each Warrantholder is, at that time, deemed to have become the holder or holders of record of the Warrant Shares in respect of which such Warrantholder's Warrants are exercised or are deemed to have been exercised, unless the transfer registers of the Corporation shall be closed on such date, in which case the Warrant Shares acquired shall be deemed to have been issued and such person or persons deemed to have become the holder or holders of record of such Warrant Shares on the date on which such transfer registers are next reopened. It is hereby understood that in order for persons to whom Warrant Shares are to be issued, to become holders of Warrant Shares on record on the Exercise Date, beneficial holders must commence the exercise process sufficiently in advance so that the Warrant Agent is in receipt of all items of exercise at least one Business Day prior to such Exercise Date.
- (b) Within five Business Days after the Exercise Date with respect to a Warrant, the Warrant Agent shall use commercially reasonable efforts to cause to be delivered or mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Warrant Agency where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the book entry registration system.

#### **5.5 Partial Exercise**

Any Warrantholder may acquire a number of Warrant Shares less than the number of Warrant Shares which the holder is entitled to acquire pursuant to the surrendered Warrant Certificate(s). In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise pursuant to the surrendered Warrant Certificates, the Warrantholder upon such exercise shall, in addition to the number of Warrant Shares acquired pursuant to the Warrants exercised, be entitled to receive, without charge therefor, a new Warrant Certificate(s) in respect of the balance of the Warrants represented by the surrendered Warrant Certificate(s) and which were not then exercised.

## 5.6 Warrants Void After Exercise Time

After the exercise of a Warrant as provided in this Section, the holder of a Warrant Certificate or Uncertificated Warrant representing the Warrant so exercised no longer has any rights either under this Indenture or the Warrant Certificate, other than, the right to receive certificates or other evidence of ownership as provided herein representing the Warrant Shares, and the Warrant is void and of no value or effect.

## 5.7 Fractions of Warrant Shares

- (a) Where a Warrantholder is entitled to receive, as a result of the adjustments provided for in Section 4.1 or otherwise, on the exercise or partial exercise of its Warrants a fraction of a Warrant Share, such right may only be exercised in respect of such fraction in combination with another Warrant or other Warrants which in the aggregate entitle the Warrantholder to receive a whole number of Warrant Shares; and
- (b) If a Warrantholder is not able to, or elects not to, combine Warrants so as to be entitled to acquire a whole number of Warrant Shares, the Warrantholder may not exercise the right to acquire a fractional Warrant Share, and, as a result, has the right to acquire only that number of Warrant Shares equal to the next lowest whole number of Warrant Shares and no cash will be paid in lieu of any fractional Warrant Shares.

## 5.8 Accounting and Recording

- (a) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised, and shall promptly forward to the Corporation (or into an account or accounts of the Corporation with the bank or trust company designated by the Corporation for that purpose), all monies received by the Warrant Agent on the subscription of Warrant Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received in trust for, and shall be segregated and kept apart by the Warrant Agent, the Warrantholders and the Corporation as their interests may appear
- (b) The Warrant Agent shall record the particulars of Warrants exercised, which particulars shall include the names and addresses of the persons who become holders of Warrant Shares on exercise and the Exercise Date, in respect thereof. The Warrant Agent shall provide such particulars in writing to the Corporation within five Business Days of any request by the Corporation therefor.

## ARTICLE 6 - MEETINGS OF WARRANTHOLDERS

### 6.1 Definitions

In this Article 6 or otherwise in this Indenture:

- (a) "**Adjourned Meeting**" means a meeting adjourned in accordance with Section 6.9;
- (b) "**Extraordinary Resolution**" means a resolution (1) passed at a Meeting at which there are Warrantholders present in person or represented by proxy representing at least 25% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of Warrantholders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all the then

outstanding Warrants represented at the Meeting and voted on such resolution or (2) adopted by an instrument in writing signed by the Warranholders representing not less than 66 $\frac{2}{3}$ % of the aggregate number of all of the then outstanding Warrants; and

- (c) "Meeting" means a meeting of the Warranholders in respect of any resolution including an Extraordinary Resolution.

## **6.2 Convening Meetings**

The Warrant Agent or the Corporation may convene a Meeting at any time at the expense of the Corporation. Upon receipt of a written requisition signed in one or more counterparts by Warranholders holding not less than 25% of the aggregate number of the then outstanding Warrants, the Warrant Agent or the Corporation shall convene a Meeting, provided that, in the case of the Warrant Agent, it has been indemnified and funded to its reasonable satisfaction by the Corporation or the Warranholders for the costs of convening and holding a Meeting. If the Warrant Agent or the Corporation fails to convene the Meeting within fifteen (15) Business Days after being duly requisitioned to do so and indemnified and funded as aforesaid, the Warranholders holding not less than 25% of the aggregate number of the then outstanding Warrants may themselves convene a Meeting, the notice for which must be signed by a person that those Warranholders specify, provided that the Warrant Agent and Corporation receive notice of the Meeting in accordance with Section 6.4. A written requisition must state, generally, the reason for the Meeting and business to be transacted at the Meeting.

## **6.3 Place of Meeting**

Every Meeting must be held in Vancouver, British Columbia, Toronto, Ontario or at such other place that the Warrant Agent and Corporation approve, at a location specified by the Corporation. Any meeting held pursuant to this Article 6 may be done through a virtual or electronic meeting platform, subject to the Warrant Agent's capabilities at the time.

## **6.4 Notice**

The Warrant Agent or the Corporation, as the case may be, shall give written notice of each Meeting to each Warranholder, the Warrant Agent (unless the Meeting has been called by the Warrant Agent) and the Corporation (unless the Meeting has been called by the Corporation) in the manner specified in Article 9 at least ten (10) calendar days before the date of the Meeting. The Warrant Agent shall give written notice of each Adjourned Meeting to each Warranholder in the manner specified in Article 9 at least seven (7) calendar days before the date of the Adjourned Meeting. The notice for a Meeting must state the time and place of the Meeting and, generally, the reason for the Meeting and the business to be transacted at the Meeting, together with such additional information as may be required to sufficiently inform the Warranholders regarding the business to be transacted at the Meeting. The notice for an Adjourned Meeting must state the time and place of the Adjourned Meeting but need not specify the business to be transacted at an Adjourned Meeting. The accidental omission by the Warrant Agent or the Corporation, as the case may be, to give notice of a Meeting or an Adjourned Meeting to a Warranholder does not invalidate a resolution passed at a Meeting or Adjourned Meeting.

## **6.5 Persons Entitled to Attend**

The Corporation may and the Warrant Agent shall, each by its authorized representatives including directors, officers, employees, and agents, attend every Meeting and Adjourned Meeting but neither the Corporation, nor the Warrant Agent has the right to vote unless they are acting in their capacity as Warranholder or a proxy for a Warranholder. The legal advisors of the Corporation, the Warrant Agent,

the Underwriters and any Warranholders, respectively, may also attend a Meeting or Adjourned Meeting but do not have the right to vote, unless they have the right to vote as a Warranholder.

#### **6.6 Quorum**

Subject to the provisions of Section 6.18, a quorum for a Meeting shall consist of two or more persons present in person and owning or representing by proxy, not less than 25% of the aggregate number of the then outstanding Warrants.

#### **6.7 Chair**

The Warrant Agent shall nominate a natural person as the chair of a Meeting or Adjourned Meeting. If the person so nominated is not present within 15 minutes after the time set for holding the Meeting or Adjourned Meeting, the Warranholders present in person or represented by proxy shall choose one of their number to be chair. The chair may vote any Warrants for which he or she is the registered holder.

#### **6.8 Power to Adjourn**

The chair of any Meeting at which a quorum of the Warranholders is present may, with the consent of the Meeting, adjourn any such meeting. Notice of such adjournment will be given in accordance with Section 6.4 with such other requirements, if any, as the Meeting may prescribe.

#### **6.9 Adjourned Meeting**

If a quorum of the Warranholders is not present within 30 minutes after the time fixed for holding a Meeting, the Meeting stands adjourned to a date not less than ten (10) calendar days and not more than thirty (30) calendar days later, at a place determined in accordance with Section 6.3, and at a time specified by the chair. The Warrant Agent shall promptly and in accordance with Section 6.4 send a notice of the Adjourned Meeting to each Warranholder and the Corporation. At an Adjourned Meeting, two or more Warranholders or persons representing Warranholders by proxy constitutes a quorum for the transaction of business for which the Meeting was convened.

#### **6.10 Show of Hands**

Subject to a poll and except as otherwise required herein, every question submitted to a Meeting or Adjourned Meeting, except an Extraordinary Resolution, shall be decided, in the first instance, by the majority of votes in a show of hands. If the vote is tied, the chair does not have a casting vote and the motion will not be carried. On a show of hands, each Warranholder present in person or represented by proxy and entitled to vote is entitled to one vote for every Warrant then outstanding of which such Warranholder is the registered owner.

#### **6.11 Poll**

When requested by a Warranholder acting in person or by the proxy representing the Warranholder and holding in the aggregate at least 5% of the aggregate number of the then outstanding Warrants, and on every Extraordinary Resolution, the chair of a Meeting or Adjourned Meeting shall request a poll on a question submitted to the Meeting. Except as otherwise required herein, if a question has been put to a poll, that question shall be decided by the affirmative vote of not less than a majority of the votes given on the poll. If the vote is tied, the motion shall not be carried. On a poll, each Warranholder or person representing a Warranholder by proxy shall be entitled to one vote for every Warrant of which

he is the registered holder or of which the person being represented by proxy is the registered holder, as the case may be. A declaration made by the chair that a resolution has been carried or lost is conclusive evidence thereof. In the case of joint registered Warrantholders, any one of them present in person or represented by proxy may vote in the absence of the other or others but when more than one of them is present in person or by proxy, they may only vote together in respect of the Warrants of which they are joint registered holders.

## **6.12 Regulations**

Subject to the provisions of this Indenture, the Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and, thereafter, vary regulations not contrary to the provisions of this Indenture as it deems fit providing for and governing the following:

- (a) setting a record date for a Meeting for determining Warrantholders entitled to receive notice of and vote at a Meeting;
- (b) voting by proxy, the manner in which a proxy instrument must be executed, and the production of the authority of any person signing an instrument of a proxy on behalf of a Warrantholder;
- (c) lodging and the means of forwarding the instruments appointing proxies, and the time before a Meeting or Adjourned Meeting by which an instrument appointing a proxy must be deposited;
- (d) the form of the instrument of proxy; and
- (e) any other matter relating to the conduct of a Meeting.

A regulation so made is binding and effective and votes given in accordance with such a regulation are valid. The Warrant Agent may permit Warrantholders to make proof of ownership in the manner the Warrant Agent approves.

## **6.13 Powers of Warrantholders**

By Extraordinary Resolution passed pursuant to this Article 6, the Warrantholders may:

- (a) agree to any modification, abrogation, alteration, compromise, or arrangement of the rights of the Warrantholders whether arising under this Indenture, or otherwise at law, including the rights of the Warrant Agent in its capacity as agent hereunder subject to the consent of the Warrant Agent, or on behalf of the Warrantholders against the Corporation, which has been agreed to by the Corporation;
- (b) direct and authorize the Warrant Agent to exercise any power, right, remedy or authority given to it by or under this Indenture in the manner specified in such resolution or to refrain from exercising any such power, right, remedy, or authority;
- (c) direct the Warrant Agent to enforce any covenant or obligation on the part of the Corporation contained in this Indenture or to waive any default by the Corporation in compliance with any provision of this Indenture either unconditionally or upon any conditions specified in such resolution;

- (d) assent to any change in or omission from the provisions contained in this Indenture or the Warrant Certificates or any ancillary or supplemental instrument which is agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;
- (e) without limiting the generality of Sections 6.13(a) and (d), assent to an extension of time thereunder;
- (f) with the consent of the Corporation, remove the Warrant Agent or its successor in office and to appoint a new registrar and agent to take the place of the Warrant Agent so removed;
- (g) upon the Warrant Agent being furnished with funding and an indemnity that is, in its discretion, sufficient, request the Warrant Agent to enforce any covenant of the Corporation contained in this Indenture or the Warrant Certificates, or to enforce any right of the Warranholders in any manner specified in such Extraordinary Resolution, or to refrain from enforcing any such covenant or right;
- (h) restrain any Warranholder from instituting or continuing any suit or proceeding against the Corporation for the enforcement of a covenant on the part of the Corporation contained in this Indenture or any of the rights conferred upon the Warranholders as set out in this Indenture or the Warrant Certificates;
- (i) direct a Warranholder who, as such, has brought a suit, action or proceeding to stay or discontinue or otherwise deal with the same upon payment of the costs, charges, and expenses reasonably and properly incurred by such Warranholder in connection therewith;
- (j) subject to Section 11.4 of this Indenture, waive and direct the Warrant Agent to waive a default by the Corporation in complying with any of the provisions of this Indenture or the Warrant Certificate either unconditionally or upon any conditions specified in such Extraordinary Resolution;
- (k) assent to a compromise or arrangement with a creditor or creditors or a class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation; or
- (l) amend, alter, or repeal any Extraordinary Resolution previously passed pursuant to this Section 6.13.

#### **6.14 Powers Cumulative**

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercised by the Warranholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warranholder to exercise such power or combination of powers then or thereafter from time to time.

#### **6.15 Minutes of Meetings**

The Warrant Agent shall make and maintain minutes and records of all resolutions and proceedings at a Meeting or Adjourned Meeting at the expense of the Corporation and shall make available

those minutes and records at the office of the Warrant Agent for inspection by a Warrantholder or his authorized representative and the Underwriters at reasonable times. If signed by the chair of the Meeting or by the chair of the next succeeding Meeting, such minutes shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such Meeting in respect of which minutes shall have been made shall be deemed to have been duly convened and held, and all the resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

#### **6.16 Written Resolutions**

Notwithstanding the foregoing, a written resolution or instrument signed in one or more counterparts by the Warranholders holding not less than a majority of the Warrants outstanding in the case of an ordinary resolution, or not less than 66<sup>2/3</sup>% of the Warrants outstanding in the case of an Extraordinary Resolution, is deemed to be the same as, and to have the same force and effect as, an ordinary resolution or Extraordinary Resolution, as the case may be, duly passed at a Meeting or Adjourned Meeting.

#### **6.17 Binding Effect**

A resolution of the Warranholders passed pursuant to this Article 6 is binding upon all Warranholders. Upon the passing of a Warranholders' resolution at a meeting of the Warranholders, or upon the signing of a written resolution or instrument pursuant to Section 6.16 and delivery by the Corporation to the Warrant Agent of an original, certified or notarial copy, or copies, of such resolution as executed or passed by the Warranholders, the Warrant Agent is entitled to and shall give effect thereto.

#### **6.18 Holdings by the Corporation or Subsidiaries of the Corporation Disregarded**

In determining whether Warranholders holding Warrants evidencing the required number of Common Shares which may be acquired pursuant to the exercise of the Warrants are present at a meeting of Warranholders for the purpose of determining a quorum or have concurred in any consent, waiver, resolution, Extraordinary Resolution or other action under this Indenture, Warrants owned legally or beneficially by the Corporation or any Subsidiary of the Corporation shall be disregarded. The Corporation will provide the Warrant Agent with, upon request, a certificate of the Corporation detailing their holdings and those of their subsidiaries and the various registrations.

#### **6.19 Corporation, Warrant Agent and Agent May be Represented**

The Corporation, the Warrant Agent and the Underwriters, by their respective directors, officers and employees and counsel to the Corporation, the Warrant Agent and the Underwriters, may attend any Meeting, but shall have no vote as such unless they are acting in their capacity as a Warranholder or a proxy for a Warranholder.

### **ARTICLE 7 - SUPPLEMENTAL INDENTURES, MERGER, SUCCESSORS**

#### **7.1 Provision for Supplemental Indentures for Certain Purposes**

From time to time the Corporation shall, when authorized by the directors of the Corporation, and the Warrant Agent may, subject to the provisions of this Indenture and without the consent of the Warranholders, execute and deliver by their proper officers, deeds, indentures or instruments supplemental hereto, which thereafter form part hereof for any one or more or all of the following purposes:

- (a) adding to the provisions hereof such additional covenants, enforcement provisions, and release provisions (if any) as in the opinion of counsel acceptable to the Corporation and the Warrant Agent are necessary or advisable, provided the same are not, in the opinion of the Warrant Agent, relying on Counsel, prejudicial to the interests of the Warrantholders;
- (b) adding to the covenants of the Corporation in this Indenture for the protection of the Warrantholders;
- (c) evidencing any succession (or successive successions) of other companies to the Corporation and the covenants of, and obligations assumed by, such successor (or successors) in accordance with the provisions of this Indenture;
- (d) setting forth any adjustments resulting from the application of the provisions of Article 4;
- (e) making such provisions not inconsistent with this Indenture as may be deemed necessary or desirable with respect to matters or questions arising hereunder, provided that such provisions are not, in the opinion of the Warrant Agent, relying on Counsel, prejudicial to the interests of the Warrantholders;
- (f) giving effect to an Extraordinary Resolution;
- (g) rectifying any ambiguity, defective provision, clerical omission or mistake or manifest or other error contained herein or in any deed or indenture supplemental or ancillary hereto provided that, in the opinion of the Warrant Agent, relying on Counsel, the rights of the Warrantholders are not prejudiced thereby and provided that the Warrant Agent may, in its discretion, decline to enter into any such supplemental indenture which in its opinion, relying on Counsel, may not afford adequate protection to the Warrant Agent when the same will become operative;
- (h) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrant Certificates of different denominations, and making any modification in the form of the Warrant Certificate which does not affect the substance thereof; or
- (i) for any other purpose not inconsistent with the provisions of this Indenture, provided that, in the opinion of the Warrant Agent, relying on Counsel, the rights of the Warrantholders are in no way prejudiced thereby.

## **7.2 Corporation May Consolidate, etc. on Certain Terms**

Subject to Section 3.12 and Section 4.1(d), nothing in this Indenture prevents any consolidation, amalgamation, arrangement or merger of the Corporation with or into any other body corporate or bodies corporate, or a conveyance or transfer of all or substantially all the properties and assets of the Corporation as an entirety to any body corporate lawfully entitled to acquire and operate the same, provided, however, that the body corporate formed by such consolidation, amalgamation, arrangement or into which such merger has been made, or which has acquired by conveyance or transfer all or substantially all the properties and assets of the Corporation as an entirety in circumstances resulting in the Warrantholders being entitled to receive property from or securities of such body corporate, shall execute prior to or contemporaneously with such consolidation, amalgamation, arrangement, merger, conveyance or transfer, an indenture supplemental hereto wherein the due and punctual performance and observance of all the covenants and conditions of this Indenture to be performed or observed by the Corporation are assumed

by the successor body corporate. The Warrant Agent is entitled to receive and is fully protected in relying upon an opinion of Counsel that any such consolidation, amalgamation, arrangement, merger, conveyance or transfer, and a supplemental indenture executed in connection therewith, complies with the provisions of this Section.

### **7.3 Successor Body Corporate Substituted**

Where the Corporation, pursuant to Section 7.2 hereof, is consolidated, amalgamated, arranged or merged with or into any other body corporate or bodies corporate or conveys or transfers all of substantially all of the properties and assets of the Corporation as an entirety to another body corporate, the successor body corporate formed by such consolidation, amalgamation, arrangement or into which the Corporation has been merged or which has received a conveyance or transfer as aforesaid succeeds to and is substituted for the Corporation hereunder with the same effect as nearly as may be possible as if it had been named herein. Such changes may be made in the Warrants as may be appropriate in view of such consolidation, amalgamation, arrangement, merger, conveyance or transfer.

## **ARTICLE 8 - CONCERNING THE WARRANT AGENT**

### **8.1 Duties of Warrant Agent**

By way of supplement to the provisions of any statute for the time being relating to trustees, and notwithstanding any other provision of this Indenture, in the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise that degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against any liability for its own gross negligence, wilful misconduct or fraud.

### **8.2 Certificate of the Corporation**

If, in the administration of the trusts of this Indenture, the Warrant Agent deems it necessary or desirable that any matter be proved or established by the Corporation, prior to taking or suffering any action hereunder, the Warrant Agent may accept, act, and rely upon, and shall be protected in accepting, acting, and relying upon, a certificate of the Corporation as conclusive evidence of the truth of any fact relating to the Corporation or its assets therein stated and proof of the regularity of any proceedings or actions associated therewith, but the Warrant Agent may in its discretion require further evidence or information before acting or relying on any such certificate. In addition to the reports, certificates, opinions, and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form as may be prescribed by Applicable Legislation, under Section 8.6, or as the Warrant Agent may reasonably require by written notice to the Corporation. Whenever Applicable Legislation requires that evidence referred to in this Section 8.2 be in the form of a statutory declaration, the Warrant Agent may accept such statutory declaration in lieu of a certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by any one or more of the Chair of the Board and Chief Executive Officer, President or Chief Financial Officer of the Corporation or by any other officer or director of the Corporation to whom such authority is delegated by the directors from time to time.

### **8.3 Warrant Agent May Employ Experts**

The Warrant Agent may, at the Corporation's expense, employ or retain such lawyers, accountants,

engineers, appraisers or other experts, advisers or agents as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for such services rendered to it, but it is not responsible for any misconduct, mistake or error of judgment on the part of any of them. The Corporation shall reimburse the Warrant Agent for all disbursements, costs and expenses made or incurred by the Warrant Agent in the discharge of its duties and in the management of the trusts hereunder. The Warrant Agent may rely upon and act upon, and shall be protected from relying and acting upon, the opinion or advice of, or information obtained from, any such lawyer, accountant, engineer, appraiser or other expert, adviser or agent in relation to any matter arising in the administration of the duties and obligations hereof. The Warrant Agent shall not incur any liability for the acts or omissions of such lawyers, accountants, engineers, appraisers or other experts, advisers or agents employed by the Warrant Agent in good faith.

#### **8.4 Documents, Monies, etc. Held by Warrant Agent.**

Until released in accordance with this Indenture, any funds received hereunder shall be kept in segregated records of the Warrant Agent and the Warrant Agent shall place the funds in segregated trust accounts of the Warrant Agent at one or more of the Canadian Chartered Banks listed in Schedule 1 of the Bank Act (Canada) ("**Approved Bank**"). All amounts held by the Warrant Agent pursuant to this Indenture shall be held by the Warrant Agent for Corporation and the delivery of the funds to the Warrant Agent shall not give rise to a debtor-creditor or other similar relationship. The amounts held by the Warrant Agent pursuant to this Indenture are at the sole risk of Corporation and, without limiting the generality of the foregoing, the Warrant Agent shall have no responsibility or liability for any diminution of the funds which may result from any deposit made with an Approved Bank pursuant to this section, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default). The parties hereto acknowledge and agree that the Warrant Agent will have acted prudently in depositing the funds at any Approved Bank, and that the Warrant Agent is not required to make any further inquiries in respect of any such bank. The Warrant Agent may hold cash balances constituting part or all of such monies and need not, invest same; the Warrant Agent shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

#### **8.5 Resignation and Replacement of Warrant Agent**

- (a) The Warrant Agent may resign its trust and be discharged from all further obligations hereunder by giving to the Corporation and the Warrantholders written notice at least sixty (60) calendar days, or such shorter time period if acceptable to the Warrant Agent, the Corporation and the Warrantholders, before the effective date of the resignation. If the Warrant Agent resigns, or becomes incapable of acting hereunder, the Corporation shall forthwith appoint in writing a new warrant agent, unless a new warrant agent has already been appointed by the Warrantholders.
- (b) Failing such appointment by the Corporation or by the Warrantholders by Extraordinary Warrantholder may apply to a Judge of the Ontario Superior Court of Justice on such notice as such Judge may direct, for the appointment of a new warrant agent. The Warrantholders may, by Extraordinary Resolution, remove the Warrant Agent (including a warrant agent appointed by the Corporation or by a Judge as aforesaid) and appoint a new warrant agent.
- (c) Any new warrant agent appointed under the provisions of this Section 8.5 shall be a corporation authorized to carry on the business of a trust company in the Province of Ontario and, if required by Applicable Legislation of any other province, in such other province.

- (d) On any new appointment, the new warrant agent is vested with the same powers, rights, duties and obligations as if it had been originally named as Warrant Agent without any further assurance, conveyance, act or deed; but there will be immediately executed, at the expense of the Corporation, all such conveyances or other instruments as may, in the opinion of Counsel, be necessary or advisable for the purpose of assuring such powers, rights, duties, and responsibilities of the new warrant agent, provided that, any resignation or removal of the Warrant Agent and appointment of the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Corporation, the predecessor warrant agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder.
- (e) On the appointment of a new warrant agent, the Corporation will promptly give notice thereof to the Warrantholders.
- (f) Any Warrant Certificates certified but not delivered by a predecessor warrant agent may be certified by the successor warrant agent in the name of the predecessor or successor warrant agent.
- (g) Any corporation into which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to substantially the corporate trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Warrant Agent.

## **8.6 Indenture Legislation**

The Corporation and the Warrant Agent agree that each shall at all times in relation to this Indenture and to any action to be taken hereunder, observe and comply with and be entitled to the benefits of all Applicable Legislation. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with any mandatory requirement of Applicable Legislation, such mandatory requirement prevails.

## **8.7 Notice**

The Warrant Agent shall not be bound to give any notice or do or take any act, action, or proceeding by virtue of the powers conferred on it hereby unless and until it shall have required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements, or conditions contained herein. Any such notice will in no way limit any discretion herein given the Warrant Agent to determine whether or not the Warrant Agent will take action with respect to any default. Proof of execution of any document or instrument in writing by a holder may be made by the certificate of a notary public, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution, or in any other manner the Warrant Agent considers adequate. The Warrant Agent shall not be bound to give notice to any person of execution hereof.

**8.8 Use of Proceeds**

The Warrant Agent is in no way responsible for the use by the Corporation of the proceeds of the exercise of Warrants hereunder.

**8.9 No Inquiries**

In the exercise of any right or duty hereunder the Warrant Agent, if it is acting in good faith, may act and rely, as to the truth of any statement or the accuracy of any opinion expressed therein, on any statutory declaration, opinion, report, certificate or other evidence furnished to the Warrant Agent pursuant to a provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent, if such evidence complies with Applicable Legislation and the Warrant Agent examines such evidence and determines that it complies with the applicable requirements of this Indenture. The Warrant Agent may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. The Warrant Agent is not bound to make any inquiry or investigation as to the performance by the Corporation of the Corporation's covenants hereunder.

**8.10 Actions by Warrant Agent to Protect Interest**

The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders.

**8.11 Warrant Agent Not Required to Give Security**

The Warrant Agent is not required to give any bonds or security with respect to the execution or administration of the trusts and powers of this Indenture.

**8.12 Warrant Agent Not Ordinarily Bound**

No provision of this Indenture shall require the Warrant Agent (and its officers, directors, employees and agents) to expend or risk its (or their) own funds or otherwise incur financial liability in the performance of any of its (or their) duties or in the exercise of any of its (or their) rights or powers unless it is (or they are) so indemnified and funded. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrantholders hereunder, is conditional upon Warrantholders furnishing, when required in writing so to do by the Warrant Agent, an indemnity reasonably satisfactory to the Warrant Agent, and funds sufficient for commencing or continuing the act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and hold harmless the Warrant Agent against any costs, charges, expenses, loss, damage or liability by reason thereof. The Warrant Agent may, before commencing or at any time during the continuance of any such act, action, or proceeding, require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

**8.13 Warrant Agent May Deal in Instruments**

The Warrant Agent may in its personal or other capacity, buy, sell, lend upon and deal in and hold securities of the Corporation and in the Warrants and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

#### **8.14 Recitals or Statements of Fact Made by Corporation**

Except for the representations contained in Section 8.18, the Warrant Agent is not liable for or by reason of any of the statements of fact or recitals contained in this Indenture or in the Warrant Certificates and is not required to verify the same but all such statements and recitals are and are deemed to have been made by the Corporation only.

#### **8.15 Warrant Agent's Discretion Absolute**

The Warrant Agent, except as herein otherwise provided, has, as regards all the trusts, powers, authorities and discretions vested in it, absolute discretion as to the exercise thereof, whether in relation to the manner or as to the mode and time for the exercise thereof.

#### **8.16 No Representations as to Validity**

The Warrant Agent is not:

- (a) under any responsibility in respect of the validity of this Indenture or the execution and delivery thereof or (subject to Section 2.4(a) and Section 2.8) in respect of the validity or the execution of any Warrant Certificate;
- (b) under any obligation to see to, or to require evidence of, the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;
- (c) responsible for any breach by the Corporation of any covenant or condition contained in this Indenture or in any Warrant Certificate and will not incur any liability or responsibility whatever or be in any way responsible for the consequences of any breach by the Corporation of any obligation herein contained or of any act of any director, officer, employee, or agent of the Corporation; or
- (d) by any act hereunder, deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued as provided in this Indenture or in any Warrant Certificate or as to whether any shares will when issued be duly authorized or be validly issued and fully paid and non-assessable. The duty and responsibility as to all the matters and things referred to in this Section 8.16 rests upon the Corporation and not upon the Warrant Agent and the failure of the Corporation to discharge any such duty and responsibility does not in any way render the Warrant Agent liable or place upon it any duty or responsibility for breach of which it would be liable.

#### **8.17 Acceptance of Trusts**

The Warrant Agent hereby accepts the trusts of this Indenture and agrees to perform the same upon the terms and conditions herein set forth or referred to unless and until discharged therefrom by resignation or in some other lawful way.

#### **8.18 Warrant Agent's Authority to Carry on Business**

The Warrant Agent represents to the Corporation that at the date hereof it is authorized to carry on the business of a trust company in Ontario. If, notwithstanding the provisions of this Section 8.18, it ceases to be authorized to carry on such business in Ontario, the validity and enforceability of this Indenture and of the Warrants issued hereunder are not affected in any manner whatsoever by reason only

of such event, provided that the Warrant Agent shall, within thirty (30) calendar days after ceasing to be authorized to carry on such business in Ontario, either become so authorized or resign in the manner and with the effect specified in Section 8.5.

### **8.19 Indemnification of Warrant Agent**

- (a) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Corporation hereby agrees to indemnify and hold harmless the Warrant Agent and its affiliates, their successors, assigns, and each of their directors, officers, employees and agents (the "**Indemnified Parties**") and save them harmless from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, proceedings, assessments, judgments, actions, suits, costs, charges, payments, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, charges, payments, expenses and other disbursements arising by reason of the gross negligence, wilful misconduct or fraud of the Warrant Agent. The Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding. This provision shall survive the resignation or removal of the Warrant Agent, or the termination of this Indenture. In the absence of gross negligence, wilful misconduct, or fraud on its part, the Warrant Agent will not be liable for any action taken, suffered, or omitted by it or for any error of judgment made by it in performance of its duties under this Agreement. In no event will the Warrant Agent be liable for special, indirect, consequential, or punitive loss or damages of any kind whatsoever (including but not limited to lost profits), even if the Warrant Agent has been advised of the possibility of such damages. The Warrant Agent shall not be under any obligation to prosecute or to defend any action or suit in respect of the relationship which, in the opinion of its Counsel, may involve it in expense or liability, unless the Corporation shall, so often as required, furnish the Warrant Agent with satisfactory indemnity and funding against such expense or liability.
- (b) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

### **8.20 Performance of Covenants by Warrant Agent**

If the Corporation fails to perform any of its covenants contained in this Indenture, then the

Corporation will notify the Warrant Agent in writing of such failure and upon receipt by the Warrant Agent of such notice, the Warrant Agent may notify the Warranholders of such failure on the part of the Corporation and may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants or to notify the Warranholders of such performance by it. All sums expended or disbursed by the Warrant Agent in so doing shall be reimbursed as provided in Section 3.10. No such performance, expenditure or disbursement by the Warrant Agent shall be deemed to relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

### **8.21 Anti-Money Laundering.**

- (1) Each party to this Indenture other than the Warrant Agent hereby represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.
- (2) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days written notice to the other parties to this Indenture, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

### **8.22 Not Appointed Receiver**

The Warrant Agent and any person related to the Warrant Agent will not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

## **ARTICLE 9 - NOTICES**

### **9.1 Notice to Corporation, Warrant Agent and Underwriters**

Any notice to the Corporation, Warrant Agent or Underwriters (at the addresses set out in Section 9.2) under the provisions of this Indenture is valid and effective if in writing delivered, sent by registered letter, postage prepaid or sent by facsimile or email:

- (a) to the Corporation at:

Auxly Cannabis Group Inc.  
777 Richmond Street West, Suite 002  
Toronto, ON M6J 0C2

Attention: [Redacted - personal information.]  
Email: [Redacted - personal information.]

with a copy to (which shall not constitute notice):

Owens Wright LLP  
20 Holly Street, Suite 300  
Toronto, ON M4S 3B1

Attention: [Redacted - personal information.]  
Email: [Redacted - personal information.]

(b) to the Warrant Agent at:

Computershare Trust Company of Canada  
3rd Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9

Attention: [Redacted - personal information.]  
Email: [Redacted - personal information.]

Any notice, direction or other instrument aforesaid will, if delivered, be deemed to have been given and received on the day it was delivered and, if mailed, be deemed to have been received on the fifth (5th ) Business Day following the date of the postmark on such notice and, if sent by facsimile or email, be deemed to have been given and received on the day it was so sent unless it was sent:

- (a) on a day which is not a business day in the place to which it was sent; or
- (b) after 4:30 p.m. in the place to which it was sent,

in which cases it will be deemed to have been given and received on the next day which is a Business Day in the place to which it was sent.

The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in this Section 9.1 of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture.

If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed or, if it is delivered to such party at the appropriate address provided in this Section 9.1, by facsimile or electronic transmission or other means of prepaid, transmitted and recorded communication.

## **9.2 Notice to Warrantholders**

Any notice to the Warrantholders under the provisions of this Indenture is valid and effective if delivered, sent by regular mail or sent by courier, to each Warrantholder at its address appearing on the register of Warrants kept by the Warrant Agent or, in the case of joint holders, to the first such address, and, if delivered or couriered, shall be deemed to have been given and received on the day it was delivered and, if mailed, be deemed to have been received on the third (3rd) Business Day following the date of the postmark on such notice. Accidental error or omission in giving notice or accidental failure to mail notice

to any holder will not invalidate any action or proceeding founded thereon. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders of and any other persons (if any) interested in such Warrants.

If, by reason of any interruption of mail service, actual or threatened, any notice to be given to the Warrantholders by the Warrant Agent or the Corporation would be unlikely to reach its destination in the ordinary course of mail, such notice shall be valid and effective only if published once, at the Corporation's expense, (i) in the national edition of The Globe & Mail newspaper; and (ii) in such other place or places and manner, if any, as the Warrant Agent may require. Any notice given to Warrantholders by publication shall be deemed to have been given on the last day on which publication shall have been effected.

A copy of any notice provided to the Warrantholders shall be concurrently provided to the Underwriters in the manner specified in Section 9.1 addressed as follows:

ATB Capital Markets Inc.  
66 Wellington Street West, Suite 3530  
Toronto, ON  
M5K 1M1

Email: [Redacted - personal information.]  
Attention: [Redacted - personal information.]

Cantor Fitzgerald Canada Corporation  
181 University Avenue, Suite 1500  
Toronto, ON  
M5H 3M7

Email: [Redacted - personal information.]  
Attention: [Redacted - personal information.]

and

499 Park Avenue  
New York, NY 10022

Email: [Redacted - personal information.]  
Attention: [Redacted - personal information.]

Desjardins Securities Inc.  
25 York St., Suite 1000  
Toronto, ON  
M5J 2V5

Email: [Redacted - personal information.]  
Attention: [Redacted - personal information.]

Raymond James Ltd.  
40 King St. W, Suite 5300  
Toronto, Ontario, M5H 3Y2

Email: [Redacted - personal information.]  
Attention: [Redacted - personal information.]

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

Email: [Redacted - personal information.]  
Attention: [Redacted - personal information.]

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP  
199 Bay Street, Suite 5300  
Toronto, Ontario M5L 1B9

Attention: [Redacted - personal information.]  
Email: [Redacted - personal information.]

## **ARTICLE 10 - POWER OF BOARD OF DIRECTORS**

### **10.1 Board of Directors**

In this Indenture, where the Corporation is required or empowered to exercise any acts, all such acts may be exercised by the directors of the Corporation, by any duly appointed committee of the directors of the Corporation or by those officers of the Corporation authorized to exercise such acts.

## **ARTICLE 11 - MISCELLANEOUS PROVISIONS**

### **11.1 Further Assurances**

The parties covenant and agree from time to time, as may be reasonably required by any party hereto, to execute and deliver such further and other documents and do all matters and things which are convenient or necessary to carry out the intention of this Indenture more effectively and completely.

### **11.2 Unenforceable Terms**

If any term, covenant or condition of this Indenture or the application thereof to any party or circumstance is invalid or unenforceable to any extent, the remainder of this Indenture or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable is not affected thereby and each remaining term, covenant or condition of this Indenture is valid and enforceable to the fullest extent permitted by law.

### **11.3 No Waiver**

No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other party of its obligations hereunder is deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such party. Failure on the part of either party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, does not constitute a waiver by such party of its rights hereunder.

#### **11.4 Waiver of Default**

Notwithstanding Section 11.3 above, upon the happening of any default hereunder:

- (a) the holders of not less than 50% of the Warrants plus one Warrant then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution created under Article 6) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or
- (b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, if, in the Warrant Agent's opinion, relying on the opinion of legal counsel, the same shall have been cured or adequate provision made therefor;
- (c) provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

#### **11.5 Immunity of Shareholders**

Subject to the any rights or remedies available to the Warrantholders under applicable securities legislation or otherwise, the Warrant Agent and, by the acceptance of the Warrant Certificate or other evidence of ownership in the case of Uncertificated Warrants and as part of the consideration for the issue of the Warrants, the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, director, officer, employee or agent of the Corporation or of any successor corporation on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Warrant Certificates.

#### **11.6 Limitation of Liability**

The obligations hereunder are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Corporation or of any successor corporation or any of the past, present or future officers, employees or agents of the Corporation or of any successor corporation, but only the property of the Corporation or of any successor corporation shall be bound in respect hereof.

#### **11.7 Suits by Warrantholders**

- (a) No Warrantholder has any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the Bankruptcy and Insolvency Act (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceedings or for any other remedy hereunder unless the Warrantholders by Extraordinary Resolution have made a request to the Warrant Agent and the Warrant Agent has been afforded reasonable opportunity to proceed or complete any action or suit for any such purpose whether or not in its own name and the Warrantholders or any of them have furnished to the Warrant Agent, when so requested by

the Warrant Agent, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby and the Warrant Agent has failed to act within a reasonable time or the Warrant Agent has failed to actively pursue any such act or proceeding.

- (b) Subject to the provisions of this Section and otherwise in this Indenture, all or any of the rights conferred upon a Warrantholder by the terms of a Warrant may be enforced by such Warrantholder by appropriate legal proceedings without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Warrantholders from time to time.

### **11.8 Rights of Rescission and Withdrawal for Holders**

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Corporation by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Corporation and subsequently, the Corporation, upon surrender to the Corporation or the Warrant Agent of any underlying Warrant Shares or other securities that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing, to cancel the exercise transaction and any such underlying Warrant Shares or other securities on the register, which may have already been issued upon the Warrant exercise. In the event that any payment is received from the Corporation by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned to the Corporation by such holder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce the return of the funds pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section. Notwithstanding the foregoing, in the event that the Corporation provides the refund to the Warrant Agent for distribution to the holder, the Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

Original purchasers of Warrants pursuant to the Offering will have a non-assignable contractual right of rescission if the Prospectus Supplement (including documents incorporated therein by reference) or any amendment thereto contains a misrepresentation (within the meaning of the *Securities Act* (Ontario)). This contractual right of rescission shall be subject to the defences, limitations and other provisions described under part XXIII of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers of Warrants under section 130 of the *Securities Act* (Ontario) or otherwise at law. For greater certainty, the contractual right of rescission will entitle such original purchasers of Warrants to receive the amount paid upon conversion, exchange or exercise, as well as the amount paid for the original Warrant, upon surrender of the underlying Warrant Shares acquired thereby, in the event that the Prospectus Supplement (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the Units under the Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the Units under the Prospectus Supplement.

### **11.9 Force Majeure**

Except for the payment obligations of the Corporation contained herein, neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but

not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

### **11.10 SEC Certification**

The Corporation confirms that as at the date of execution of this Indenture it does not have a class of securities registered pursuant to Section 12 of the U.S. Exchange Act or have a reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act. The Corporation covenants that in the event that (i) any class of its securities shall become registered pursuant to Section 12 of the U.S. Exchange Act or the Corporation shall incur a reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Corporation in accordance with the U.S. Exchange Act, the Corporation shall promptly deliver to the Warrant Agent an Officers' Certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and providing such other information as the Warrant Agent require at the time. The Corporation acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain SEC obligations with respect to those clients who are subject to the periodic reporting requirements of the SEC.

### **11.11 Privacy Matters**

The parties acknowledge that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

- (a) to provide the services required under this Indenture and other services that may be requested from time to time;
- (b) to help the Warrant Agent manage its servicing relationships with such individuals;
- (c) to meet the Warrant Agent's legal and regulatory requirements; and
- (d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

Each party acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its Privacy Code, which the Warrant Agent shall make available on its website, [www.computershare.com](http://www.computershare.com), or upon request, including revisions thereto. The Warrant Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides. Further, each party agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless that party has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

### **11.12 Cannabis Compliance**

- (a) In this Indenture, the following terms have the following meanings:

- i. **"Cannabis Permits"** means all permits or licences of any nature held by the Corporation or any subsidiary of the Corporation, as of the date of this Indenture or thereafter, under Canadian federal, provincial and territorial law, and regulations made thereunder, that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests.
  - ii. **"Governmental Authority"** or **"Governmental Authorities"** means any of the governments of Canada, the United States of America, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.
  - iii. **"United States of America"** means the United States of America, its territories and possessions, any State of the United States, or any political subdivision thereof, and the District of Columbia.
- (b) To the extent that the Corporation currently has cannabis-related activities or interests, the Corporation represents, warrants and agrees that, in addition to any other representation and warranty in this Indenture:
  - i. its Cannabis Permits are in good standing and it has all permits and licences required by any Canadian or other applicable Governmental Authority that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;
  - ii. it does not have or hold cannabis or cannabis-related operations or interests in the United States of America (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States of America; and
  - iii. it does not have or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) where the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.
- (c) To the extent that the Corporation has cannabis-related activities or interests now or in the future, the Corporation covenants and agrees that, in addition to any other covenant or obligation in this Indenture, it shall:
  - i. immediately provide to the Warrant Agent any (i) existing Cannabis Permits; and, (ii) other permits and licences required by any other applicable Governmental Authority that it currently holds;
  - ii. obtain Cannabis Permits from any required Governmental Authority, and upon receipt of same immediately provide such Cannabis Permits to the Warrant Agent;

- iii. at all times keep and maintain in good standing its Cannabis Permits, and shall notify the Warrant Agent of any breach of this requirement immediately upon obtaining knowledge thereof;
- iv. ensure at all times that it continues to have all permits and licences required by any Canadian or other applicable Governmental Authority that are necessary or desirable to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;
- v. notify the Warrant Agent immediately of, and provide it with a copy of, any and all correspondence and notices that could reasonably be expected to result in a loss of, or a penalty or other sanction under, any Cannabis Permit or applicable law;
- vi. deliver to the Warrant Agent, (i) at any reasonable time upon demand by the Warrant Agent; and, (ii) in any event, immediately upon the breach of any representation, warranty or covenant contained in this Article, an Officer's Certificate as to the knowledge of such officer(s) of the Corporation's compliance or non-compliance with this Article, in each case attaching evidence of the current status of all Cannabis Permits;
- vii. meet all record keeping and reporting requirements set out by all applicable Governmental Authorities, including but not limited to, keeping records of all cannabis-related activities and inventories, as well as filing ongoing reports; which, at a minimum, must include, among other things, the total amounts (i) produced; (ii) released for sale; (iii) received from other licensed producers; (iv) sold or transferred to registered clients, other licensed producers and licensed dealers; or, (v) otherwise retailed, with the associated revenues;
- viii. deliver to the Warrant Agent, (i) at any reasonable time upon demand by the Warrant Agent; and, (ii) at a minimum annually, an Officer's Certificate attaching and certifying to the aggregate records described in Section 11.12(c)(vii) above, for the preceding twelve (12) months;
- ix. carry on and conduct its activities in accordance with all applicable laws and regulations of all Governmental Authorities;
- x. meet all listing requirements for each stock exchange upon which it is listed relating to compliance with applicable law in all jurisdictions in which the Corporation has interests;
- xi. in no event, acquire or hold cannabis or cannabis-related operations or interests in the United States of America (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States of America, so long as the production, distribution or possession of cannabis remains prohibited as a matter of any federal, territorial or state laws of the United States of America or is prohibited as a matter of any applicable United States of America Governmental Authority; and
- xii. in no event, acquire or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) if the production,

distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.

- (d) The Corporation acknowledges and agrees that notwithstanding any other provision of this Indenture, any default of any provision of this Article or any disruption of the market for financial services provided to cannabis businesses will result in the right of the Warrant Agent, at its sole discretion, to resign as warrant agent effective immediately, and the Corporation hereby acknowledges such right of the Warrant Agent to immediately resign. For greater certainty, no cure period or advance notice is required to be given by the Warrant Agent before the Warrant Agent may exercise such discretion.
- (e) The Corporation acknowledges and agrees, in addition to any other provision herein relating to the resignation or replacement of the Warrant Agent, that the Warrant Agent may resign as warrant agent and be discharged from all further duties and liabilities hereunder, without notice, if the Warrant Agent reasonably determines that (i) the Corporation has become unable to continue to lawfully operate any part of its cannabis or cannabis-related business or to own or maintain, directly or indirectly, its cannabis or cannabis-related investments or operations; or (ii) the Warrant Agent would be prejudiced by continuing to act as warrant agent hereunder.
- (f) The Corporation shall cause all of its subsidiaries to comply with the provisions of this Article as if such subsidiaries were expressly referred to in such provisions in replacement of references to the Corporation, *mutatis mutandis*.

### **11.13 Enurement**

This Indenture enures to the benefit of and is binding upon the parties hereto and their respective successors and assigns and may not be assigned by either party hereto without the consent in writing of the other party, such consent not to be unreasonably withheld.

### **11.14 Counterparts and Formal Date**

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to be dated as of the Closing Date.

### **11.15 Satisfaction and Discharge of Indenture**

Upon the date by which there shall have been delivered to the Warrant Agent for exercise, cancellation or destruction all Warrants theretofore certified hereunder and if all certificates required to be issued in compliance with the provisions hereof have been issued and delivered hereunder, this Indenture (except for any indemnities given to the Warrant Agent) shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, and upon payment to the Warrant Agent of the fees and other remuneration payable to the Warrant Agent, the Warrant Agent shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities and limitations of liabilities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

**11.16 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders**

Nothing in this Indenture or the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

**11.17 Further Assurances**

Each of the parties hereto, including the Corporation, subject to Applicable Legislation, shall do or cause to be done all such acts and things and execute such further documents, agreements and assurances as may reasonably be necessary or advisable from time to time to carry out the provisions of this Indenture in accordance with their true intent.

**11.18 Formal Date and Effective Date**

For the purpose of convenience this Indenture is referred to as bearing the formal date of June 14, 2021, however notwithstanding such formal date, this Indenture becomes effective as between the Corporation and any particular Warrantholder upon the date of issuance of a Warrant Certificate to such Warrantholder.

*[Remainder of page intentionally left blank. Signature page follows.]*

**AUXLY CANNABIS GROUP INC.**

Per: (Signed) "Hugo Alves"  
Name: Hugo Alves  
Title: Chief Executive Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA**

Per: (Signed) "Brian Howarth"  
Authorized Signatory

Per: (Signed) "Jennifer Lesley Wong"  
Authorized Signatory

**SCHEDULE "A" - FORM OF WARRANT CERTIFICATE**

**UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO AUXLY CANNABIS GROUP INC. (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS, OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS, HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.**

**[For Warrants required to bear the legend set forth in Section 2.4(i)]**

**THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR UNDER ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF AUXLY CANNABIS GROUP INC. (THE "CORPORATION") THAT THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATIONS UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER U.S. SECURITIES LAWS AND ANY APPLICABLE STATE SECURITIES LAWS. PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C) OR (D) ABOVE, THE HOLDER OF THE SECURITIES HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON A CANADIAN STOCK EXCHANGE.**

**THESE WARRANTS MAY NOT BE EXERCISED BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THESE WARRANTS HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. 'UNITED STATES' AND 'U.S. PERSON' ARE AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT.]**

**WARRANTS TO PURCHASE COMMON SHARES OF  
AUXLY CANNABIS GROUP INC.**

(a company existing pursuant to the laws of Ontario)

CUSIP No. ●  
ISIN No. ●

Warrant Certificate Number: [●]

Representing [●] Warrants to  
purchase [●] Common Shares

**THIS CERTIFIES** that, for value received, the registered holder hereof, [●] (the "**holder**") is entitled at any time at or before the Expiry Time (as defined below) to acquire, subject to adjustment in certain events, the number of common shares (the "**Common Shares**") of Auxly Cannabis Group Inc. (the "**Company**") specified above, as presently constituted, by surrendering to Computershare Trust Company of Canada (the "**Warrant Agent**") at its principal office in Vancouver, British Columbia, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of \$0.38 per Common Share (subject to adjustment in certain events) (the "**Warrant Exercise Price**") by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent. The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder.

The Warrants evidenced under this Warrant Certificate are exercisable on or before 4:59 p.m. (Toronto time) on June 14, 2024 (the "**Expiry Time**"). After the Expiry Time, Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

This Warrant Certificate represents Warrants of the Company issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of June 14, 2021, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture can be requested by contacting the Warrant Agent. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail.**

The Company has prepared and filed the Prospectus Supplement qualifying the issuance in the Designated Provinces of the Warrants comprising part of the Units and the Warrant Shares issuable upon the exercise of the Warrants comprising part of the Units, amongst other things.

The holder of this Warrant Certificate may, at any time before the Expiry Time, exercise all or any number of the Warrants represented hereby.

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any

fractional Warrant Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Vancouver, British Columbia.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Warrant Exercise Price for each Common Share, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares have been so subscribed for, the number of Common Shares to be issued to such person(s) (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program), and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax has been paid or that no tax is due), and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the transfer agent of the Company shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the U.S. Securities Act or any state securities laws. The Warrants represented by this Warrant Certificate may not be exercised within the United States or by, or for the account or benefit of, a U.S. Person or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrants Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the Warranholders entitled to acquire upon the exercise of the Warrants a specified percentage of the Common Shares.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

*[Remainder of page intentionally left blank. Signature page follows.]*

**IN WITNESS WHEREOF** the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**AUXLY CANNABIS GROUP INC.**

By: \_\_\_\_\_

Authorized Signing Officer

Countersigned this \_\_\_\_ day of \_\_\_\_\_, 20\_\_

**COMPUTERSHARE TRUST COMPANY  
OF CANADA**

By: \_\_\_\_\_

Authorized Signing Officer

**APPENDIX "1"**  
**EXERCISE FORM**

TO: Auxly Cannabis Group Inc.  
c/o Computershare Trust Company of Canada  
3rd Floor, 510 Burrard Street  
Vancouver, British Columbia V6C 3B9

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for \_\_\_\_\_ Common Shares of Auxly Cannabis Group Inc. (the "**Company**") at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Computershare Trust Company of Canada dated June 14, 2021.

The undersigned represents, warrants and certifies as follows (one (only) of the following must be checked):

- 1. the undersigned (a) is not in the United States and is not a "U.S. person", within the meaning of Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"); (b) is not exercising this Warrant for the account or benefit of any U.S. person or person in the United States, (c) did not execute or deliver this Exercise Form within the United States and (d) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.
- 2. the undersigned (a) is the original U.S. Purchaser who purchased the Warrants pursuant to the Corporation's Unit offering, and who executed and delivered a "qualified institutional buyer letter" in the form annexed to the U.S. private placement memorandum in connection with the purchase of Units, (b) is exercising the Warrants for its own account or for the account of a disclosed principal, (c) is, and such disclosed principal, if any, is a Qualified Institutional Buyer at the time of exercise of these Warrants, (d) confirms the representations and warranties of the holder in the Qualified Institutional Buyer Letter remain true and correct as of the date of exercise of these Warrants and in respect of the acquisition of the Common Shares issuable upon exercise of the Warrants being exercised; and (e) re-affirms the "restricted security agreements" set forth in the Qualified Institutional Buyer Letter.
- 3. the undersigned (a) is the original U.S. Purchaser who purchased the Warrants pursuant to the Corporation's Unit offering, and who executed and delivered a "U.S. accredited investor certificate" in the form annexed to the U.S. private placement memorandum in connection with the purchase of Units, (b) is exercising the Warrants for its own account or for the account of a disclosed principal, (c) is, and such disclosed principal, if any, is an accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act at the time of exercise of these Warrants, and (d) confirms the representations and warranties of the holder in the U.S. accredited investor certificate remain true and correct as of the date of exercise of these Warrants and in respect of the acquisition of the Common Shares issuable upon exercise of the Warrants being exercised.

- 4. the undersigned is delivering a written opinion of United States legal counsel to the effect that the Warrant and the Common Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Act or are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

It is understood that the Company may require evidence to verify the foregoing representations.

The undersigned hereby directs that the said Common Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF COMMON SHARES

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Transfer Form must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to **Computershare Trust Company of Canada, c/o General Manager, Corporate Trust.**

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

	)	
	)	
Witness	)	_____
	)	(Signature of Warrantholder, to be the same as
	)	appears on the face of this Warrant Certificate)
	)	_____
		Name of Registered Warrantholder

[  ] Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failing which the securities will be mailed.

**NOTES:**

1. Certificates will not be registered or delivered to an address in the United States unless Box 2, Box 3 or Box 4 above is checked.
2. If Box 4 is checked, holders are encouraged to contact the Company in advance to determine that the legal opinion tendered in connection with exercise will be satisfactory in form and substance to the Company.

**APPENDIX "2"**  
**TRANSFER FORM**

TO: AUXLY CANNABIS GROUP INC.  
c/o Computershare Trust Company of Canada  
3rd Floor, 510 Burrard Street  
Vancouver, British Columbia V6C 3B9

**FOR VALUE RECEIVED**, the undersigned transferor hereby sells, assigns and transfers unto

\_\_\_\_\_

(Transferee)

\_\_\_\_\_

(Address)

\_\_\_\_\_

(Social Insurance Number)

\_\_\_\_\_ of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate.

In the case of a warrant certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

- (A) the transfer is being made only to the Corporation;
- (B) the transfer is being made outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act, and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "A" to this Transfer Form; or
- (C) the transfer is being made within the United States or to, or for the account or benefit of, a person in the United States, in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent to such effect.

In the case of a warrant certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. Person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Corporation and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation and the Warrant Agent to such effect.

If transfer is to a U.S. Person, check this box.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

SPACE FOR GUARANTEES OF )  
SIGNATURES (BELOW)

) \_\_\_\_\_  
) Signature of Transferor  
) \_\_\_\_\_  
) \_\_\_\_\_  
) \_\_\_\_\_  
) Name of Transferor

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

Gift       Estate       Private Sale       Other (or no change in ownership)

Date of Event (Date of gift, death or sale):

Value per Warrant on the date of event:

\_\_\_\_/\_\_\_\_/\_\_\_\_

\$ \_\_\_\_\_.

CAD OR  USD

NOTES:

- 1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.
- 2. Warrants shall only be transferable in accordance with the warrant indenture between Auxly Cannabis Group Inc. and the Computershare Trust Company of Canada dated February 8, 2021 (the "Warrant Indenture"), applicable laws and the rules and policies of any applicable stock exchange.

**CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY**

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificate(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

**OR**

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

**REASON FOR TRANSFER – FOR US RESIDENTS ONLY**

Consistent with US IRS regulations, Computershare Trust Company of Canada is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

**SCHEDULE "A" TO APPENDIX 2**

**FORM OF DECLARATION FOR REMOVAL OF LEGEND**

TO: Auxly Cannabis Group inc.

Computershare Investor Services Ltd. And/or Computershare Trust Company of Canada

as registrar and transfer agent for the Warrants and Common Shares issuable upon exercise of the Warrants of Auxly Cannabis Group Inc.

The undersigned (A) acknowledges that the sale of the securities of Auxly Cannabis Group Inc. (the "**Corporation**") represented by certificate no. \_\_\_\_\_ to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (B) certifies that (1) the undersigned is not an "affiliate" of the Corporation as that term is defined in Rule 405 under the U.S. Securities Act, a "distributor" or an affiliate of "distributor", (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States or (b) the transaction was executed on or through the facilities of a "designated offshore securities market" (as defined in Rule 902 of Regulation S under the U.S. Securities Act) and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any "directed selling efforts" in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing-off" the resale restrictions imposed because the securities are "restricted securities" as that term is described in Rule 144(a)(3) under the U.S. Securities Act, (5) the seller does not intend to replace such securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms set forth above in quotation marks have the meanings given to them by Regulation S under the U.S. Securities Act. The undersigned in making this Declaration acknowledges that the Corporation is relying on the contents hereof and hereby agrees to indemnify and hold harmless the Corporation for any and all liability, losses, claims and demands in any way related to the subject matter of this Declaration.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Name of Seller)

By: \_\_\_\_\_

Name:

Title:

**APPENDIX "3"**  
**WARRANT CERTIFICATE – INSTRUCTIONS TO WARRANTHOLDERS**

**TO EXERCISE:**

If the Warrantholder exercises Warrants prior to the Expiry Time pursuant to Section 5.1 of the Indenture, it must complete, sign and deliver:

- (a) the Exercise Form, attached as Appendix "1";
- (b) the Warrant Certificates; and
- (c) a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Corporation in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. In the event that the payment of the aggregate Exercise Price is in the form of an uncertified cheque or unguaranteed funds, the Warrant Agent shall be entitled to delay the time of payment of the Exercise Price to the Corporation until such uncertified or unguaranteed funds have cleared in the ordinary course of the financial institution upon which the same are drawn,

to the Warrant Agent indicating the number of Common Shares to be acquired. In such case, the signature of such registered holder on the Exercise Form must be witnessed.

**TO TRANSFER:**

If the Warrantholder wishes to transfer Warrants, then the Warrantholder must complete, sign and deliver (as appropriate):

- (a) the Transfer Form attached as Appendix "2"; and
- (b) the Warrant Certificates,

to the Warrant Agent indicating the number of Warrants to be transferred.

If the Warrant Certificate is transferred, the Warrantholder's signature on the Transfer Form must be guaranteed by an authorized officer of a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange.

For the protection of the holder, it would be prudent to use registered mail if forwarding by mail.

If the Transfer Form or Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Warrant Certificate must also be accompanied by evidence of authority to sign satisfactory to the Warrant Agent.

The name and address of the Warrant Agent is:

Computershare Trust Company of Canada  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6B 4N7

Attention: General Manager, Corporate Trust  
Phone: 1-800-564-6253

**SCHEDULE "B" - DEFINITION OF "U.S. PERSON" AND "UNITED STATES"**

**"U.S. Person"**

- (a) "U.S. person" means:
  - (i) any natural person resident in the United States;
  - (ii) any partnership or corporation organized or incorporated under the laws of the United States;
  - (iii) any estate of which any executor or administrator is a U.S. person;
  - (iv) any trust of which any trustee is a U.S. person;
  - (v) any agency or branch of a foreign entity located in the United States;
  - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
  - (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
  - (viii) any partnership or corporation if:
    - (A) organized or incorporated under the laws of any foreign jurisdiction; and
    - (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the U.S. Securities Act) who are not natural persons, estates or trusts.
- (b) Notwithstanding the foregoing, any discretionary account or similar account (other than an estate or trust) held for the benefit of or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated or (if an individual) resident in the United States shall not be deemed a U.S. person.
- (c) Notwithstanding the foregoing, any estate of which any professional fiduciary acting as executor or administrator is a U.S. person shall not be deemed a U.S. person if:
  - (i) an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate; and
  - (ii) the estate is governed by foreign law.
- (d) Notwithstanding the foregoing, any trust of which any professional fiduciary acting as trustee is a U.S. person shall not be deemed a U.S. person if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person.

- (e) Notwithstanding the foregoing, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. person.
- (f) Notwithstanding the foregoing, any agency or branch of a U.S. person located outside the United States shall not be deemed a "U.S. person" if:
  - (i) the agency or branch operates for valid business reasons; and
  - (ii) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
- (g) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed "U.S. persons."

**"United States"**

- (a) "United States" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.