

December 14, 2018

Cardiol Therapeutics Inc.
2275 Upper Middle Road East Suite 101
Oakville, ON
L6H 0C3

Ladies and Gentlemen:

AltaCorp Capital Inc. (“**Lead Underwriter**”), Mackie Research Capital Corporation, Raymond James Ltd., Echelon Wealth Partners Inc. and Paradigm Capital Inc. (collectively, the “**Underwriters**” and individually an “**Underwriter**”) understand that Cardiol Therapeutics Inc. (the “**Company**”) proposes to issue and sell 3,000,000 units of the Company (the “**Initial Units**”) and, at the option of the Underwriters, up to an aggregate of 450,000 additional units of the Company (the “**Optional Units**”), all as to be described in the Final Prospectus (as defined below). The Initial Units and the Optional Units are referred to collectively as the “**Offered Units**”. To that end, the Underwriters understand that the Company has prepared and filed a Preliminary Prospectus (as defined below) in each of the Qualifying Jurisdictions (as defined below) and has received a Preliminary Receipt (as defined below) therefor. The Underwriters also understand that the Company has prepared a Final Prospectus (as defined below) and will file the same in each of the Qualifying Jurisdictions promptly after the execution of this agreement. Each Offered Unit shall consist of (i) one Common Share (as defined herein) (a “**Unit Share**”) and (ii) one Common Share purchase warrant (a “**Warrant**”). Each Warrant shall be issued pursuant to and subject to the terms of the Warrant Indenture (as defined herein). Each Warrant shall entitle the holder thereof to purchase one Common Share (a “**Warrant Share**”) at an exercise price of \$6.50 per Warrant Share, subject to adjustment, at any time until 5:00 p.m. (Toronto time) on the earlier of (i) the date that is 24 months after the Closing Date (as defined herein), and (ii) in the event that the daily volume weighted average trading price (or closing bid price on days when there are no trades) of the Common Shares on the TSX (as defined below) is at least \$10.00 per Common Share for a minimum of 10 consecutive trading days, the Company may provide written notice to Warrant holders to exercise the Warrant within 15 trading days following the date of delivery of such written notice. The offering of the Offered Units, the distribution of the Broker Warrants and the Over-Allotment Option is hereinafter referred to as the “**Offering**”.

On the basis of the representations, warranties, covenants and agreements contained herein, but subject to the terms and conditions herein set forth, (a) the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees severally (and not jointly or jointly and severally) to purchase from the Company, the respective percentage of the Offered Units set forth opposite the name of such Underwriter in Section 17(1) at a purchase price of \$5.00 per Offered Unit (for an aggregate purchase price of \$15,000,000); and (b) in the event and to the extent the Over-Allotment Option (as defined below) granted to the Underwriters pursuant to Section 3 of this agreement is exercised by the Underwriters, the Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees severally (and not jointly or jointly and severally) to purchase from the Company, the respective percentage of the Optional Units set forth opposite the name of such Underwriter in Section 17(1) at a purchase price per Optional Unit equal to the purchase price per Common Share. Notwithstanding the foregoing, Offered Units sold

pursuant to Rule 506(b) of Regulation D under the U.S. Securities Act shall be sold directly by the Company to the purchasers thereof.

Terms and Conditions

The following are the terms and conditions of this agreement among the Company and the Underwriters.

Section 1 Definitions.

In addition to the terms defined above, in this agreement:

“**Agreements and Instruments**” has the meaning given to that term in Section 10(39) of this agreement;

“**Broker Warrant**” means a warrant exercisable into one Common Share at a price of \$5.00, or such other amount as may be acceptable to the TSX, for a period of 12 months after the Closing Date;

“**Broker Warrant Certificate**” means the certificates evidencing the terms and conditions of the Broker Warrants in a form agreed to by the Company and the Lead Underwriter, acting reasonably;

“**Broker Warrant Shares**” means the Common Shares issuable on exercise of the Broker Warrants;

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed for business in Toronto, Ontario;

“**Canadian Securities Laws**” means all applicable securities laws in each of the Qualifying Jurisdictions emanating from Governmental Entities including the respective rules and regulations made thereunder together with applicable published national and local instruments, policy statements, notices, blanket rulings and orders of the Securities Commissions, all discretionary rulings and orders, if any, of the Securities Commissions and all rules, by-laws and regulations governing the TSX, all as the same are in effect at the date hereof and as amended, supplemented or replaced from time to time during the period of Distribution;

“**CDS**” has the meaning given to that term in Section 13(1)(a) of this agreement;

“**Claim**” has the meaning given to that term in Section 15(2) of this agreement;

“**Closing Date**” means December 19, 2018, or such other date as the Company and the Underwriters may agree upon in writing, but in no event later than January 15, 2019;

“**Closing Time**” means 8:30 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company and the Underwriters may agree;

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

“**Communication**” has the meaning given to that term in Section 22(1) of this agreement;

“**Condition of the Company**” means the business, affairs, operations, assets, properties, prospects, liabilities (contingent or otherwise), capital, earnings or financial condition of the Company;

“**Continuing Underwriters**” has the meaning given to that term in Section 17(2) of this agreement;

“**Debt Instrument**” means any loan, bond, debenture, promissory note or other instrument evidencing material indebtedness for borrowed money or other material liability, other than inter-company debt instruments;

“**Defaulted Securities**” has the meaning given to that term in Section 17(2) of this agreement;

“**Deposit ID**” has the meaning given to that term in Section 13(1)(a)(i) of this agreement;

“**Distribution**” means “**distribution**” or “**distribution to the public**” of the Offered Units and the Broker Warrants as those terms are defined in Canadian Securities Laws;

“**Employee Plans**” means each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Company for the benefit of any executive officer or director of the Company;

“**Environmental Laws**” means any applicable Law relating to pollution or occupational health and safety, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including Laws relating to the release or threatened release of Hazardous Materials or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials;

“**Financial Statements**” has the meaning given to that term in Section 10(6) of this agreement;

“**Final Prospectus**” means the (final) prospectus of the Company dated December 14, 2018 relating to the qualification for Distribution of the Offered Units, the Broker Warrants and the Over-Allotment Option in the Qualifying Jurisdictions;

“**Final Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in each of the Qualifying Jurisdictions;

“Final U.S. Placement Memorandum” means the United States private placement memorandum, including a copy of the English language version of the Final Prospectus, prepared by the Company in connection with the offer and sale of the Offered Units in the United States;

“Governmental Authority” means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign, (ii) any subdivision, agent, commission, board, or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions, the, TSX, other stock exchanges and Health Canada;

“Hazardous Materials” means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“including” means including, without limitation;

“Indemnified Party” has the meaning given to that term in Section 15(1) of this agreement;

“Indemnifying Party” has the meaning given to that term in Section 15(1) of this agreement;

“Intellectual Property” means any intellectual property (whether foreign or domestic, registered or unregistered) owned by the Company, licensed to the Company (**“Licenses”**), or used by the Company for the operation, conduct and maintenance of the business as now conducted or as described in the Final Prospectus to be conducted, including without limitation: (i) all inventions, patents, patent applications and patent disclosures, as well as all reissuances, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (ii) all trademarks, corporate names, domain names and all goodwill associated therewith; (iii) all works of authorship, copyrights; and (iv) industrial designs; and (v) all confidential information, including all trade secrets, processes, procedures, know-how, methods, data, compilations, databases and the information contained therein, together with all Intellectual Property Rights in any such intellectual property;

“Intellectual Property Rights” means any right or protection existing from time to time in a specific jurisdiction, whether registered or not, under any patent law or other invention or discovery law, copyright law, performance or moral rights law, trade-secret law, confidential information law (including breach of confidence), trademark law, competition law, plant breeders rights, or other similar laws, and includes legislation by competent governmental authorities and judicial decisions under common law or equity, and for greater certainty includes the right to file any applications, and the right to claim for the

same the priority rights derived from any applications filed under any treaty, convention, or any domestic laws of a country in which a prior application is filed;

“**Laws**” means all applicable laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Entity, including Canadian Securities Laws, the *Cannabis Act* (Canada), the *Controlled Drugs and Substances Act*, *Food and Drugs Act* and their associated regulations including the *Access to Cannabis for Medical Purposes Regulations* and *Food and Drug Regulations*, and the term “**applicable**” with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

“**Leased Premises**” means the premises which are material to the Company which the Company occupies as tenant;

“**Lock-Up Agreement**” has the meaning given to that term in Section 18(2);

“**Material Adverse Effect**” means a material adverse change in the Condition of the Company;

“**Material Agreement**” means any material note, indenture or other form of indebtedness and any contract, agreement (written or oral), instrument, lease or other document to which the Company is a party or by which a material portion of the Company’s assets are bound;

“**marketing materials**” has the meaning ascribed thereto in NI 41-101;

“**Marketing Material**” means the investor presentation for the Offering dated December, 2018 and as agreed to between the Company and the Lead Underwriter;

“**misrepresentation**”, “**material fact**”, “**material change**”, “**person**” and “**company**” mean, with respect to circumstances to which the Canadian Securities Laws of a particular Qualifying Jurisdiction are applicable, a misrepresentation, material fact, material change, person and company as defined under the Canadian Securities Laws of that Qualifying Jurisdiction and, if not so defined or in circumstances in which the particular Canadian Securities Laws of a particular Qualifying Jurisdiction are not applicable, mean a misrepresentation, material fact, material change, person and company as defined under the *Securities Act* (Ontario);

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**Notice of a Subsequent Transaction**” has the meaning given to that term in Section 19(2) of this agreement;

“**Notice of Declination**” has the meaning given to that term in Section 19(3) of this agreement;

“**Option Closing Date**” has the meaning given to that term in Section 3 of this agreement;

“**Option Closing Time**” has the meaning given to that term in Section 3 of this agreement;

“**Optional Unit Shares**” means Common Shares constituting part of the Optional Units;

“**Optional Unit Warrants**” means Warrants constituting part of the Optional Units;

“**Optional Unit Warrant Shares**” means Common Shares issuable on exercise of the Optional Unit Warrants;

“**Outstanding Convertible Securities**” means all rights, agreements, arrangements or options, present or future, contingent or absolute, or any right or privilege capable of becoming a right, agreement or option, restricted share unit or deferred share unit for the purchase, subscription or issuance of any Common Shares or any other security convertible into or exchangeable for Common Shares, including options granted to officers, directors or employees, whether issued pursuant to an established plan or otherwise, as existing immediately prior to the Closing Time;

“**Over-Allotment Option**” has the meaning given to that term in Section 3 of this agreement;

“**Preliminary Prospectus**” means the third amended and restated preliminary prospectus dated December 10, 2018, which amended and restated the second amended and restated preliminary prospectus dated November 9, 2018, the first amended and restated preliminary prospectus dated October 1, 2018 and the preliminary prospectus dated September 17, 2018, relating to the qualification for Distribution of the Offered Units, the Broker Warrants and the Over-Allotment Option in the Qualifying Jurisdictions and any such amendments filled with the Securities Commissions;

“**Preliminary Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in each of the Qualifying Jurisdictions;

“**Principal Regulator**” means the Ontario Securities Commission;

“**Preliminary U.S. Placement Memorandum**” means the preliminary United States private placement memorandum, including a copy of the English language version of the Preliminary Prospectus, prepared by the Company in connection with the offer and sale of the Offered Units in the United States;

“**Proceedings**” means any action, suit or proceeding before or by any Governmental Authority now pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its properties or assets;

“**Prospectus**” means, collectively, the Preliminary Prospectus and the Final Prospectus;

“**Qualifying Jurisdictions**” means all of the provinces of Canada, except Québec;

“**Refusing Underwriter**” has the meaning given to that term in Section 17(2) of this agreement;

“**Repayment Event**” has the meaning given to that term in Section 10(39) of this agreement;

“**Right of First Refusal**” has the meaning given to that term in Section 19(1) of this agreement;

“**Right of First Refusal Period**” has the meaning given to that term in Section 19(1) of this agreement;

“**Securities Commissions**” means, collectively, the securities commissions or other securities regulatory authorities in each of the Qualifying Jurisdictions;

“**Selling Firms**” means the Underwriters together with such other investment dealers and brokers through which the Underwriters may sell Offered Units to the public under the terms of this agreement;

“**Significant Shareholder**” has the meaning given to that term in Section 18(2);

“**Subsequent Transaction**” has the meaning given to that term in Section 19(1);

“**subsidiaries**” means a subsidiary for purposes of Section 1.2(3) of Ontario Securities Commission Rule 45-501 – Exempt Distributions;

“**Substituted Purchaser**” has the meaning given to that term in Section 11(5) of this agreement;

“**Supplementary Material**” has the meaning given to that term in Section 5 of this agreement;

“**this agreement**” means the agreement resulting from the acceptance by the Company of the offer made by the Underwriters by this letter;

“**TSX**” means the Toronto Stock Exchange Inc.;

“**Underlying Securities**” means the Unit Shares, Warrants, Warrant Shares, Optional Unit Shares, Optional Unit Warrants, Optional Unit Warrant Shares and Broker Warrant Shares;

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

“**U.S. Affiliate**” means the United States registered broker-dealer affiliate of an Underwriter;

“**U.S. Person**” means “U.S. person” as such term is defined in Regulation S under the U.S. Securities Act;

“**U.S. Placement Memorandum**” means, collectively, the Preliminary U.S. Placement Memorandum and the Final U.S. Placement Memorandum;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**U.S. Securities Laws**” means all applicable securities legislation in the United States, including, the U.S. Securities Act and the United States *Securities Exchange Act* of 1934, as amended, and the rules and regulations promulgated thereunder; and

“**Warrant Indenture**” means the warrant indenture between the Company and Computershare Trust Company of Canada, in its capacity as warrant agent, governing the Warrants, in form and substance satisfactory to the Underwriters, acting reasonably.

Section 2 Qualification of the Offered Units.

- (1) The Company shall fulfill and comply with, to the satisfaction of the Underwriters, all legal requirements to be fulfilled or complied with by the Company to qualify the Distribution of the Offered Units, the Broker Warrants and the Over-Allotment Option in the Qualifying Jurisdictions by or through the Underwriters and other properly registered Selling Firms who have complied with the relevant provisions of Canadian Securities Laws. In furtherance of the foregoing, the Company shall as soon as possible and, in any event, not later than 3:00 p.m. (Toronto time) on the date hereof, file in accordance with Canadian Securities Laws the Final Prospectus in form and substance satisfactory to the Underwriters together with all other documents and certificates required to be filed under Canadian Securities Laws in each of the Qualifying Jurisdictions and obtain a Final Receipt therefor by 3:00 p.m. (Toronto time) on such date or such later date to which the Company and the Underwriters may agree. The Company shall promptly provide copies of the Final Receipt to Lead Underwriter and legal counsel for the Underwriters as soon as it has been obtained.
- (2) The Company shall, as soon as possible and in any event by the Closing Time, fulfill and comply with, to the satisfaction of the Underwriters, all legal requirements to be fulfilled and complied with by the Company to enable the Offered Units to be lawfully offered for sale and sold in the United States in accordance with this agreement, including Schedule “A” hereto, which is incorporated by reference herein and form part of this agreement.

Section 3 Over-Allotment Option.

The Company hereby grants to the Underwriters, in the respective percentages set out in Section 17(1) of this agreement, an option (the “**Over-Allotment Option**”) to purchase up to an additional 450,000 Optional Units (being 15% of the number of Initial Units). The Over-Allotment Option may be exercised in whole or in part and from time to time prior to its expiry as follows: (i) Optional Units at a purchase price of \$5.00; or (ii) Optional Unit Shares at a price of \$4.62; or (iii) Optional Unit Warrants at a price of \$0.38; or (iv) any combination of Optional Units, Optional

Unit Shares and Optional Unit Warrants, so long as the aggregate number of Optional Unit Shares and Optional Unit Warrants does not exceed 450,000 Optional Unit Shares and 450,000 Optional Unit Warrants.

Delivery of and payment for any Optional Units, Optional Unit Shares and Optional Unit Warrants, as applicable, will be made at the offices of the Company's counsel, at those times (each, an "**Option Closing Time**") on those dates (each, an "**Option Closing Date**") as set out in the written notice of Lead Underwriter referred to below which may occur on the Closing Date but will in no event occur earlier than the Closing Date, nor earlier than two (2) Business Days or later than seven (7) Business Days after the date upon which the Company receives written notice from Lead Underwriter on behalf of the Underwriters, setting out the number of Optional Units, Optional Unit Shares and Optional Unit Warrants, as applicable, to be purchased by the Underwriters, which notice must be received by the Company not later than 5:00 p.m. (Toronto time) on the date that is thirty (30) days after the Closing Date. Upon the furnishing of the notice, the Underwriters will severally (and not jointly or jointly and severally) be committed to purchase in the respective percentages set out in Section 17(1) of this agreement and the Company will be committed to issue and sell in accordance with and subject to the provisions of this agreement the number of Optional Units, Optional Unit Shares and Optional Unit Warrants, as applicable, indicated in the notice and subject to the maximum set out in this Section 3. Optional Units, Optional Unit Shares and Optional Unit Warrants may be purchased by the Underwriters only for the purpose of satisfying over-allotments made in connection with the Distribution of the Initial Units and for market stabilization purposes permitted pursuant to Canadian Securities Laws. The Company agrees that the number of Optional Units, Optional Unit Shares and Optional Unit Warrants, as applicable, to be issued upon exercise of the Over-Allotment Option shall be adjusted for any stock splits, consolidations or other changes to the Common Shares of the Company after the date hereof.

Section 4 Documents to be Delivered.

- (1) The Company shall deliver to the Underwriters contemporaneously with the execution and delivery of this agreement:
 - (a) a copy of the Preliminary Prospectus and the Final Prospectus signed as required by the laws of each of the Qualifying Jurisdictions and a copy of the U.S. Placement Memorandum;
 - (b) a copy of all such documents and certificates that were filed with the Preliminary Prospectus under Canadian Securities Laws;
 - (c) a comfort letter of its auditors, BDO Canada LLP, addressed to the Underwriters and to the board of directors of the Company, in form and substance satisfactory to the Underwriters and their counsel, verifying the financial and accounting information relating to the Company and other numerical data in the Final Prospectus, which comfort letter shall be based on a review by the auditors having a cut-off date of not more than two Business Days prior to the date of the letter and shall be in addition to the auditors' reports contained in the Final Prospectus and the auditors' comfort letter addressed to the Securities Commissions; and

- (d) a letter from the TSX advising the Company that approval of the conditional listing of the Company and of the (i) Unit Shares, Warrant Shares, Optional Unit Shares, Optional Unit Warrant Shares and Broker Warrant Shares, and (ii) Warrants, Optional Unit Warrants and Broker Warrants, has been granted by the TSX, subject to the satisfaction of certain usual conditions set out therein.
- (2) The Company shall also deliver to the Underwriters promptly after the filing of the Final Prospectus in the Qualifying Jurisdictions, but in any event prior to the Closing Time, a copy of all such documents and certificates that are required to be filed by the Company in connection with the Final Prospectus under Canadian Securities Laws.

Section 5 Supplementary Material.

Subject to compliance with Section 8, the Company shall promptly deliver to the Underwriters duly signed copies of all amendments or supplements or any other supplemental documents to the Final Prospectus and/or the Final U.S. Placement Memorandum required to be prepared and/or filed by the Company under Canadian Securities Laws or U.S. Securities Laws, as the case may be, (collectively, the “**Supplementary Material**”) and any other document required to be filed under Section 8(2). The Supplementary Material shall be in form and substance satisfactory to the Underwriters. Concurrently with the delivery of any Supplementary Material, the Company shall deliver to the Underwriters with respect to such Supplementary Material, letters and opinions similar to those referred to in Section 4.

Section 6 Delivery Constitutes Representation and Consent.

Delivery of the Prospectus, U.S. Placement Memorandum and any Supplementary Material shall constitute a representation and warranty by the Company to the Underwriters that, at the time of delivery thereof: all information and statements (except information and statements relating solely to the Underwriters furnished to the Company in writing for use therein) contained in the Prospectus, U.S. Placement Memorandum and any Supplementary Material are true and correct in all material respects and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Company, and the Offered Units and that no material fact or information has been omitted therefrom (except facts or information relating solely to the Underwriters) which is required to be stated therein or is necessary to make any statement or information contained therein not false or misleading in light of the circumstances in which it was made; and that the Prospectus and any Supplementary Material comply in all material respects with Canadian Securities Laws and that the U.S. Placement Memorandum complies in all material respects with U.S. Securities Laws. Such delivery shall also constitute the Company’s consent to the use of the Prospectus and any Supplementary Material by the Underwriters and the Selling Firms for the Distribution of the Offered Units in the Qualifying Jurisdictions in compliance with the provisions of this agreement, including Schedule “A” hereto, and Canadian Securities Laws and to the use of the U.S. Placement Memorandum and any Supplementary Material by the U.S. Affiliates of the Underwriters and the Selling Firms for the Offering and sale of the Offered Units by them in the United States in accordance with the provisions of this agreement, including Schedule “A” hereto.

Each of the Company and the Underwriters have approved the Marketing Material, including any template version thereof which the Company has filed with the Securities Commissions and which is and will be incorporated by reference into the Final Prospectus, as the case may be. Each of the Company and the Underwriters covenant and agree that it will not provide any potential investor of Offered Units with any marketing materials except for marketing materials that comply with, and have been approved in accordance with, NI 41-101. If requested by the Underwriter, in addition to the Marketing Materials, the Company will cooperate, acting reasonably, with the Lead Underwriter in approving any other marketing materials to be used in connection with the Offered Units.

Section 7 Commercial Copies.

The Company shall cause commercial copies of the Final Prospectus to be delivered to the Underwriters, without charge, in such numbers and in such places as the Underwriters may reasonably request by oral instructions to the printer of the Final Prospectus given on or about the date hereof. Such delivery shall be effected as soon as possible and, in any event on or before 10:00 a.m. on December 17, 2018. The Company shall similarly cause to be delivered commercial copies of any Supplementary Material required to be delivered, on request to the Underwriters or to any purchaser of Offered Units. If requested by the Underwriters, the Company shall cause commercial copies of the Final U.S. Placement Memorandum to be delivered to the Underwriters in such places and in such numbers as they may reasonably request.

Section 8 Material Changes.

- (1) Commencing on the date hereof and until the completion of the Distribution, the Company shall promptly notify the Underwriters in writing of:
 - (a) any change (actual, anticipated, contemplated, proposed or threatened, financial or otherwise) in the Condition of the Company, including any information previously provided to the Underwriters concerning the Company or the Offered Units;
 - (b) any change in any material fact or any misstatement of any material fact contained in the Final Prospectus, Final U.S. Placement Memorandum or any Supplementary Material;
 - (c) the discovery of any new material fact that would have been required to be disclosed in the Final Prospectus, Final U.S. Placement Memorandum or any Supplementary Material had it been discovered prior to the date thereof; or
 - (d) any notice by any Governmental Authority requesting any information, meeting or hearing relating to the Company.

which is, or may be, of such a nature as to render the Final Prospectus, Final U.S. Placement Memorandum or any Supplementary Material misleading or untrue in whole or in part or would result in a misrepresentation therein or would result in the Final Prospectus or any Supplementary Material not complying with any Canadian Securities Laws or would result in the Final U.S. Placement Memorandum not complying with any U.S. Securities Laws

or which change, misstatement or new material fact would reasonably be expected to have a significant effect on the market price or value of the Offered Units of the Company.

- (2) The Company will promptly (and in any event within any applicable time limitation) comply with all legal requirements under Canadian Securities Laws, U.S. Securities Laws and the rules and by-laws governing the TSX required as a result of an event described in Section 8(1) in order to continue to qualify the Distribution of the Offered Units, the Broker Warrants and the Over-Allotment Option in each of the Qualifying Jurisdictions and to permit the offer and sale of the Offered Units in the United States pursuant to this agreement including the prospectus amendment provisions of the Canadian Securities Laws and any applicable U.S. Securities Laws and will prepare and file to the satisfaction of the Underwriters any Supplementary Material which, in the opinion of the Underwriters, may be necessary or advisable.
- (3) In addition to the provisions of Section 8(1) and Section 8(2) above, the Company will, in good faith, discuss with the Underwriters any change, event or fact contemplated in Section 8(1) which is of such a nature that there may be reasonable doubt as to whether notice should be given to the Underwriters under Section 8(1) and will consult with the Underwriters with respect to the form and content of any Supplementary Material proposed to be filed by the Company, it being understood and agreed that no such Supplementary Material will be filed with any Securities Commission prior to the review and approval by the Underwriters and their counsel. The Company shall also co-operate in all respects with the Underwriters to allow and assist the Underwriters to participate in the preparation of any Supplementary Material and to conduct all due diligence investigations which the Underwriters deem appropriate in order to fulfill their obligations as underwriters and to enable the Underwriters to responsibly execute any certificate related to such Supplementary Material required to be executed by them.

Section 9 Covenants of the Company.

The Company covenants to the Underwriters, and understands that the same are being relied upon by the Underwriters in entering into this Agreement, that:

- (1) *Compliance with Securities Regulations and Commission Requests.* During the period commencing on the date of this agreement and until the Lead Underwriter notifies the Company of the completion of the Distribution, the Company will promptly inform the Underwriter, and confirm by notice in writing of the full particulars of:
 - (a) any request by any Securities Commission to amend or supplement the Final Prospectus, or for any additional information in respect of the Offering;
 - (b) the issuance of any order, ruling, or determination having the effect of suspending the sale or the ceasing of the trading in the Common Shares or any securities of the Company having been issued by a Securities Commission, or of the institution or, to the knowledge of the Company, the threat of the institution of any proceedings for any such purpose;

- (c) the receipt by the Company of any material communication, whether written or oral, from any Securities Commission, the TSX, or any other competent authority, including, without limitation, any other governmental or regulatory body, relating to the Final Prospectus or the Distribution; or
 - (d) the issuance by any Securities Commission or the TSX, of any order having the effect of suspending or preventing the use of the Final Prospectus, or of the institution or, to the knowledge of the Company, threat of institution of any proceedings for any such purpose. The Company will use its commercially reasonable efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal thereof at the earliest possible time.
- (2) *Due Diligence.* Prior to the filing of the Final Prospectus, and if applicable, and prior to the filing of any Supplementary Material, the Company shall, and shall have allowed, the Underwriters to participate fully in the preparation of such documents and shall have allowed the Underwriters (including their agents, counsel and other representatives) to conduct all due diligence investigations relating to the Company and its business that the Underwriters may reasonably require in order to fulfill their obligations as underwriters, and in order to enable the Underwriters to responsibly execute any certificate required by Canadian Securities Laws to be executed by the Underwriters.
- (3) *Listing of Common Shares.* Until the expiry of the Warrants, the Company will use its commercially reasonable efforts to maintain the listing of the Common Shares and Warrants on the TSX or such other recognized stock exchange or quotation system as the Lead Underwriter may approve (which shall for greater certainty include, without limitation, the TSX, the TSX Venture Exchange, the NASDAQ Stock Market and the New York Stock Exchange), so long as the Company meets the minimum listing requirements of the TSX or such other exchange or quotation system and except to the extent that the Company participates in a merger, amalgamation or other form of business combination or going private transaction which results in the Company ceasing to have its shares listed on a stock exchange.
- (4) *Reporting Issuer Status.* Until the expiry of the Warrants, the Company will use its commercially reasonable efforts to maintain its status as a “reporting issuer” (or the equivalent thereof) not in default of the requirements of Canadian Securities Laws of each of the Qualifying Jurisdictions and which have such a concept, except to the extent that the Company participates in a merger, amalgamation or other form of business combination or going private transaction which results in the Company ceasing to be a “reporting issuer”.

Section 10 Representations and Warranties of the Company.

The Company represents and warrants to the Underwriters as of the date hereof and as of the Closing Time, and understanding that the same are being relied upon by the Underwriters in entering into this Agreement, as follows:

- (1) *Good Standing of the Company.* The Company is a corporation duly incorporated, validly existing, and in good standing under the laws of the province of Ontario and has the

requisite corporate power and authority to own, lease and operate its properties and to conduct its business as now carried on by it Company is duly qualified as an extra-provincial corporation to transact business and is in good standing (in respect of the filing of annual returns where required or other information filings under applicable corporate legislation) in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business.

- (2) *Subsidiaries.* The Company does not have any Subsidiaries.
- (3) *No Joint Venture.* Other than as may be disclosed in the Prospectus, the Company is not a partner, co-tenant, joint venturer or otherwise a participant in any material partnership, joint venture, co-tenancy or other similarly joint owned business.
- (4) *Directors and Officers.* To the knowledge of the Company, none of its directors or officers are currently, or have been in the past, subject to any order or ruling of any securities regulatory authority or stock exchange that currently prohibits, or has prohibited, such individual from acting as a director or officer of a public company or any company listed on a stock exchange.
- (5) *Disclosure of Relationships.* No material relationship, direct or indirect, exists between or among the Company, on the one hand, and the current or prior directors, officers, shareholders, customers or suppliers of the Company, on the other hand, which is required to be described in the Prospectus that is not so described.
- (6) *Financial Statements.*
 - (a) the audited financial statements of the Company for fiscal period ended December 31, 2017;
 - (b) the unaudited interim financial statements of the Company for the six month period ended June 30, 2018; and
 - (c) the unaudited interim financial statements of the Company for the nine month period ended September 30, 2018;

(together, the “**Financial Statements**”): (A) have been prepared in accordance with IFRS, as applicable, consistently applied throughout the periods covered thereby, (B) present fairly, in all material respects, the financial position of the Company as at the dates thereof and the results of its operations and the changes in its financial position for the periods then ended, and (C) do not contain a misrepresentation. There has been no material change in accounting policies or practices of the Company since September 30, 2018, except as disclosed in the Financial Statements.

Other than as disclosed in the Financial Statements, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, changes in financial condition, results of operations, earnings, cash flow, liquidity, capital expenditures, capital resources,

or significant components of revenues or expenses of the Company or that would reasonably be expected to be material to an investor in making a decision to purchase the Offered Units.

- (7) *Authority and Authorization.* The Company has all requisite corporate power and capacity to enter into this agreement and to do all acts and things and execute and deliver all documents as are required hereunder or thereunder to be done, observed, performed or executed and delivered by it in accordance with the terms hereof and thereof and the Company has taken, or will have taken as of the Closing Time, all necessary corporate action to authorize the execution, delivery and performance of this agreement and to observe and perform the provisions of this agreement in accordance with the provisions hereof and thereof including, without limitation, the issue of the Offered Units for the consideration and upon the terms and conditions set forth herein. Each of the Preliminary Prospectus, the Final Prospectus, the Warrant Indenture, the Broker Warrant Certificates, any Supplementary Material and this agreement has been (or will be in the case of the Final Prospectus, the Warrant Indenture, the Broker Warrant Certificates and any Supplementary Material) duly authorized, executed and delivered by the Company and, in the case of each of this agreement, constitutes or will constitute, as applicable a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.
- (8) *Absence of Proceedings.* There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency, governmental instrumentality or body, domestic or foreign, now pending or, to the knowledge of the Company, threatened against or affecting the Company, which is required to be disclosed in the Final Prospectus or the Supplementary Material and which is not so disclosed, or which if determined adversely to the Company, would reasonably be expected to result in a Material Adverse Effect, or which if adversely determined, would reasonably be expected to materially and adversely affect the consummation of the transactions contemplated in this agreement or the performance by the Company of its obligations hereunder. The aggregate of all pending legal or governmental proceedings to which the Company is a party or of which any of its property or assets is the subject which are not described in the Final Prospectus or the Supplementary Material include only ordinary routine litigation incidental to the business, properties and assets of the Company and would not reasonably be expected to result in a Material Adverse Effect.
- (9) *Authorization and Description of Offered Units and Broker Warrants.*
- (a) The Unit Shares have been, or will be at the Closing Time, duly authorized for issuance and sale to the Underwriters pursuant to this agreement and, when issued and delivered by the Company pursuant to this agreement against payment of the consideration set forth herein, the Unit Shares will be validly issued as fully paid and non-assessable Common Shares.

- (b) The Warrants have been, or will be at the Closing Time, duly authorized for issuance and sale to the Underwriters pursuant to this agreement and in accordance with the provisions of the Warrant Indenture.
 - (c) The Warrant Shares have been, or will be at the Closing Time, authorized and allotted for issuance and, upon issuance following the due exercise of the Warrants in accordance with the terms of the Warrant Indenture, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.
 - (d) The Optional Unit Shares have been, or will be at each Option Closing Time, duly authorized for issuance and sale to the Underwriters pursuant to this agreement and, when issued and delivered by the Company pursuant to this agreement against payment of the consideration set forth herein, the Optional Unit Shares will be validly issued as fully paid and non-assessable Common Shares.
 - (e) The Optional Unit Warrants have been, or will be at each Option Closing Time, duly authorized for issuance and sale to the Underwriters pursuant to this agreement and in accordance with the provisions of the Warrant Indenture.
 - (f) The Optional Unit Warrant Shares have been, or will be at each Option Closing Time, authorized and allotted for issuance and, upon issuance following the due exercise of the Optional Unit Warrants in accordance with the terms of the Warrant Indenture, the Optional Unit Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.
 - (g) The Broker Warrants have been, or will be at the Closing Time or the applicable Option Closing Time, duly authorized for issuance to the Underwriters pursuant to this agreement.
 - (h) The Broker Warrant Shares have been, or will be at the Closing Time or the applicable Option Closing Time, authorized and allotted for issuance and, upon issuance following the due exercise of the Broker Warrants in accordance with the terms of the Broker Warrant Certificates, the Broker Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.
 - (i) When issued, the Offered Units, Broker Warrants and Underlying Securities will conform to all statements relating thereto contained in the Final Prospectus and such description conforms to the rights set forth in the instruments defining the same.
 - (j) The issuance of the Offered Units and the Broker Warrants, including the Underlying Securities, is not subject to the pre-emptive rights of any shareholder of the Company, and all corporate action required to be taken for the authorization, issuance, sale and delivery of the Offered Units or the Broker Warrants, including the Underlying Securities, has been validly taken.
- (10) *Authorized Capital.* As at the date hereof, the authorized capital of the Company consists of an unlimited number of Common Shares without par value.

- (11) *Issued Shares.* As at the close of business on December 13, 2018, 15,213,100 Common Shares of the Company were issued and outstanding as fully paid and non-assessable securities of the Company.
- (12) *Listing.* The Company has made an application so that at the time of the issue of the (i) Unit Shares, Warrant Shares, Optional Unit Shares, Optional Unit Warrant Shares and Broker Warrant Shares, and (ii) Warrants and Optional Unit Warrants, each has been listed or conditionally approved for listing on the TSX, subject only to the standard post-closing listing conditions imposed by the TSX in their conditional approval letters or notice of issuance, as applicable.
- (13) *No Cease Trade Orders.* No order prohibiting the sale of securities by the Company has been issued by an exchange or securities regulatory authority and remains outstanding, and no proceedings for this purpose have been instituted, or are, to the Company's knowledge, pending, contemplated or threatened.
- (14) *Rights to Acquire Securities of the Company.* Other than pursuant to this agreement, the Warrant Indenture and the Broker Warrant Certificates, no person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued shares or other securities of the Company, except for, as of the date hereof (i) 820,000 Common Shares reserved for future issuance pursuant to the Company's existing stock option plan; (ii) the Outstanding Convertible Securities of the Company as disclosed in Prospectus; and (iii) the 400,000 Common Shares that may be issued to Dalton (as such term is defined in the Prospectus) pursuant to the provisions of the Dalton Services Agreement (as such term is defined in the Prospectus);
- (15) *Rights Plan.* The directors of the Company have not adopted a shareholder rights plan or a similar plan and the Company is not party to any agreement in the nature of what is commonly referred to as a shareholder rights plan agreement.
- (16) *No Pre-Emptive Rights.* The issue of the Offered Units, Broker Warrants and Underlying Securities will not be subject to any pre-emptive right or other contractual right to purchase securities granted by the Company or to which the Company is subject.
- (17) *Transfer Agent and Registrar and Warrant Agent.* Computershare Investor Services Inc., at its office in Toronto, Ontario, has been duly appointed as transfer agent and registrar for the Common Shares and Computershare Trust Company of Canada, at its office in the City of Vancouver, has been duly appointed as warrant agent for the Warrants and Optional Unit Warrants.
- (18) *Outstanding Convertible Securities.* Except as disclosed in the Prospectus, no person, firm or corporation, as of the date hereof, has any Outstanding Convertible Securities.
- (19) *Agreements Affecting Voting or Control.* To the knowledge of the Company, no agreement is in force or effect which in any manner affects the voting or control of any of the securities of the Company.

- (20) *Restrictive Covenants.* The Company is not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Company to compete in any line of business, transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of the Company.
- (21) *Compliance with Laws, Permits, Licences, etc.*
- (a) The Company: (i) has conducted and is conducting the business thereof in compliance in all material respects with all applicable Laws in each jurisdiction in which it carries on business, (ii) possesses all material approvals, consents, certificates, registrations, authorizations, permits and licences issued by the appropriate provincial, state, municipal, federal or other regulatory agency or body necessary to carry on the business currently carried on by it, and (iii) is in compliance in all material respects with the terms and conditions of all such approvals, consents, certificates, authorizations, permits and licences and with all laws, regulations, tariffs, rules, orders and directives material to the operations thereof.
 - (b) The Company has not received any notice of proceedings relating to the revocation or modification of any material certificate, authority, permit or licence necessary to conduct the business now owned or operated by it which, if the subject of an unfavourable decision, ruling or finding would have a Material Adverse Effect.
 - (c) To the extent required for the purposes of conducting its business as contemplated in the Prospectus, the Company or, to the knowledge of the Company, its research collaborators have obtained and are in compliance with an exemption under Section 56 of the *Controlled Drugs and Substances Act* which allows the Company or its research collaborators, as applicable, to use, possess and administer a specified quantity of selected cannabinoid compounds, and such exemptions, where necessary for such purposes, continue to be in full force and effect, unamended.
- (22) *Auditors.* The auditors of the Company who audited the audited financial statements of the Company included in the Final Prospectus are, to the knowledge of the Company, independent public accountants as required by Canadian Securities Laws and there has not been any reportable event (within the meaning of NI 51-102) with the present or any former auditor of the Company.
- (23) *Taxes and Tax Returns.*
- (a) The Company has filed all federal, provincial, state, local and foreign tax returns that are required to be filed or has requested extensions thereof and has paid all taxes required to be paid by it, to the extent that any of the foregoing is due and payable and the Company is not aware of any tax deficiencies or interest or penalties accrued or accruing, or alleged to be accrued or accruing.
 - (b) The Company has established on its books and records reserves that are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes

on the assets of the Company, and there are no audits known by the Company's management to be pending in respect of the taxes of the Company (whether federal, state, provincial, local or foreign) and there are no outstanding claims which have been or may be asserted relating to any such taxes.

- (c) No domestic or foreign taxation authority has asserted or, to the knowledge of the Company, threatened to assert any assessment, claim or liability for taxes due or to become due by the Company (including, without limitation, any predecessor companies) filed for any year.
 - (d) The statements set forth in the Final Prospectus under the heading "Eligibility for Investment" is accurate, subject to the limitations and qualifications set out therein.
- (24) *Material Agreements.* Neither the Company nor, to the knowledge of the Company, any other person, is in material default in the observance or performance of any term or obligation to be performed by it under any Material Agreement and no event has occurred which with notice or lapse of time or both would constitute such a default, in any such case which default or event would have a Material Adverse Effect.
- (25) *No Contemplated Changes.* The Company has not approved, is not contemplating, and has not entered into any agreement in respect of:
- (a) the purchase of any new material property or assets;
 - (b) any material financings other than the distribution of the Offered Units; or
 - (c) a change of control (by sale or transfer of securities, or sale of all or substantially all of the property and assets of the Company or otherwise) of the Company;
- (26) *No Brokerage or Finder's Fee.* Except for the Underwriters, there are no persons acting or purporting to act at the request of the Company, who are entitled to any brokerage or finder's fee in connection with the Offering and, in the event any person acting or purporting to act for the Company establishes a claim for any such fee from the purchasers of the Offered Units under the Offering, the Company covenants to indemnify and hold harmless the Underwriters with respect thereto and with respect to all costs incurred in the defence thereof.
- (27) *Corporate Records.* The minute books and records of the Company contain copies of all significant or material proceedings (or certified copies thereof) of the shareholders, the boards of directors and all committees of the boards of directors of the Company from the date of its incorporation. There have been no other meetings, resolutions or proceedings of the shareholders, boards of directors or any committees of the boards of directors of the Company not reflected in such minute books and other records, other than those which have been disclosed to the Underwriters.
- (28) *Dividends.* There is not, in the articles of the Company nor in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Company is a party, any restriction upon or impediment to the declaration of dividends by the directors

of the Company or the payment of dividends by the Company to the holders of Common Shares.

- (29) *Leased Premises.* The Company occupies the Leased Premises and has the right to occupy and use the Leased Premises and the agreement pursuant to which the Company occupies the Leased Premises is in good standing and in full force and effect. The completion of the transactions described herein by the Company will not afford any of the parties to such agreement or any other person the right to terminate such agreement or result in any additional or more onerous obligations under such agreement.
- (30) *Compliance with Employment Laws.* The Company is in compliance with all laws and regulations respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not constitute an adverse material fact concerning the Company or result in a Material Adverse Effect, and has not and is not engaged in any unfair labour practice. There is no labour strike, dispute, slowdown, stoppage, complaint or grievance to the knowledge of the Company, pending or threatened against the Company. The Company has not received any notice of any unresolved matter and there are no outstanding orders under any employment or human rights legislation in any jurisdiction in which the Company carries on business or has employees, and all benefit and pension plans of the Company, if any, are funded in accordance with applicable laws, and no past service funding liability exist thereunder.
- (31) *Employee Plans.* Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, pension, incentive or otherwise contributed to, or required to be contributed to, as applicable, by the Company for the benefit of any current or former officer, director, employee or consultant of the Company has been maintained in material compliance with the terms thereof and with the requirements prescribed by any and all statutes, orders, rules, policies and regulations that are applicable to any such plan.
- (32) *Accruals.* All material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or provincial pension plan premiums, accrued wages, salaries and commissions and payments for any plan for any officer, director, employee or consultant of the Company have been accurately reflected in the books and records of the Company.
- (33) *Employee Contracts and Indebtedness.* The Company's employment contracts with all senior employees are in good standing and in full force and effect. No current or former director, officer, shareholder, employee or independent contractor of the Company or any person not dealing at arm's length within the meaning of the *Income Tax Act* (Canada) with any such person is indebted to the Company.
- (34) *Insolvency.* The Company has never committed an act of bankruptcy or sought protection from the creditors thereof before any court or pursuant to any legislation, proposed a compromise or arrangement to the creditors thereof generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or

wound up, taken any proceeding to have a receiver appointed of any of the assets thereof, had any person holding any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of the property thereof, had an execution or distress become enforceable or levied upon any portion of the property thereof or had any petition for a receiving order in bankruptcy filed against it.

(35) *Debt Instruments.* Other than as disclosed in the Prospectus and/or the Financial Statements, the Company is not a party to, bound by or subject to:

- (a) any material Debt Instrument; or
- (b) any agreement, contract or commitment to create, assume or issue any material Debt Instrument.

(36) *Environmental Matters.* The Company:

- (a) is in compliance with any and all applicable federal, provincial, local and foreign laws, rules, regulations, decisions and orders relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (collectively, “**Environmental Laws**”);
- (b) has received and is in material compliance with all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business; and
- (c) has not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants (collectively, “**Hazardous Material**”), except in any such case for any such failure to comply, or failure to receive required permits, licenses or approvals, or liability as would not be reasonably expected to, individually or in the aggregate, have a Material Adverse Effect on the Company.

(37) *Intellectual Property.*

- (a) The Prospectus contains a complete list of all material Intellectual Property together with the details of any registrations and applications for registration with respect thereto.
- (b) The Company owns or has sufficient right, title or interest in and to the Intellectual Property Rights necessary for the conduct of its business as now conducted or to be conducted, as described in the Final Prospectus, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever.
- (c) Immediately after, and after giving effect to, the closing of the Offering, each item of the Intellectual Property will be owned or available for use by the Company on identical terms and conditions as before the closing of the Offering without the need

for any further right, license, permission or consent in respect thereof, and the consummation of the transactions contemplated herein will not impair, alter or limit in any way such ownership, rights or licenses.

- (d) The Company has taken all reasonable steps to protect: (A) its rights in and to its owned Intellectual Property, in each case in accordance with industry practice; and (B) the secrecy, confidentiality and value of any confidential elements of the Intellectual Property.
- (e) Except as disclosed in the Prospectus, the Company is not a party to or bound by any contract or other obligation that limits or impairs its ability to use, sell, transfer, assign or convey, or that otherwise affects: (A) any of the Intellectual Property owned by it; or (B) any of the Intellectual Property licensed to or used by it.
- (f) All Licenses are valid, binding and enforceable on all parties thereto in accordance with their respective terms; and there exists no event or condition that violates or breaches or will result in a violation or breach of, or otherwise constitutes (with or without due notice or lapse of time or both) a default of, such Licenses: (A) on the part of the Company; or (B) to the Company's knowledge, on the part of the counterparties thereto.
- (g) To the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any Intellectual Property Rights.
- (h) Neither (A) the operation, conduct and maintenance by the Company of its respective business as it is currently and has historically been operated, conducted and maintained, nor (B) the use by the Company of the Intellectual Property in respect thereto, infringes, misappropriates, misuses or violates the Intellectual Property Rights of any third party.
- (i) There is no pending or, to the knowledge of the Company, threatened, action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights of any third party, and the Company has not received any written notice of any such claim and the Company is unaware of any other fact which would form a reasonable basis for any such claim.
- (j) Except as disclosed in the Prospectus, no element of the Intellectual Property has been developed with the assistance or use of any funding from third parties or third party agencies, including funding from any governmental or governmental agency, where the Intellectual Property Rights arising from such development have not been assigned to the Company. The Company is not and nor has ever been a member or promoter of, or a contributor to, any industry standards body or similar organization that could compel the Company to grant or offer to any third party any license or right to Intellectual Property or any element thereof.
- (k) All of the persons who either alone or in concert with others, developed, invented, improved, adapted, created, discovered, derived, programmed, designed, modified,

updated, corrected or maintained any element or combination of elements in the Intellectual Property owned by the Company:

- (i) employees or former employees of the Company, all of whose work or access with respect to any of such Intellectual Property occurred within the scope and in the regular course of their employment, on the business premises of the Company, and using only the equipment of the Company; or
 - (ii) employees, former employees, officers, former officers, directors, former directors, independent contractors, former independent contractors, shareholders, former shareholders, agents and other agents of the Company, all of whom have, or as of the Closing Date will have, executed valid and binding written assignments in favour of the Company, as applicable, of any and all right, title and interest that they may have in the Intellectual Property.
- (l) To the knowledge of the Company, no employee of the Company is in or has ever been in violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenants to or with a former employer, where the basis of such violation relates to such employee's employment with the Company or actions undertaken by the employee while employed with the Company.
- (m) To the knowledge of the Company, none of the Software owned by, licensed to or used by the Company contains any open source, "copyleft" or community source code, including any libraries or code licensed under the "General Public License", "Lesser General Public License" or any other license agreement or arrangement obliging Company to make source code publicly available, whether or not approved by the "Open Source Initiative".
- (n) The Company: (A) employs physical, administrative and technological security safeguards consistent with legal requirements and accepted industry practices, and (B) is in conformity with all contractual requirements of its existing customers, in each case relating to privacy and data security.
- (o) The Company has complied at all times with its obligations under:
- (i) applicable privacy laws; and
 - (ii) "CASL", namely *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act* S.C. 2010, c.23, and the regulations thereunder.

- (38) *Regulatory.* To the extent applicable, the Company is in compliance in all respects with the *Food and Drug Act*, the *Controlled Drugs and Substances Act* (including the *Access to Cannabis for Medical Purposes Regulations* and *Food and Drug Regulations*), the United States *Federal Food and Drug and Cosmetic Act* and the *Cannabis Act* (Canada) and their associated regulations including the any other analogous or similar foreign laws, as well as any applicable rules, regulations, and requirements created or adopted under any of such laws, including those relating to establishment registration, registration of clinical trials, investigational use, premarket clearance, licensure, or application approval, good manufacturing practices, good laboratory practices, good clinical practices, product listing, labeling, and recordkeeping and filing of reports. To the Company’s knowledge, there are no pending, completed, or threatened actions against the Company relating to any of the foregoing (including any lawsuit, arbitration, or legal or administrative or regulatory proceeding, charge, complaint, or investigation).
- (39) *Absence of Defaults and Conflicts.* The Company is not in violation of its charter or bylaws or other constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease, licence or other agreement or instrument to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject (collectively, “**Agreements and Instruments**”). The execution, delivery and performance of each of the Preliminary Prospectus, Final Prospectus and any Supplementary Material (including the authorization, issuance, sale and delivery of the Offered Units) and compliance by the Company with its obligations hereunder will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the Agreements and Instruments, nor will such action result in any violation or conflict with the provisions of the charter or by-laws of the Company or any existing applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its assets, properties or operations except for such violations or conflicts that would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect. As used herein, a “**Repayment Event**” means any event or condition which gives the holder of any Debt Instrument the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company.
- (40) *Absence of Further Requirements.* No filing with, or authorization, approval, consent, licence, order, registration, qualification or decree of any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations under this Agreement, in connection with the proposed Distribution, issuance or sale of the Offered Units hereunder, or the consummation of the transactions contemplated by any of the this agreement, except (i) such as have been obtained, or as may be required, under Canadian Securities Laws and (ii) such as have been obtained or as may be required, under the rules of the TSX.

- (41) *Other Information.* There are no documents required to be filed as of the date hereof with any Securities Commissions in connection with the Final Prospectus that have not been, or will not be, filed and made publicly available as required under Canadian Securities Laws.
- (42) *Unlawful Payment.* Neither the Company nor to the knowledge of the Company, any employee or agent of the Company, has made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any foreign, Canadian, United States or state governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by the laws of the United States, or has violated any provision of Canada's *Corruption of Foreign Public Officials Act* or the *United States' Foreign Corrupt Practices Act* of 1977, as amended.
- (43) *Accounting Controls.* The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS, as applicable, and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (44) *Material Agreements.* Except for this agreement, the only material contracts (as defined in NI 51-102) to which the Company is a party or by which it is bound are those disclosed in the Final Prospectus and there is no document, contract or other agreement required to be disclosed in the Final Prospectus which is not so disclosed. Each description of a contract, document or other agreement in the Final Prospectus accurately reflects in all material respects the material terms of the underlying contract, document or other agreement required to be disclosed by Canadian Securities Laws. Each contract, document or other agreement described in the Final Prospectus is, except as disclosed to the Underwriter, a valid and subsisting agreement in full force and effect unamended and, other than as disclosed to the Underwriter, there exists no material default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any event or condition, would become a material default thereunder by any party thereto.
- (45) *Use of Proceeds.* The Company expects to use the net proceeds from the Offering for the purposes set out in the Final Prospectus under the heading "Use of Proceeds", including circumstances where the Company elects to use the net proceeds differently than as described therein if the Company believes it is in the Company's best interests to do so.
- (46) *Insurance.* The Company maintains insurance policies with reputable insurers against risks of loss of or damage to its properties, assets and business of such types as are customary in the case of entities engaged in the same or similar businesses to the full insurable value of their properties and assets and the Company is not in default with respect to any provisions of such policies and have not failed to give any notice or to present any claim under any such policy in a due and timely fashion.

Section 11 Distribution of Offered Units.

Each Underwriter hereby severally, and not jointly, nor jointly and severally, represents and warrants to the Company, the following:

- (1) The Underwriters are, and will remain, appropriately registered under applicable Canadian Securities Laws so as to permit it to lawfully fulfill its obligations hereunder.
- (2) The Underwriters have good and sufficient right and authority to enter into this agreement and complete the transactions contemplated under this agreement on the terms and conditions set forth herein.
- (3) Other than the Marketing Material, the Underwriters have not provided any marketing materials to any potential investors in connection with the Offering.
- (4) The Underwriters will not solicit directly or indirectly offers to purchase or sell the Offered Units so as to require registration thereof or filing of a prospectus or other similar document with respect thereto under the Laws of any jurisdiction (other than the Qualifying Jurisdictions) including the United States and various states of the United States and will require each Selling Firm to agree with the Underwriters not to so solicit or sell. For purposes of this Section 11, the Underwriters shall be entitled to assume that the Offered Units are qualified for Distribution in any Qualifying Jurisdiction in respect of which a Final Receipt for the Final Prospectus shall have been obtained following the filing of the Final Prospectus and that the Offered Units may be offered for sale, including in the United States subject to and in accordance with Schedule "A" to this agreement.
- (5) All offers and sales of the Offered Units shall be made in accordance with Schedule "A" to this agreement. Accordingly, the Underwriters, acting through their U.S. Affiliates in compliance with Schedule "A" hereto, may (i) offer and sell, as principal, the Offered Units to Qualified Institutional Buyers (as defined in Schedule "A") in the United States or who are, or are acting for the account or benefit of, U.S. Persons, in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder and (ii) offer, for sale directly by the Company to the Purchasers thereof, Offered Units to Accredited Investors (as defined in Schedule "A") in the United States or who are, or are acting for the account or benefit of, U.S. Persons, in accordance with the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(b) of Regulation D thereunder, and in each case in accordance with applicable state securities laws. With respect to Offered Units sold directly by the Company pursuant to Regulation D under the U.S. Securities Act, the obligations of the Underwriters to purchase Offered Units shall be reduced by the number of Offered Units sold directly from the Company pursuant to Regulation D under the U.S. Securities Act; provided, however, that the fee payable to the Underwriters pursuant to this Agreement shall be payable in respect of any purchases of Offered Units made in compliance with the exemption from the registration requirements of the U.S. Securities Act provided by Regulation D thereunder.
- (6) The Offered Units will be offered for sale in the Qualifying Jurisdictions subject to the terms and conditions of this agreement and in compliance with Canadian Securities Laws,

at an initial offering price per Offered Security specified on the cover page of the Final Prospectus. Each agreement of the Underwriters establishing a banking, selling or other group in respect of the Distribution shall contain a similar covenant by each Selling Firm.

- (7) The Underwriters shall:
- (a) use reasonable commercial efforts to complete, and to cause each Selling Firm to complete, the Distribution of the Offered Units under the Final Prospectus as promptly as possible;
 - (b) promptly notify the Company of sales in each Qualifying Jurisdiction and provide a breakdown of the total proceeds realized in each of the Qualifying Jurisdictions in which a filing fee for a prospectus is based on the proceeds realized in the Qualifying Jurisdiction from the sale of securities offered therein; and
 - (c) use reasonable commercial efforts to receive sufficient subscriptions to enable the Company to list the Offered Units on the TSX.
- (8) The representations, warranties and covenants of the Underwriters set out in Schedule “A” to this agreement are hereby incorporated by reference.
- (9) No Underwriter shall be liable to the Company with respect to the breach of this Section 10 by any other Underwriter.
- (10) The Lead Underwriter acknowledges receipt of the conditional approval letter from the TSX dated December 10, 2018 and covenants that it will ensure that the number of purchasers of the Offered Units exceeds 300 purchasers purchasing at least 1,000,000 Offered Units in the aggregate.

Section 12 Closing Conditions.

- (1) The Underwriters’ obligation to purchase the Offered Units at the Closing Time shall be subject to the following conditions, which conditions are for the sole benefit of the Underwriters and may be waived in writing in whole or in part by the Underwriters in their sole discretion:
- (a) the Underwriters shall have received at the Closing Time favourable legal opinions, addressed to the Underwriters and to their counsel, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, dated the Closing Date from the Company’s counsel, Gowling WLG (Canada) LLP, and such local counsel as necessary and acceptable to the Underwriters’ counsel:
 - (i) the Company has been incorporated and is existing under the laws of province of Ontario and has all requisite corporate power, capacity and authority to carry on its business and to own, lease and operate its property and assets and to execute, deliver and perform its obligations hereunder;

- (ii) the authorized and issued share capital of the Company is as set forth in the Final Prospectus, and all of the issued shares in the capital of the Company (exclusive of the Offered Units and Broker Warrants, including the Underlying Securities, being delivered at such Closing Time) have been duly and validly authorized and issued;
- (iii) the Unit Shares have been validly issued as fully paid and non-assessable shares in the capital of the Company;
- (iv) the Warrants have been validly created and issued;
- (v) the Optional Unit Warrants have been validly created and reserved for issuance and will, upon exercise of the Over-Allotment Option and payment of the consideration therefor, be validly issued;
- (vi) the Optional Unit Shares have been duly and validly authorized, allotted and reserved for issuance and upon exercise of the Over-Allotment Option and payment of the consideration therefor, the Optional Unit Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company;
- (vii) the Broker Warrants have been validly created and issued;
- (viii) the Warrant Shares, Optional Unit Warrant Shares and the Broker Warrant Shares have been duly and validly authorized, allotted and reserved for issuance, and upon due exercise of the Warrants or the Broker Warrants, as applicable, in accordance with their respective terms, the Warrant Shares, Optional Unit Warrant Shares and the Broker Warrant Shares will be validly issued as fully paid and non-assessable shares in the capital of the Company;
- (ix) all necessary corporate action has been taken by the Company to authorize the execution and delivery of each of the Preliminary Prospectus and the Final Prospectus and the filing thereof under Canadian Securities Laws in each of the Qualifying Jurisdictions;
- (x) all necessary corporate action has been taken by the Company to authorize the execution and delivery of the Warrant Indenture, Broker Warrant Certificates and this agreement and the performance of the Company's obligations thereunder and hereunder and the Warrant Indenture, Broker Warrant Certificates and this agreement have been duly authorized, executed and delivered by the Company, and each constitute a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable remedies when equitable remedies are sought; provided, however, that no opinion need be expressed on the enforceability of the indemnity and contribution provisions in this agreement;

- (xi) the execution and delivery of this agreement and the performance of the Company's obligations hereunder and the issuance, sale and delivery of the Offered Units and the Broker Warrants, including the Underlying Securities, do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with:
 - (A) any of the terms, conditions or provisions of the articles or by-laws of the Company, or any resolution of any of their directors (or committees of directors) or shareholders; or
 - (B) any provisions of the *Business Corporations Act* (Ontario) or the regulations made thereunder;
- (xii) the attributes of the Offered Units, Broker Warrants and Underlying Securities are consistent in all material respects with the description thereof in the Final Prospectus;
- (xiii) the form of definitive share certificate representing the Unit Shares, Warrant Shares, Optional Unit Shares, Optional Unit Warrant Shares and Broker Warrant Shares has been duly approved and adopted by the Company, complies with applicable Law, the articles and the by-laws of the Company and the resolution of the board of directors relating thereto and meets the requirements of the TSX and any share certificate representing the Unit Shares, Warrant Shares, Optional Unit Shares, Optional Unit Warrant Shares and Broker Warrant Shares delivered at the Closing Time or each Option Closing Time, as applicable, has been duly executed and delivered by or on behalf of the Company;
- (xiv) the Warrant Indenture has been duly approved and adopted by the Company, complies with applicable Law, the articles and the by-laws of the Company and the resolution of the board of directors relating thereto and the Warrant Indenture delivered at the Closing Time has been duly executed and delivered by or on behalf of the Company;
- (xv) the form of Broker Warrant Certificates representing the Broker Warrants has been duly approved and adopted by the Company, complies with applicable Law, the articles and the by-laws of the Company and the resolution of the board of directors relating thereto and the Broker Warrant Certificates representing the Broker Warrants delivered at the Closing Time have been duly executed and delivered by or on behalf of the Company;
- (xvi) the (i) Unit Shares, Warrant Shares, Optional Unit Shares, Optional Unit Warrant Shares and Broker Warrant Shares, and (ii) Warrants and Optional Unit Warrants have been conditionally approved for listing on the TSX;

- (xvii) the Unit Shares, Warrant Shares, Optional Unit Shares and Optional Unit Warrant Shares are qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plan, registered disability savings plan or tax-free savings account, provided the Offered Units are listed on a “designated stock exchange,” as defined in under the *Income Tax Act* (Canada);
- (xviii) as to the eligibility for investment by certain persons subject to the statutes listed in the Prospectus under the heading “**Eligibility for Investment**”;
- (xix) Computershare Investor Services Inc., at its principal office in the City of Toronto, has been duly appointed as the transfer agent and registrar for the Common Shares;
- (xx) Computershare Trust Company of Canada, at its principal office in the City of Vancouver, has been duly appointed as the warrant agent for the Warrants and the Optional Unit Warrants; and
- (xxi) all documents have been filed and all requisite proceedings have been taken and all approvals, permits, consents and authorizations of appropriate regulatory authorities under Canadian Securities Laws have been obtained to qualify the Distribution of the Offered Units, the Broker Warrants and the Over-Allotment Option in each of the Qualifying Jurisdictions through investment dealers or brokers duly registered under the Canadian Securities Laws of each such Qualifying Jurisdiction who have complied with the relevant provisions of the Canadian Securities Laws of such Qualifying Jurisdiction.

To the extent the foregoing opinions are expressed as being limited to counsel’s knowledge, such opinions may be based upon actual knowledge (and without independent inquiry) of the lawyers who sign the opinion letters and of the lawyers who have been actively involved in the preparation of the Prospectus and/or closing documents herein.

- (b) if any Offered Units are sold in the United States, the Underwriters shall have received at the Closing Time from the United States counsel to the Company, Dorsey & Whitney LLP, a favourable legal opinion, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, dated the Closing Date and addressed to the Underwriters and their counsel, that the offer and sale in the United States of the Offered Units is not required to be registered under U.S. Securities Act if made in accordance with this agreement;
- (c) the Underwriters shall have received at the Closing Time a comfort letter dated the Closing Date from the Company’s auditors, BDO Canada LLP, addressed to the Underwriters and the board of directors of the Company, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, similar to the comfort letter to be delivered to the Underwriters pursuant to Section 4(1)(c) with

such changes as may be necessary to bring the information therein forward to a date which is no earlier than two Business Days prior to the Closing Date, which changes shall be acceptable to the Underwriters;

- (d) the Underwriters shall have received at the Closing Time certificates dated the Closing Date, signed by appropriate officers of the Company, addressed to the Underwriters and their counsel, with respect to the articles and by-laws of the Company, all resolutions of the board of directors of the Company and other corporate action relating to this agreement and to the authorization, issue and sale of the Offered Units, the incumbency and specimen signatures of signing officers and with respect to such other matters as the Underwriters may reasonably request;
- (e) the Underwriters shall have received at the Closing Time a certificate or certificates dated the Closing Date and signed on behalf of the Company by the Chief Executive Officer and Chief Financial Officer of the Company or any other officer acceptable to the Underwriters addressed to the Underwriters certifying, to the best of the information, knowledge and belief of each person so signing, after having made due inquiry and after having carefully examined the Final Prospectus and any Supplementary Material, that except as disclosed in the Final Prospectus or any Supplementary Material:
 - (i) since the date of the Final Prospectus:
 - (A) there has been no change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the Condition of the Company; and
 - (B) no transaction out of the ordinary course of business which is material to the Company has been entered into or is pending by the Company,
 - (ii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Common Shares or any other securities of the Company has been issued or made by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, contemplated or threatened by any Governmental Authority;
 - (iii) the Company has duly complied in all material respects with all the terms and conditions of this agreement on its part to be complied with up to the Closing Time;
 - (iv) the representations and warranties of the Company contained in this agreement are true and correct as of the Closing Date with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;

- (v) all of the issued and outstanding 8% Convertible Debentures (as defined in the Final Prospectus) have been converted and no 8% Convertible Debentures remain outstanding as of the date hereof; and
 - (vi) such other matters as the Underwriters may reasonably request.
- (f) the Underwriters' shall have received at the Closing Time such other certificates, statutory declarations, agreements or materials, in form and substance satisfactory to the Underwriters and their counsel, as the Underwriters and their counsel may reasonably request;
 - (g) the Common Shares shall be listed and posted for trading on the TSX at the opening of trading on the Closing Date;
 - (h) each of the representations and warranties of the Company contained in this agreement shall be true and correct as of the Closing Time, to the satisfaction of each of the Underwriters, as if made at and as of each such Closing Time and the Company shall have fulfilled each of the covenants contained in this agreement to the satisfaction of each of the Underwriters;
 - (i) the Underwriters receiving the executed Lock-Up Agreements, in accordance with Section 18(2), from each director, officer and Significant Shareholders in favour of the Underwriters in a form satisfactory to the Underwriters as required pursuant to this agreement; and
 - (j) the Underwriters receiving a certificate from Computershare Investor Services Inc. as to the number of Common Shares issued and outstanding as at the end of the Business Day on the date prior to the Closing Date.

Section 13 Closing.

- (1) The closing of the purchase and sale of the Initial Units will be completed at the Closing Time at the offices of the Company's counsel, or at any other place determined in writing by the Company and the Underwriters. At the Closing Time, the Company will deliver to the Lead Underwriter on behalf of the Underwriters:
 - (a) the Initial Units in uncertificated form registered in the name of "**CDS & Co.**" ("**CDS**") and issued in the following manner:
 - (i) the Lead Underwriter will create an instant deposit in CDS's automated clearing and settlement system in the aggregate amount of the Initial Units to be purchased through the non-certificated inventory process and shall provide the deposit identification number (the "**Deposit ID**") to the Company's transfer agent prior to the Closing Time to permit the further crediting of the accounts of those participants of CDS acting on behalf of purchasers of such Initial Units;

- (ii) the Company shall provide an executed treasury direction, dated as of the Closing Date, to the Company's transfer agent authorizing and directing the Company's transfer agent to issue a non-certificated inventory credit to CDS in the amount equal to the aggregate number of Initial Units to be purchased through the non-certificated inventory process; and
 - (iii) the Company shall cause its transfer agent to electronically confirm the CDS deposit represented by the Deposit ID,
- (b) such further documentation as may be contemplated herein or as the applicable Securities Commissions or TSX may reasonably require,

against payment by the Lead Underwriter on behalf of the Underwriters of the purchase price therefor by wire transfer to the order of the Company in Canadian same day funds or by such other method as the Company and the Underwriters may agree upon. In addition, the Company shall contemporaneously pay to Lead Underwriter, on behalf of the Underwriters, i) a commission equal to 6% of the gross proceeds of the sale of the Offered Units by wire transfer to the order of the Lead Underwriter in Canadian same day funds or by such other method as the Company and the Underwriters may agree upon, and ii) Broker Warrant Certificates representing that number of Broker Warrants equal to 6% of the number of Offered Units sold under the Offering issued and delivered to the Lead Underwriter, on behalf of the Underwriters, each for the services in connection with the issuance and sale of such Offered Units.

- (2) Notwithstanding anything to the contrary herein, Unit Shares, Warrants, Optional Unit Shares and Optional Unit Warrants constituting the Offered Units sold pursuant to Regulation D under the U.S. Securities Act shall be issued in certificated form and registered in the name of the purchasers thereof or their nominees, and shall bear such legends and may be contemplated by the Final U.S. Placement Memorandum. At the Closing Time (and each Option Closing Time, if applicable), the Company will deliver such certificates to the Lead Underwriter on behalf of the Underwriters.
- (3) In the event the Over-Allotment Option is exercised in accordance with its terms, the Company will, at or prior to each Option Closing Time, deliver to Lead Underwriter, on behalf of the Underwriters:
- (a) the Optional Units in uncertificated form registered in the name of CDS and issued in the following manner:
 - (i) the Lead Underwriter will create an instant deposit in CDS's automated clearing and settlement system in the aggregate amount of the Optional Units to be purchased through the non-certificated inventory process and shall provide the Deposit ID to the Company's transfer agent prior to the Option Closing Time to permit the further crediting of the accounts of those participants of CDS acting on behalf of purchasers of such Optional Units;
 - (ii) the Company shall provide an executed treasury direction, dated as of the Option Closing Date, to the Company's transfer agent authorizing and

directing the Company's transfer agent to issue a non-certificated inventory credit to CDS in the amount equal to the aggregate number of Optional Units to be purchased through the non-certificated inventory process; and

- (iii) the Company shall cause its transfer agent to electronically confirm the CDS deposit represented by the Deposit ID.
- (b) such further documentation as may be contemplated herein or as the applicable Securities Commissions or TSX may reasonably require,
- (c) the items listed in Section 12(1)(a), Section 12(1)(b), Section 12(1)(c) and Section 12(1)(e) in each case dated the Option Closing Date together with such further documentation as may be contemplated herein or as the applicable Securities Commissions or TSX may reasonably require,

against payment by Lead Underwriter on behalf of the Underwriters of the purchase price for such Optional Units by wire transfer to the order of the Company in Canadian same day funds or by such other method as the Company and the Underwriters may agree upon. In addition, the Company shall contemporaneously pay to Lead Underwriter, on behalf of the Underwriters, i) a commission equal to 6% of the gross proceeds of the sale of the Optional Units by wire transfer to the order of the Lead Underwriter in Canadian same day funds or by such other method as the Company and the Underwriters may agree upon, and ii) Broker Warrant Certificates representing that number of that number of Broker Warrants equal to 6% of the number of Optional Units sold under the Offering issued and delivered to the Lead Underwriter, on behalf of the Underwriters, each for the services in connection with the issuance and sale of such Optional Units.

Section 14 Termination.

(1) If prior to the Closing Time:

(a) **Regulatory Proceeding**

any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened or any order is made or issued by any Governmental Authority, or there is any change of Law, or interpretation or administration thereof, which, in the reasonable opinion of any of the Underwriters, operates to prevent, restrict or otherwise materially adversely affect the Distribution of the Offered Units in any of the Qualifying Jurisdictions, to cease or suspend trading in the Common Shares or Warrants, or to otherwise prohibit or restrict in any manner the Distribution of the Offered Units;

(b) **Material Adverse Effect**

there should occur or come into effect any Material Adverse Effect or any change in any material fact which, in each case, in the reasonable opinion of the any of the Underwriters, has or could reasonably be expected to have, a significant adverse effect on the market price or value or marketability of the Offered Units;

(c) **Disaster Out**

there should develop, occur or come into effect or existence any event, action, state, condition, or occurrence of any nature (including terrorism, accident or major financial, political or economic occurrence of national or international consequence or a new or change in any Law) which, in the reasonable opinion of any of the Underwriters, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada or the United States or the business, operations or affairs of the Company or the marketability of the Offered Units;

(d) **Due Diligence**

any of the Underwriters become aware, as a result of its due diligence review, of any Material Adverse Effect or any change in any material fact (determined solely by each Underwriter, acting reasonably) with respect to the Company which had not been disclosed or made available in writing to the Underwriter prior to the date hereof or which occurred after the date hereof but prior to the Closing Time which in the sole opinion of such Underwriter, acting reasonably, could be expected to have a Material Adverse Effect or the marketability of the Offered Units; or

(e) **Market Out**

the state of financial markets in Canada or the United States is such that, in the reasonable opinion of the Underwriters (or any of them), the Offered Units cannot be marketed profitably,

then any of the Underwriters shall be entitled, at its option in accordance with Section 14(3), to terminate its obligations under this agreement in respect of any Offered Units prior to the Closing Time or any Offered Units not then purchased under this agreement by written notice to that effect given to the Company at any time prior to the then relevant Closing Time.

- (2) All terms and conditions of this agreement shall be construed as conditions, and any breach or failure by the Company to comply with any of such terms and conditions shall entitle the Underwriters, or any of them, to terminate their obligations to purchase the Offered Units by notice to that effect given to the Company at or prior to the Closing Time. The Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance; provided, however, that to be binding on the Underwriters any such waiver or extension must be in writing and signed by all of the Underwriters.
- (3) The rights of termination contained in this Section 14(3) may be exercised by any of the Underwriters and are in addition to any other rights or remedies the Underwriters or any of them may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this agreement. In the event of any such termination, there shall be no further liability on the part of such Underwriters to

the Company or on the part of the Company to such Underwriters except in respect of any liability which may have arisen or may thereafter arise under Section 15 and Section 16. A notice of termination given by an Underwriter under this Section 14 shall not be binding upon any other Underwriter who has not also executed such notice.

Section 15 Indemnity and Contribution.

- (1) The Company (referred to in this Section 15 as an “**Indemnifying Party**”) agrees to indemnify and save harmless each of the Underwriters and their respective affiliates and each of their respective directors, officers, employees, shareholders and agents (each referred to in this Section 15 as an “**Indemnified Party**”) from and against all liabilities, claims, losses (other than loss of profits in connection with the Distribution of the Offered Units), costs, damages and expenses which an Indemnified Party may suffer or incur or be subject to, including all amounts paid to settle actions or satisfy judgments or awards and all reasonable legal fees and expenses that may be incurred in advising with respect to investigating or defending any Claim, in any way caused by, or arising directly or indirectly from, or in consequence of:
 - (a) any information or statement (except any statement relating solely to the Underwriters and furnished by the Underwriters in writing for use therein) contained in the Preliminary Prospectus, the Final Prospectus, the Preliminary U.S. Placement Memorandum, the Final U.S. Placement Memorandum, any Supplementary Material or in any certificate or other document of the Company or of any officer of the Company delivered hereunder or pursuant hereto which at the time and in the light of the circumstances under which it was made contains or is alleged to contain a misrepresentation;
 - (b) any omission or alleged omission to state in the Preliminary Prospectus, the Final Prospectus, the Preliminary U.S. Placement Memorandum, the Final U.S. Placement Memorandum, any Supplementary Material or any certificate or other document of the Company or any officer of the Company delivered hereunder or pursuant hereto any fact, whether material or not (except facts relating solely to the Underwriters), required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances under which it was made;
 - (c) any order made or any inquiry, investigation or proceedings commenced or threatened by any securities commission, stock exchange or other competent authority based upon any actual or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating solely to the Underwriters and furnished by the Underwriters in writing for use therein) in the Preliminary Prospectus, the Final Prospectus, the Preliminary U.S. Placement Memorandum, the Final U.S. Placement Memorandum, or any Supplementary Material or based upon any actual or alleged failure to comply with Canadian Securities Laws or U.S. Securities Laws (other than any failure or alleged failure to comply by the Underwriters or Selling Firms), preventing or restricting the trading in or the Distribution of the Offered Units;

- (d) the non-compliance or alleged non-compliance by the Company with any requirement of Canadian Securities Laws or U.S. Securities Laws in connection with the transactions herein contemplated including the Company's non-compliance with any statutory requirement to make any document available for inspection; or
 - (e) any breach of any representation or warranty of the Company contained herein or in any certificate or other document of the Company or of any officers of the Company or any of the delivered hereunder or pursuant hereto or the failure of the Company to perform any of its covenants hereunder.
- (2) If any matter or thing contemplated by this Section 15 (any such matter or thing being hereinafter referred to as a "**Claim**") is asserted against any Indemnified Party, the Indemnified Party shall notify the Indemnifying Party, as soon as practicable, of the nature of such Claim (provided, however, that failure to provide such notice shall not affect the Indemnified Party's right to indemnification hereunder) and the Indemnifying Party shall be entitled (but not required) to assume the defence of any suit, action or proceeding brought to enforce such Claim; provided, however, that the defence shall be conducted through legal counsel acceptable to the Indemnified Party and that no admission of liability or settlement of any such Claim may be made by the Indemnifying Party or the Indemnified Party without the prior written consent of the other.
- (3) In any such Claim, the Indemnified Party shall have the right to retain separate counsel to act on its behalf provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless:
- (a) the Indemnifying Party fails to assume the defence of such Claim on behalf of the Indemnified Party within five (5) Business Days of receiving notice thereof or, having assumed such defence, has failed to pursue it diligently;
 - (b) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of the other counsel; or
 - (c) the named parties to the suit (including any added, third parties or interpleaded parties) include the Indemnified Party and one or more of the Indemnifying Parties and the Indemnified Party has been advised in writing by counsel that there are legal defences available to the Indemnified Party that are different or in addition to those available to the Indemnifying Party or that representation of the Indemnified Party by counsel for the Indemnifying Party is inappropriate as a result of the potential or actual conflicting interests of those represented;

in each of cases Section 15(3)(a), Section 15(3)(b), Section 15(3)(c), the Indemnifying Party will not have the right to assume the defence of the suit on behalf of the Indemnified Party, but the Indemnifying Party will be liable to pay the fees and expenses of a separate counsel for all Indemnified Parties and, in addition, of local counsel in each applicable jurisdiction. Notwithstanding the foregoing, no settlement may be made by an Indemnified

Party without the prior written consent of the Indemnifying Parties, which consent will not be unreasonably withheld.

- (4) In order to provide for a just and equitable contribution in circumstances in which the indemnity provided in Section 15(1) would otherwise be available in accordance with its terms but is, for any reason, held to be unavailable to or unenforceable by the Underwriters or enforceable otherwise than in accordance with its terms, the Indemnifying Party and the Underwriters shall contribute to the aggregate of all claims, expenses, costs and liabilities and all losses (other than loss of profits) of a nature contemplated in this Section 15 and suffered or incurred by the Indemnified Parties in such proportions as is appropriate to reflect the relative benefits received by the Company on the one hand and the Indemnified Party on the other hand from the Distribution of the Offered Units as well as the relative fault of the parties and any other equitable considerations determined by a court of competent jurisdiction; provided that the Underwriters shall not in any event be liable to contribute, in the aggregate, any amounts in excess of the aggregate fee or any portion thereof actually received by the Underwriters hereunder. However, no party who has engaged in any fraud or wilful misconduct shall be entitled to claim contribution from any person who has not engaged in such fraud, fraudulent misrepresentation or negligence.
- (5) The rights of contribution and indemnity provided in this Section 15 shall be in addition to and not in derogation of any other right to contribution and indemnity which the Underwriters may have by statute or otherwise at law.
- (6) In the event that the Indemnifying Party is held to be entitled to contribution from the Underwriters under the provisions of any statute or at law, the Indemnifying Party shall be limited to contribution in an amount not exceeding the lesser of:
 - (a) the portion of the full amount of the loss or liability giving rise to such contribution for which the Underwriters are responsible, as determined above; and
 - (b) the amount of the aggregate fee actually received by the Underwriters from the Indemnifying Party hereunder.
- (7) If the Underwriters have reason to believe that a claim for contribution may arise, they shall give the Indemnifying Party notice thereof in writing, but failure to notify the Indemnifying Party shall not relieve the Indemnifying Party of any obligation which it may have to the Underwriters under this Section 15.
- (8) The rights of indemnity contained in this Section 15 shall not enure to the benefit of the Underwriters to the extent that the Company has complied with the provisions of Section 7 (in relation to Supplementary Material) and Section 8 and the person asserting any claim for which indemnity would otherwise be available was not provided with a copy of any Supplementary Material which corrects any misrepresentation contained in the Prospectus which is the basis for such claim and which Supplementary Material is required under Canadian Securities Laws to be delivered to such person.
- (9) With respect to this Section 15, the Company acknowledges and agrees that the Underwriters are contracting on their own behalf and as agents for their affiliates and the

respective directors, officers, employees, shareholders and agents of the Underwriters and their affiliates and accordingly the Company hereby constitutes the Underwriters as trustees for each person who is entitled to the covenants of the Company contained in this Section 15 and is not a party hereto and the Underwriters agree to accept such trust and to hold in trust for and to enforce such covenants on behalf of such persons.

Section 16 Expenses of the Offering.

Whether or not the transactions herein contemplated shall be completed, the Company shall be responsible for all expenses of, or incidental to, the authorization, allotment and issue of the Offered Units and all expenses of, or incidental to, all other matters in connection with the transactions contemplated hereunder including: listing fees, expenses payable in connection with the qualification of the Distribution of the Offered Units, the Broker Warrants and the Over-Allotment Option, the fees and expenses of counsel for the Company, all fees and expenses of local counsel (including U.S. counsel to the Company), all fees and expenses of the Company's auditors, all fees and expenses of the Underwriters' Canadian and US legal counsel (not to exceed \$150,000 plus taxes and disbursements, without the Company's prior written approval), all other costs and out-of-pocket expenses of the Underwriters (not to exceed \$20,000 plus taxes and disbursements, without the Company's prior written approval), all costs and out-of-pocket expenses of the Company relating to the marketing of the Offered Units, all travel and roadshow and other costs relating to information meetings and to preparation of a "greensheet", audio-visual and other information meetings materials and all costs incurred in connection with preparing, printing, translating and providing commercial copies of the Preliminary Prospectus, Final Prospectus, Preliminary U.S. Placement Memorandum, Final U.S. Placement Memorandum, any Supplementary Material, any "greensheet" and certificates representing the Offered Units, Common Shares or Warrants all fees and expenses of The Canadian Depository for Securities Limited and the Company's registrar and transfer agent and all applicable taxes thereon.

Section 17 Underwriting Percentages and Default.

- (1) Subject to the terms and conditions of this agreement, the obligation of the Underwriters to purchase the Offered Units shall be several only and not joint or joint and several and shall be limited to the percentages of the aggregate number of Offered Units set out opposite the name of the Underwriters respectively below:

| | |
|-------------------------------------|-----|
| Lead Underwriter | 40% |
| Mackie Research Capital Corporation | 20% |
| Raymond James Ltd. | 20% |
| Echelon Wealth Partners Inc. | 10% |
| Paradigm Capital Inc. | 10% |

- (2) If an Underwriter (a "**Refusing Underwriter**") does not complete the purchase and sale of the Offered Units which that Underwriter has agreed to purchase under this agreement (other than in accordance with Section 14 (the "**Defaulted Securities**")), the Lead

Underwriter may delay the closing date for not more than three (3) days and the remaining Underwriters (the “**Continuing Underwriters**”) will be entitled, at their option, to purchase all but not less than all of the Defaulted Securities pro rata according to the number of Offered Units to have been acquired by the Continuing Underwriters under this agreement or in any proportion agreed upon, in writing, by the Continuing Underwriters. If no such arrangement has been made and the number of Defaulted Securities to be purchased by the Refusing Underwriter does not exceed 10% of the Offered Units, the Continuing Underwriters will be obligated to purchase the Defaulted Securities on the terms set out in this agreement in proportion to their obligations under this agreement. If the number of Defaulted Securities to be purchased by Refusing Underwriters exceeds 10% of the Offered Units, the Continuing Underwriters will not be obliged to purchase the Defaulted Securities and, if the Continuing Underwriters do not elect to purchase the Defaulted Securities:

- (a) the Continuing Underwriters will not be obliged to purchase any of the Offered Units;
- (b) the Company will not be obliged to sell less than all of the Offered Units;
- (c) the Company will be entitled to terminate its obligations under this agreement, in which event there will be no further liability hereunder on the part of the Company or the Continuing Underwriters, except pursuant to the provisions of Section 15 and Section 16; and
- (d) any liability of the Refusing Underwriter for breach of this agreement will remain.

Section 18 Standstill.

- (1) The Company shall not, without the prior written consent of Lead Underwriter, acting reasonably, authorize, issue or sell any equity securities of the Company or securities convertible into or exchangeable for equity securities of the Company, enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of such securities (regardless of whether any such arrangement is to be settled by the delivery of securities of the Company, securities of another person, cash or otherwise) or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, at any time prior to 180 days after the Closing Time, other than pursuant to (i) the Offering, (ii) the grant, exercise or conversion of options and other similar issuance pursuant to the Company’s option plan, profits interest plan or similar share compensation arrangements in effect on the date hereof, or, with the consent of the Lead Underwriter, to be adopted; (iii) the issuance of securities of the Company upon the exercise or automatic conversion, as the case may be, of convertible securities, options, warrants, special warrants or similar obligations of the Company outstanding as of the date hereof; (v) the development agreement dated August 28, 2018 entered into with Clinical Academic Research Organization, S.A. de C.V.; or (vi) the master services agreement dated April 17, 2018 with Dalton Chemical Laboratories, Inc.

- (2) Prior to or concurrent with entering into this agreement, the Company and each of the directors and executive officers of the Company and each shareholder (each a “**Significant Shareholder**”) owning greater than 0.8% of the issued and outstanding Common Shares (on a fully diluted basis prior to giving effect to the Offering), will (other than as agreed to by the Lead Underwriter) have entered into lock-up agreements (the “**Lock-Up Agreements**”) in a form satisfactory to the Company and the Lead Underwriter, on behalf of the Underwriters, each acting reasonably pursuant to which each such person agrees, for a period of 180 days after the Closing Date, not to directly or indirectly, offer, sell, contract to sell, grant or sell any option to purchase, purchase any option or contract to sell, hypothecate, pledge, transfer, assign, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of, or deal with (or agree to or publicly announce any intention to do any of the foregoing), whether through the facilities of a stock exchange, private placement or otherwise, any securities of the Company held by the director, executive officer or the shareholder, as the case may be, directly or indirectly, unless (i) they first obtain the prior written consent of the Lead Underwriter, (ii) there occurs a take-over bid or similar transaction, or (iii) in accordance with such other exclusions contained in the applicable lock-up agreement. In addition, the Company will use commercially reasonable efforts to obtain from each shareholder of the Company that is not a Significant Shareholder an undertaking in the form of the Lock-Up Agreements, provided that such undertaking shall be for a term of 90 days from the Closing Date.

Section 19 Right of First Refusal

- (1) If within a period of one (1) year from the Closing Date (the “**Right of First Refusal Period**”), the Company (i) proposes an offering of equity securities (including convertible securities) from treasury or proposes to facilitate a secondary offering by any of its shareholders, (ii) proposes, directly or indirectly, a sale of any of its material assets or a corporate transaction, such as an amalgamation, recapitalization, merger, take-over bid, joint venture, plan of arrangement or reorganization, or (iii) solicits or receives an unsolicited take-over bid, or other offer to acquire the Company or its material assets (each, a “**Subsequent Transaction**”), the Company will offer to engage the Lead Underwriter as its co-lead manager, underwriter, private placement agent or financial advisor (as the case may be, depending upon the nature of the transaction) in connection with such transaction, with a minimum 35% syndication position in the case of a transaction described in item (i) (the “**Right of First Refusal**”). In such event, the Company and the Lead Underwriter will, in good faith, negotiate and enter into a separate agreement or other appropriate documentation for such engagement containing such compensation and other terms and conditions as are customary for North American investment bankers for similar engagements, including, without limitation, appropriate indemnification provisions and, in the case of a transaction of the type described in item (i), fees and expenses equivalent to those offered the Underwriters for the Offering.
- (2) The Company must provide the Lead Underwriter with prompt written notification if the Company determines to pursue a Subsequent Transaction, which notification will provide sufficient detail to enable the Lead Underwriter to determine whether it wishes to exercise its Right of First Refusal (the “**Notice of a Subsequent Transaction**”). Following receipt

of the Notice of a Subsequent Transaction, the Lead Underwriter must exercise its Right of First Refusal within 10 business days, save and except in the circumstance that the Company has advised the Lead Underwriter in the Notice of a Subsequent Offering of a bought-deal engagement, for which the response time of the Lead Underwriter is reduced from 10 business days to 24 hours. If the Lead Underwriter does not respond within the relevant time period, it shall relinquish its rights with respect to that particular Subsequent Transaction only, but shall continue to have a Right of First Refusal in relation to any other Subsequent Offerings during the Right of First Refusal Period.

- (3) If the Lead Underwriter declines, in writing, to exercise its Right of First Refusal with respect to a Subsequent Transaction (the “**Notice of Declination**”) that it has properly received a Notice of a Subsequent Transaction for, the Company shall be entitled for a period of 30 days, beginning upon the date it receives the Notice of Declination, to engage another agent or underwriter with respect to that Subsequent Transaction; provided that the terms and conditions of any such engagement shall be no more favourable to such other person as the terms and conditions offered to the Lead Underwriter. Upon expiry of such 30 day period, the Company shall not be entitled to enter an engagement or agreement with any agent or underwriter without complying with Section 19(1) and 19(2).

Section 20 Actions on Behalf of the Underwriters.

Except with respect to Section 14 and Section 15 of this agreement, all transactions, notices and waivers on behalf of the Underwriters under this agreement or contemplated by this agreement may be carried out or given on behalf of the Underwriters by Lead Underwriter, whom the Underwriters have hereby authorized to act on their behalf, and, where practicable, Lead Underwriter will in good faith discuss with the other Underwriters the nature of any of the transactions and notices prior to giving effect to them or the delivery of them, as the case may be. The Company may rely entirely on any such transaction or notice as binding all Underwriters.

In performing their respective obligations under this agreement, the Underwriters shall be acting severally and not jointly and severally. Nothing in this agreement is intended to create any relationship in the nature of a partnership, or joint venture between the Underwriters.

Section 21 Survival of Representations, etc.

The representations, warranties, obligations and agreements of the Company and/ or the Underwriters contained in this agreement and in any certificate delivered pursuant to this agreement or in connection with the purchase and sale of the Offered Units shall survive the purchase of the Offered Units, with such representations, warranties, obligations and agreements of the Company to survive and continue in full force and effect for a period ending on the latest date under each of: (a) applicable Laws of Canada that a holder of the Common Shares or Warrants may be entitled to commence an action or exercise a right of rescission with respect to a misrepresentation contained in the Preliminary Prospectus, the Final Prospectus, or any Supplementary Material or otherwise commence an action against the Underwriters or an Indemnified Party; and (b) applicable Laws of the U.S. that a holder of the Common Shares or Warrants may be entitled to commence an action with respect to an untrue statement of a material fact contained in the Preliminary U.S. Placement Memorandum or Final U.S. Placement

Memorandum or an omission to state in the Preliminary U.S. Placement Memorandum or Final U.S. Placement Memorandum a material fact that is necessary to make a statement contained in the Preliminary U.S. Placement Memorandum or Final U.S. Placement Memorandum in light of the circumstances in which it was made not misleading or otherwise commence an action against the Underwriters or an Indemnified Party (in each case, other than in respect of the indemnification obligations of the Company in respect of any Claim that may be pending at that time with respect to any representation, warranty, obligation or agreement of the Company contained in this agreement and in any certificate delivered pursuant to this agreement or in connection with the purchase and sale of the Common Shares or Warrants, which shall survive indefinitely) and, in each case, shall continue in full force and effect unaffected by the Closing, any subsequent disposition of the Common Shares or Warrants by the Underwriters or the termination of the Underwriters' obligations and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters in connection with the preparation of the Preliminary Prospectus, the Final Prospectus, any Supplementary Material, distribution of the Offered Units, by the Closing or otherwise.

Section 22 Notices.

- (1) Unless herein otherwise expressly provided, any notice, request, direction, consent, waiver, extension, agreement or other communication (a “**Communication**”) that is or may be given or made hereunder shall be in writing addressed as follows:

If to the Company, at:

Cardiol Therapeutics Inc.
2275 Upper Middle Road East Suite 101
Oakville, ON
L6H 0C3

Attention: David Elsley
Email: david.elsley@cardiolrx.com

with a copy in the case of a Communication to the Company to:

Gowling WLG (Canada) LLP
550 Burrard Street, Suite 2300
Vancouver, BC V6C 2B5

Attention: Brett Kagetsu
Fax No.: 1 604-443-5627

If to the Underwriters, addressed and sent to:

AltaCorp Capital Inc.
66 Wellington Street West, Suite 3530
Toronto, ON M5K 1A1

Attention: Jeff Fallows

Fax No.: 1 647-776-8248

with a copy in the case of a Communication to any of the Underwriters to:

Borden Ladner Gervais LLP
22 Adelaide Street West
Toronto, ON M5H 4E3

Attention: Philippe Tardif
Fax No.: 1 416-361-2559

or to such other address as any of the parties may designate by notice given to the others.

- (2) Each Communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee and (a) a Communication which is personally delivered shall, if delivered before 5:00 p.m. (Toronto time) on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (b) a Communication which is sent by facsimile transmission shall, if sent on a Business Day and the machine on which it is sent receives the answerback code of the party to whom it is sent before 5:00 p.m. (Toronto time), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is sent.

Section 23 Governing Law.

This agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Ontario with respect to any matter arising hereunder or related hereto.

Section 24 Time.

Time shall be of the essence of this agreement.

Section 25 Headings.

Headings are inserted for convenience of reference only and shall not affect the interpretation of this agreement.

Section 26 Successors and Assigns.

This agreement shall enure to the benefit of and be binding upon the parties and their respective successors (including any successor by reason of amalgamation or statutory arrangement) and permitted assigns and upon the heirs, executors, legal representatives, successors and permitted assigns of those for whom the Underwriters are contracting pursuant to Section 15(9). No party shall assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto.

Section 27 Severability.

If any provision of this agreement is determined to be void or unenforceable in whole or in part, such void or unenforceable provision shall not affect or impair the validity of any other provision of this agreement and shall be severable from this agreement.

Section 28 Public Announcements.

The Company agrees that it shall not make any public announcements regarding the transactions contemplated hereunder without the prior written consent of Lead Underwriter, on behalf of the Underwriters, such consent not to be unreasonably withheld. The Company agrees that, following Closing, Lead Underwriter may place “tombstone” and other advertisements relating to its role in connection with the Offering.

Section 29 Miscellaneous.

- (1) Each of the parties hereto shall be entitled to rely on delivery of a facsimile or PDF copy of this agreement and acceptance by each such party of any such facsimile or PDF copy shall be legally effective to create a valid and binding agreement between the parties hereto in accordance with the terms hereof.
- (2) This agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.
- (3) In connection with the distribution of the Offered Units, the Underwriters (or any of them) may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market, but in each case as permitted by Canadian Securities Laws. Such stabilizing transactions, if any, may be discontinued by the Underwriters at any time.
- (4) The Company acknowledges that in connection with the Offering, the Underwriter: (i) have acted at arm’s length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) owe the Company only those duties and obligations set forth in this agreement, and (iii) may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable Law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the Offering.

[SIGNATURE PAGE FOLLOWS]

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance on the accompanying counterparts of this letter, return the same to us whereupon this letter as so accepted shall constitute an agreement between us in accordance with the foregoing.

ALTACORP CAPITAL INC.

(signed) Jeffrey Fallows

By: JEFFREY FALLOWS
Managing Director

MACKIE RESEARCH CAPITAL
CORPORATION

(signed) Jeff Reymmer

By: JEFF REYMER
Managing Director

RAYMOND JAMES LTD.

(signed) Marwan Kubursi

By: MARWAN KUBURSI
Managing Director

ECHELON WEALTH PARTNERS INC.

(signed) Michael M. Lorimer

By: MICHAEL M. LORIMER
Managing Director

PARADIGM CAPITAL INC.

(signed) Jason Matheson

By: JASON MATHESON
Managing Director

The foregoing offer is accepted and agreed to by us as of the date first above written.

CARDIOL THERAPEUTICS INC.

By: *(signed) David Elsley*

Name: David Elsley

Title: President and Chief Executive Officer

SCHEDULE "A"

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

1. For the purposes of this Schedule "A", capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the agreement to which this Schedule "A" is annexed and to which it forms a part, and the following terms shall have the meanings indicated:
 - 1.1 "**Accredited Investor**" means an "accredited investor" as defined in Rule 501(a) of Regulation D;
 - 1.2 "**Directed Selling Efforts**" means "directed selling efforts" as defined in Rule 902(b) of Regulation S and, without limiting the foregoing, but for greater clarity, in this Schedule "A" it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Offered Units, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering;
 - 1.3 "**FINRA**" means the Financial Industry Regulatory Authority, Inc.;
 - 1.4 "**Foreign Issuer**" means a "foreign issuer" as that term is defined in Rule 902(e) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule "A", it means any issuer that is (a) the government of any country, or of any political subdivision of a country, other than the United States; or (b) a Company or other organization incorporated or organized under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (1) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;
 - 1.5 "**General Solicitation**" or "**General Advertising**" means "general solicitation" or "general advertising," respectively, as used in Rule 502(c) of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine, Internet or similar media or broadcast over radio, television or on the Internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;
 - 1.6 "**Offshore Transaction**" means "offshore transaction" as that term is defined in Rule 902(h) of Regulation S;

- 1.7 **"Qualified Institutional Buyer"** means a "qualified institutional buyer" as defined in Rule 144A;
 - 1.8 **"Regulation D"** means Regulation D adopted by the SEC under the U.S. Securities Act;
 - 1.9 **"Regulation S"** means Regulation S adopted by the SEC under the U.S. Securities Act;
 - 1.10 **"Rule 144"** means Rule 144 adopted by the SEC under the U.S. Securities Act;
 - 1.11 **"Rule 144A"** means Rule 144A adopted by the SEC under the U.S. Securities Act;
 - 1.12 **"Substantial U.S. Market Interest"** means "substantial U.S. market interest" as defined in Rule 902(j) of Regulation S; and
 - 1.13 **"U.S. Exchange Act"** means the United States Securities Exchange Act of 1934, as amended.
2. The Underwriters, through their U.S. Affiliates: (i) may offer the Offered Units within the United States and to, or for the account or benefit of, U.S. Persons, in each case to persons who are Qualified Institutional Buyers to whom the Offered Units shall be sold directly by the Underwriters, through their U.S. Affiliates, (ii) may offer the Offered Units within the United States and to, or for the account or benefit of, U.S. Persons, in each case to persons who are Accredited Investors to whom the Offered Units shall be sold directly by the Company, and (iii) may offer and sell the Offered Units outside the United States to, and for the account or benefit of, non-U.S. Persons, in Offshore Transactions in accordance with Rule 903 of Regulation S, all on the terms and subject to the conditions of this Schedule "A". In connection therewith, the Company represents, warrants and covenants as of the date hereof and as of the Closing Date and any Option Closing Date that:
- 2.1 the Company is, and at the Closing Time and any Option Closing Time will be, a Foreign Issuer with no Substantial U.S. Market Interest with respect to the its Common Shares;
 - 2.2 none of the Company, its affiliates or any person acting on any of their behalf (other than the Underwriters, U.S. Affiliates, any Selling Firm and any person acting on any of their behalf, as to whom the Company makes no representation, warranty or covenant), has engaged or will engage in any Directed Selling Efforts in connection with offers and sales of the Offered Units outside the United States;
 - 2.3 all offers and sales of Offered Units made outside the United States by the Company, its affiliates or any person acting on any of their behalf (other than the Underwriters, U.S. Affiliates, any Selling Firm and any person acting on any of their behalf, as to whom the Company makes no representation, warranty or covenant), have been and will be made in Offshore Transactions in accordance with Rule 903 of Regulation S;

- 2.4 the Company is not, and following the application of the proceeds of the sale of the Offered Units in the manner described in the Final U.S. Placement Memorandum and the Final Prospectus will not be, registered or required to be registered as an "investment company" within the meaning of such term under the United States Investment Company Act of 1940, as amended;
- 2.5 none of the Company, its affiliates or any person acting on any of their behalf (other than the Underwriters, U.S. Affiliates, any Selling Firm and any person acting on any of their behalf, as to whom the Company makes no representation, warranty or covenant), has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with any offer or sale of the Offered Units in the United States or to, or for the account or benefit of, U.S. Persons;
- 2.6 so long as any of the Unit Shares, Warrants or Warrant Shares are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and not eligible for resale pursuant to Rule 144(b)(1) under the U.S. Securities Act, the Company will, if it is neither subject to and in compliance with Section 13 or 15(d) of the U.S. Exchange Act nor exempt from the reporting requirements of the U.S. Exchange Act pursuant to Rule 12g3-2(b) thereunder, provide to any holder of those restricted securities, or to any prospective purchaser of those restricted securities designated by a holder, upon the request of that holder or prospective purchaser, at or prior to the time of sale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act (so long as the delivery of such information is necessary in order to permit holders of the restricted securities to effect resales under Rule 144A);
- 2.7 none of the Company, its affiliates or any person acting on any of their behalf (other than the Underwriters, U.S. Affiliates, any Selling Firm and any person acting on any of their behalf, as to whom the Company makes no representation, warranty or covenant), have taken, or will take, any action that would cause the exemptions from registration provided by Rule 144A and Rule 506(b) of Regulation D, or the exclusion from registration provided by Rule 903 of Regulation S, to be unavailable for the offer and sale of the Offered Units pursuant to this Schedule "A" and the agreement to which this Schedule "A" is annexed;
- 2.8 the Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable state securities laws in connection with offers and sales of the Offered Units;
- 2.9 except for offers and sales of Offered Units to Qualified Institutional Buyers and Accredited Investors made through the Underwriters and U.S. Affiliates in accordance with this Schedule "A" and the agreement to which it is annexed, neither the Company, nor its affiliates, nor any person acting on any of their behalf (other than the Underwriters, U.S. Affiliates, any Selling Firm and any person acting on any of their behalf, as to whom the Company makes no representation, warranty or

covenant) has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Offered Units to a person in the United States or to, or for the account or benefit of, a U.S. Person; or (B) any sale of Offered Units unless such sale is to, or for the account or benefit of, a non-U.S. Person and complies with the requirements of Rule 903 of Regulation S;

- 2.10 none of the Company or any of its predecessors or affiliates have been subject to any order, judgment, or decree of any court of competent jurisdiction temporarily, preliminary or permanently enjoining such person for failure to comply with Rule 503 of Regulation D;
- 2.11 none of the Company, its affiliates or any person acting on any of their behalf (i) has offered or sold securities between the six months prior to the commencement of the Offering and the date hereof or (ii) will offer or sell securities between the date hereof and six months after the completion of the Offering, in a manner that would be integrated with the offer and sale of the Offered Units within the meaning of Rule 502(a) of Regulation D and would cause the exemptions from registration afforded by Rule 144A and Rule 506(b) of Regulation D, as applicable, or the exclusion from registration provided by Rule 903 of Regulation S, to be unavailable for the offer and sale of the Offered Units pursuant to this Schedule "A" and the agreement to which it is annexed;
- 2.12 none of the Offered Units, Unit Shares or Warrants are, or as of the Closing Time and any Option Closing Time will be, and no securities of the same class as such securities are or will be, (i) listed on a national securities exchange in the United States registered under Section 6 of the U.S. Exchange Act, (ii) quoted in a "U.S. automated inter-dealer quotation system," as such term is used in paragraph (d)(3) of Rule 144A, or (iii) convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) or (a)(7) of Rule 144A) of less than ten percent for securities so listed or quoted;
- 2.13 none of the Company, any of its affiliates, or any person acting on any of their behalf has taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the Offering;
- 2.14 with respect to Offered Units offered and sold in reliance on Rule 506(b) of Regulation D (the "**Regulation D Securities**"), none of the Company, any of its predecessors, any "affiliated" (as such term is defined in Rule 501(b) of Regulation D) issuer, any director, executive officer or other officer of the Company participating in the offering of the Regulation D Securities, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, or any promoter (as that term is defined in Rule 405 under the U.S. Securities Act) connected with the Company in any capacity at the time of sale of the Regulation D Securities (each, an "**Issuer Covered Person**" and, together, "**Issuer Covered Persons**") is subject to any of the "Bad Actor" disqualification events described in Rule 506(d)(1)(i) through (viii) of Regulation D (a "**Disqualification Event**"), except for a Disqualification Event covered by

Rule 506(d)(2) or (d)(3) of Regulation D. The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, or will comply prior to the Closing Date and any Option Closing Date, to the extent applicable, with its disclosure obligations under Rule 506(e) of Regulation D, and has furnished and will furnish to the Underwriters a copy of any disclosures provided thereunder;

- 2.15 the Company is not aware of any person (other than any Issuer Covered Person or Dealer Covered Person (as described below)) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities; and
 - 2.16 the Company will notify the Underwriters, in writing, prior to the Closing Date and any Option Closing Date, of (a) any Disqualification Event relating to any Issuer Covered Person and (b) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person.
3. Each Underwriter acknowledges that the Offered Units have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, each Underwriter, severally and not jointly, represents, warrants and covenants, as of the date hereof and as of the Closing Date and any Option Closing Date, and will cause its U.S. Affiliate to comply with such representations, warranties and covenants, that:
- 3.1 it has not offered or sold and will not offer or sell (i) any Offered Units constituting part of its allotment within the United States or to, or for the account or benefit of, U.S. Persons, except in transactions in accordance with Rule 144A or Rule 506(b) of Regulation D, and as provided in this Schedule "A"; or (ii) any Offered Units outside of the United States to, or for the account or benefit of, non-U.S. Persons, except in Offshore Transactions in accordance with Rule 903 of Regulation S. Accordingly, except as permitted in this Schedule "A", none of it, its affiliates or any person acting on any of their behalf has engaged or will engage in: (i) any offer to sell or any solicitation of an offer to buy, any Offered Units to any person in the United States or to, or for the account or benefit of, U.S. Persons, (ii) any sale of Offered Units to any purchaser unless, at the time the buy order was or will have been originated, the purchaser was outside the United States and not a U.S. Person or acting for the account or benefit of a U.S. Person, or such Underwriter, affiliate or person acting on behalf of either of them reasonably believed that such purchaser was outside the United States and not a U.S. Person or acting for the account or benefit of a U.S. Person, or (iii) any Directed Selling Efforts;
 - 3.2 none of it, its affiliates or any person acting on any of their behalf has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with its offers and sales of the Offered Units in the United States or to, or for the account or benefit of, U.S. Persons;

- 3.3 all offers and sales of the Offered Units in the United States made by it have been and shall be effected through its U.S. Affiliate which shall be duly registered with the Securities and Exchange Commission under the U.S. Exchange Act, registered in all applicable states pursuant to such states' broker-dealer laws (unless exempted from the respective state's broker-dealer registration requirements) and be a member of, and in good standing with, FINRA, in each case, on the date hereof and at the date of all offers and sales of Offered Units in the United States, and all such offers and sales shall be and have been made in compliance with all applicable United States federal and state broker-dealer requirements and laws and regulations governing the registration and conduct of securities brokers and dealers and the rules of FINRA;
- 3.4 it has not used and will not use any written material other than the Preliminary U.S. Placement Memorandum, the Final U.S. Placement Memorandum and the documents attached thereto and incorporated by reference therein in connection with the offer and sale of Offered Units in the United States or to, or for the account or benefit of, U.S. Persons;
- 3.5 each person offered Offered Units in the United States by the Underwriter, through its U.S. Affiliate, and each person acting for the account or benefit of a U.S. Person offered Offered Units by the Underwriter, has been or will be provided with a copy of the Preliminary U.S. Placement Memorandum and/or the Final U.S. Placement Memorandum, and each person purchasing Offered Units in the United States or that is, or is acting for the account or benefit of, a U.S. Person, and each person purchasing Offered Units that was offered Offered Units in the United States has been or shall be provided with the Final U.S. Placement Memorandum at or prior to the time of purchase by such person of any Offered Units;
- 3.6 any offer or sale of or solicitation of an offer to buy Offered Units that has been made or will be made in the United States or to, or for the account or benefit of, a U.S. Person, by the Underwriter, through its U.S. Affiliate (in connection with offers made in the United States), was or will be made only to a person it reasonably believed immediately prior to such offer, sale or solicitation to be a (A) Qualified Institutional Buyer that is acquiring the Offered Units for its own account or for the account of a Qualified Institutional Buyer with respect to which it exercises sole investment discretion in a transaction in accordance with Rule 144A, or (B) an Accredited Investor that is acquiring the Offered Units for its own account or for the account of an Accredited Investor with respect to which it exercises sole investment discretion in a transaction in accordance with Rule 506(b) of Regulation D and, in each case, in compliance with, or pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;
- 3.7 prior to any sale of Offered Units to a person in the United States or a person offered Offered Units in the United States, or to, or for the account or benefit of, a U.S. Person, the Underwriter or its U.S. Affiliate shall have reasonable grounds to believe and shall believe that each such person purchasing Offered Units (A) from the Underwriter, under Rule 144A, through its U.S. Affiliate, is a Qualified

Institutional Buyer, or (B) from the Company, under Rule 506(b) of Regulation D, is an Accredited Investor, as applicable;

- 3.8 each Accredited Investor purchasing Offered Units from the Company pursuant to Rule 506(b) of Regulation D will be required to execute an Accredited Investor Letter in the form of Exhibit B attached to the Final U.S. Placement Memorandum, and each Qualified Institutional Buyer purchasing Offered Units from the Underwriter through its U.S. Affiliate pursuant to Rule 144A will be required to execute a QIB Letter in the form of Exhibit A attached to the Final U.S. Placement Memorandum;
- 3.9 it will inform (and will cause its U.S. Affiliate to inform) all purchasers of the Offered Units in the United States or who were offered Offered Units in the United States, and all purchasers of the Offered Units that are, or are acting for the account or benefit of, U.S. Persons, in each case that are Qualified Institutional Buyers purchasing such Offered Units pursuant to Rule 144A, that the Offered Units have not been and will not be registered under the U.S. Securities Act and are being offered and sold to such purchasers without registration in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A thereunder;
- 3.10 it and its U.S. Affiliate acknowledge that until 40 days after the commencement of the Offering, an offer or sale of the Offered Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act;
- 3.11 it has offered and sold, and will offer and sell, the Offered Units in the United States and to, or for the account or benefit of, U.S. Persons, only to offerees with respect to which it, its U.S. Affiliate or the Company has a pre-existing relationship;
- 3.12 it will provide the Company or the transfer agent for the Offered Units, at least one business day prior to the Closing Date and any Option Closing Date, with a list of all purchasers of the Offered Units in the United States all purchasers that were offered Offered Units in the United States, and all purchasers that are, or that purchased Offered Units for the account or benefit of, a U.S. Person;
- 3.13 none of the Underwriter, its affiliates, or any person acting on any of their behalf has taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the Offering;
- 3.14 in connection with the offer and sale of Regulation D Securities, none of (i) the Underwriter or its U.S. Affiliate, (ii) the Underwriter's or its U.S. Affiliate's general partners or managing members, (iii) any of the Underwriter's or its U.S. Affiliate's directors, executive officers or other officers participating in the offering of the Regulation D Securities, (iv) any of the Underwriter's or its U.S. Affiliate's general

partners' or managing members' directors, executive officers or other officers participating in the offering of the Regulation D Securities or (v) any other person associated with any of the above persons that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with sale of Regulation D Securities (each, a "**Dealer Covered Person**" and, collectively, the "**Dealer Covered Persons**"), is subject to a Disqualification Event except for a Disqualification Event (i) covered by Rule 506(d)(2)(i) of Regulation D and (ii) a description of which has been furnished in writing to the Company prior to the date hereof;

- 3.15 it is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities, and it will notify the Company, prior to the Closing Date and any Option Closing Date, of any agreement entered into between it and any such person in connection with such sale;
- 3.16 it will notify the Company, in writing, prior to the Closing Date and any Option Closing Date, of any Disqualification Event relating to any Dealer Covered Person occurring after the date hereof and not previously disclosed to the Company, and any event that would, with the passage of time, become a Disqualification Event relating to any Dealer Covered Person;
- 3.17 at the Closing Time and any Option Closing Time, it, together with its U.S. Affiliate that has offered or sold Offered Units in the United States, will provide a certificate, substantially in the form of Exhibit A to this Schedule "A", relating to the manner of the offer and sale of the Offered Units in the United States and to, or for the account or benefit of, U.S. Persons, or will be deemed to have represented that neither it nor its U.S. Affiliate offered or sold Offered Units in the United States or to, or for the account or benefit of, U.S. Persons;
- 3.18 the Underwriter has required or will require its U.S. Affiliate and each Selling Firm to acknowledge in writing, for the benefit of the Company, its agreement to be bound by the provisions of this Schedule "A" in connection with all offers and sales of the Offered Units in the United States and to, or for the account or benefit of, U.S. Persons, as if such provisions applied to such U.S. Affiliate and Selling Firm. The Underwriter has not and will not make any other contractual arrangement for the offer and sale of the Offered Units in the United States or to, or for the account or benefit of U.S. Persons, without the prior written consent of the Company;
- 3.19 the Underwriter is not a U.S. Person, is not acquiring the Broker Warrants for the account or benefit of a U.S. Person, was not offered the Broker Warrants within the United States, did not execute the agreement to which this Schedule "A" is annexed within the United States, and did not otherwise place its order to acquire the Broker Warrants from within the United States; and
- 3.20 the Underwriter understands and acknowledges that the Broker Warrants and the common shares issuable upon exercise thereof, have not been registered under the

U.S. Securities Act or any state securities laws, and may be exercised only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and all applicable state securities laws.

EXHIBIT A
UNDERWRITER'S CERTIFICATE

In connection with the private placement in the United States and to, or for the account or benefit of, U.S. Persons, of the Offered Units of Cardiol Therapeutics Inc. Inc. (the "**Company**") pursuant to the underwriting agreement, dated _____, 2018, among the Company and the Underwriters named therein (the "**Underwriting Agreement**"), the undersigned does hereby certify in favour of the Company as follows:

I. [Name of U.S. Affiliate] (the "**U.S. Affiliate**") is on the date hereof, and was on the date of each offer and sale of Offered Units made by it, duly registered as a broker or dealer with the Securities and Exchange Commission under the U.S. Exchange Act and in each applicable state pursuant to such state's broker-dealer laws (unless exempted from the respective state's broker-dealer registration requirements), and is and at all relevant times was a member of and in good standing with FINRA, and all offers and sales of Offered Units in the United States have been effected by the undersigned Underwriter or U.S. Affiliate in accordance with all U.S. federal and state laws governing the registration and conduct of brokers and dealers and in compliance with or pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;

II. each person in the United States or acting for the account or benefit of a U.S. Person, that was offered Offered Units by us was provided with copies of the Preliminary U.S. Placement Memorandum and/or the Final U.S. Placement Memorandum and no other written material has been used by us in connection with the Offering, except the Marketing Material;

III. immediately prior to our transmitting a Preliminary U.S. Placement Memorandum or Final U.S. Placement Memorandum to such offerees, we had reasonable grounds to believe and did believe that each offeree was, and continue to believe that each such offeree purchasing Offered Units who is in the United States or who was offered Offered Units in the United States, or is, or is acting for the account or benefit of, a U.S. Person, is either (i) a Qualified Institutional Buyer, or (ii) an Accredited Investor;

IV. no form of Directed Selling Efforts and no form of General Solicitation or General Advertising in the United States was used by us with respect to offers or sales of the Offered Units, nor have we solicited offers for, offered to sell or sold the Offered Units in the United States or to, or for the account or benefit of, U.S. Persons, by any means involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;

V. prior to any offer by us or any sale by the Company of Offered Units to an Accredited Investor in the United States or that was offered Offered Units in the United States, or who is, or is acting for the account or benefit of, a U.S. Person, purchasing Offered Units pursuant to Rule 506(b) of Regulation D, we caused such purchaser to execute an Accredited Investor Letter in the form of Exhibit B attached to the Final U.S. Placement Memorandum, and prior to any offer or sale by us of Offered Units to a Qualified Institutional Buyer in the United States or that was offered Offered Units in the United States, or who is, or is acting for the account or benefit of, a U.S. Person, purchasing Offered Units pursuant to Rule 144A, we caused such purchaser to execute a QIB Letter in the form of Exhibit A attached to the Final U.S. Placement Memorandum;

VI. we have not taken and will not take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the Offering;

VII. with respect to Regulation D Securities, each of the undersigned represents that none of its Dealer Covered Persons is subject to any Disqualification Event;

VIII. each of the undersigned is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities; and

IX. the offer and sale of the Offered Units in the United States and to, or for the account or benefit of, U.S. Persons, has been conducted by us in accordance with the terms of the Underwriting Agreement, including Schedule "A" attached thereto.

Unless otherwise defined, capitalized terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule "A" attached thereto.

Dated _____, 2018.

[NAME OF UNDERWRITER]

[NAME OF U.S. AFFILIATE]

By: _____
Name:
Title:

By: _____
Name:
Title: