AGENCY AGREEMENT

November 27, 2020

Avicanna Inc.
661 University Avenue, Suite 1300 Unit 1397
MaRs Centre, West Tower
Toronto, ON M5G 0B7

Attention: Aras Azadian, Chief Executive Officer / Setu Purohit, President

Dear Sirs:

Avicanna Inc. (the "**Company**") hereby engages Echelon Wealth Partners Inc. ("**Echelon**"), Beacon Securities Limited and Canaccord Genuity Corp. (collectively with Echelon, the "**Agents**") to act as its exclusive agents to offer and sell on a "best efforts" agency basis of a minimum of 5,882,352 and a maximum of 8,235,294 units of the Company (the "**Initial Units**"), at an offering price of $0.85 per Initial Unit (the "**Issue Price**"), for aggregate gross proceeds of a minimum of $5,000,000 and a maximum of $7,000,000, upon and subject to the terms and conditions contained herein (the "**Offering**"). Each Initial Unit shall consist of one Common Share (as defined below) (each an "**Initial Share**" and collectively the "**Initial Shares**") and one-half of one Common Share purchase warrant of the Company (each whole Common Share purchase warrant being an "**Initial Warrant**" and collectively, the "**Initial Warrants**").

Upon and subject to the terms and conditions herein set forth and in reliance upon the representations and warranties herein contained, the Company hereby grants to the Agents an over-allotment option (the "**Over-Allotment Option**") to sell up to an additional 15% of the number of Units sold pursuant to the Offering (the "**Additional Units**") at a price equal to the Issue Price, that is exercisable in whole or in part, and at any time and from time to time, on or before 5:00 p.m. (Toronto time) on the date that is 30 days after and including the Closing Date (as defined below). Each Additional Unit shall consist of one Common Share (each an "**Additional Share**" and collectively the "**Additional Shares**") and one-half of one Common Share purchase warrant of the Company (each whole Common Share purchase warrant being an "**Additional Warrant**" and collectively the "**Additional Warrants**"). The Agents can elect to exercise the Over-Allotment Option for Additional Units only, Additional Shares only, Additional Warrants only, or any combination thereof, provided the aggregate number of Additional Shares and Additional Warrants that may be issued under the Over-Allotment Option does not exceed 5,882,352 Additional Shares and 2,941,176 Additional Warrants (assuming completion of an Offering of $7,000,000). The purchase price for Additional Warrants purchased upon exercise of the Over-Allotment Option is $0.074 per Additional Warrant, and the purchase price per Additional Share purchased upon exercise of the Over-Allotment Option is $0.813 per Additional Share.

Delivery of and payment for any Additional Units, Additional Shares and/or Additional Warrants will be made at the time and on the date (each an "**Option Closing Date**") as set out in a written notice of Echelon referred to below, which Option Closing Date may occur on the Closing Date but will in no event occur earlier than the Closing Date, nor earlier than two (2) Business Days (as defined below) or later than seven (7) Business Days after the date upon which the Company receives a written notice from Echelon setting out the number of Additional Units, Additional Shares and/or Additional Warrants to be purchased by the Agents. Any such notice must be

received by the Company not later than 5:00 p.m. (Toronto time) on the date that is 30 days after the Closing Date. Upon the furnishing of such a notice, the Company will be committed to sell and deliver to the Agents in accordance with and subject to the provisions of this Agreement, the number of Additional Units, Additional Shares or Additional Warrants indicated in such notice.

Unless the context otherwise requires or unless otherwise specifically stated, all references in this Agreement to (i) the "**Offering**" shall be deemed to include the Over-Allotment Option, (ii) the "**Offered Units**" shall mean, collectively, the Initial Units and the Additional Units, (iii) the "**Shares**" shall mean, collectively, the Initial Shares, the Additional Shares, the Warrant Shares (as defined below) and the Broker Shares (as defined below), and (iv) the "**Warrants**" shall mean, collectively, the Initial Warrants and the Additional Warrants.

The Warrants shall be created and issued pursuant to a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date between the Company and Odyssey Trust Company, in its capacity as warrant agent thereunder (the "**Warrant Agent**"). Each Warrant will entitle the holder thereof to purchase one Common Share (each a "**Warrant Share**" and collectively the "**Warrant Shares**") at an exercise price of $1.20 per Warrant Share at any time until 5:00 p.m. (Toronto time) on the date that is 36 months following the Closing Date, subject to adjustment in certain circumstances in accordance with the Warrant Indenture.

In consideration of the Agents' services to be rendered in connection with the Offering, the Company agrees: (A) to pay to the Agents (i) at the Closing Time (as defined below) on the Closing Date, an aggregate cash fee equal to 7% of the gross proceeds from the sale of the Initial Units, with the exception of gross proceeds raised from persons included in the Company's President's list (the "**President's List**") which shall be subject to a reduced cash fee equal to 3.5% of the aggregate gross proceeds of sales from the President's List, and (ii) at the Closing Time on the Option Closing Date, an aggregate cash fee equal to 7% of the gross proceeds from the sale of the Additional Units, Additional Shares and/or Additional Warrants purchased at that time (the fees referred to in (A)(i) and (A)(ii) are collectively the "**Agents' Fees**"); and (B) to issue to the Agents (i) at the Closing Time on the Closing Date and the Option Closing Date, as applicable, broker warrants ("**Broker Warrants**") equal to 7% of the number of Initial Units (and any whole Additional Units purchased in connection with the Over-Allotment Option), which shall be subject to a reduced number of Broker Warrants equal to 3.5% of the Initial Units (and any whole Additional Units purchased in connection with the Over-Allotment Option) sold to purchasers on the Presidents List. Each Broker Warrant will be exercisable for one Common Share (each a "**Broker Share**" and collectively, the "**Broker Shares**") at a price of $0.85 per Broker Share, for a period of 24 months following the Closing Date.

The Company agrees that the Agents will be permitted to appoint, at the sole cost and expense of the Agents so appointing, other registered dealers (or other dealers duly qualified in their respective jurisdictions) as their agents to assist in the Offering, and that the Agents may determine the remuneration payable to such other dealers appointed by it, such remuneration to be the sole responsibility of the Agents.

The Agents understand (i) that the Company has prepared and filed a Preliminary Prospectus (as defined below) to qualify the distribution of the Offered Units in each of the Qualifying Jurisdictions (as defined below) and has received the Preliminary Receipt (as defined below) therefor; and (ii) that the Company has prepared and will file the Final Prospectus (as defined

below) with the Securities Commissions (as defined below) in each of the Qualifying Jurisdictions to qualify the distribution of the Offered Units promptly after the execution of this Agreement.

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

1. Definitions

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

"**Agents' Information**" means the disclosure relating solely to the Agents provided to the Company by or on behalf of the Agents in writing for inclusion in any of the Offering Documents;

"**Agreement**" means this agency agreement dated November 27, 2020 between the Company and the Agents, as the same may be supplemented, amended and/or restated from time to time;

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

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

"**Applicable Laws**" means, in relation to any person or persons, the Applicable Securities Laws and all other statutes, regulations, rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or licence, or any judgment, order, decision, ruling, award, policy or guidance document that are applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities, including, without limitation, to the extent applicable, the Controlled Substances Act, 21 U.S.C. § 801 et seq., and any US federal laws implicated by violating the Controlled Substance Act, including, without limitation, laws related to aiding and abetting, conspiracy (21 U.S.C. § 804); Racketeer Influenced and Corrupt Organizations Act (18 U.S.C. §1961 et seq.): The Travel Act (18 U.S.C. § 1952); and Anti-Money Laundering (18 U.S.C. §1956);

"**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions and their respective regulations, rulings, rules, blanket orders, instruments (including national and multinational instruments), fee schedules and prescribed forms thereunder, the applicable policy statements issued by the Securities Commissions and the rules and policies of the TSX;

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

"**Beneficiaries**" has the meaning ascribed thereto in Section 14(c) of this Agreement;

"**Broker Warrant Certificate**" means the certificate representing the Broker Warrants and containing the terms thereof;

"**Business**" means the business of the Company as currently conducted by itself and through the Subsidiaries, including, without limitation, the cultivation of organic medical cannabis for cannabis extract products and the development and commercialization of clinically-researched cannabinoid-based health, wellness. and medical products;

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

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Claims**" and "**Claim**" have the meanings ascribed thereto in Section 14(a) of this Agreement;

"**Closing**" means the closing of the Offering;

"**Closing Date**" means on or about December 3, 2020, or such other date (not to exceed 90 days from the date of the Final Receipt) as may be agreed to in writing by the Company and the Agents, each acting reasonably;

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

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

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

"**Debt Instrument**" means any agreement, note, loan, bond, debenture, indenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money or other liability to which the Company or a Subsidiary is a party or to which its properties or assets are otherwise bound and which is material to the Company on a consolidated basis, and related security documentation;

"**Disclosure Record**" means the Company's prospectuses, annual reports, annual and interim financial statements, annual information forms, business acquisition reports, management discussion and analysis of financial condition and results of operations,

information circulars, material change reports, press releases and all other information or documents filed or furnished by the Company with the relevant Securities Commission under Applicable Securities Laws;

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

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

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

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

"**Final Prospectus**" means the (final) short form prospectus of the Company relating to the qualification in all of the Qualifying Jurisdictions of the distribution of the Offered Units under the Applicable Securities Laws of the Qualifying Jurisdictions, including all of the Documents Incorporated by Reference;

"**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;

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

"**Financial Statements**" means, collectively, the (i) audited consolidated financial statements of the Company incorporated by reference in the Offering Documents as at and for the financial year ended December 31, 2019 and 2018, and related notes thereto, together with the independent auditors report thereon; and (ii) the interim consolidated financial statements for the nine months ended September 30, 2020, and the related notes thereto;

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

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

"**Indemnified Parties**" and **"Indemnified Party**" have the meanings ascribed thereto in Section 14(a) of this Agreement;

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

"**Leased Premises**" has the meaning ascribed thereto in Section 8(l) of this Agreement of this Agreement;

"**Letter Agreement**" means the letter agreement between the Company and Echelon dated November 6, 2020;

"**Licensed IP**" means the Intellectual Property that is used for the conduct of the Business as presently conducted or as proposed to be conducted and that is owned by any person other than the Company or any Subsidiary;

"**Losses**" has the meaning ascribed thereto in Section 14(a) of this Agreement;

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

"**Material Adverse Effect**" means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that

confirmation of the decision by the board of directors is probable), fact, event, violation, inaccuracy, circumstance, state of being or effect that (a) is materially adverse (actually or anticipated, whether financial or otherwise) to the Business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise), results of operations or control of the Company and the Subsidiaries, on a consolidated basis or (b) results in the Final Prospectus containing a material misrepresentation, but "**Material Adverse Effect**" will not include any fact, event, violation, inaccuracy, circumstance, state of being or effect relating to: (i) the global economy or securities markets in general; (ii) the announcement of the transactions contemplated hereby; (iii) any outbreak or escalation of war or any act of terrorism; or (iv) any fact, circumstance, event, change, effect, occurrence or event affecting the industry in which the Company or its Subsidiaries operates in general and which, in each case, does not have a materially disproportionate effect on the Company and its Subsidiaries, on a consolidated basis;

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

"**Material Contract**" means any debt instrument, contract, commitment, agreement (written or oral), instrument, lease, or other document, to which the Company or any Subsidiary is a party or otherwise bound which is material to the Company or any Subsidiary (on a consolidated basis) and the conduct and operations of its Business, including this Agreement and the Ancillary Documents, or involve any of the officers, consultants, directors, employees or shareholders of the Company or any Subsidiary, other than ordinary course agreements relating to employment, confidentiality, Intellectual Property or stock options;

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

"**Material Subsidiary**" means (i) Avicanna LATAM S.A.S., (ii) Sativa Nativa S.A.S., and (iii) Santa Marta Golden Hemp S.A.S.;

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

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators;

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

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

"**OBCA**" means the *Business Corporations Act* (Ontario);

"**Offering Documents**" means, collectively, the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

"**person**" shall be broadly interpreted and shall include an individual, firm, corporation, syndicate, partnership, trust, association, unincorporated organization, joint venture, investment club, government or agency or political subdivision thereof and every other form of legal or business entity of whatsoever nature or kind;

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

"**Preliminary Prospectus**" means the preliminary short form prospectus of the Company dated November 12, 2020 relating to the qualification in all of the Qualifying Jurisdictions of the distribution of the Offered Units under the Applicable Securities Laws of the Qualifying Jurisdictions, including all of the Documents Incorporated by Reference;

"**Preliminary Receipt**" means the 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;

"**Qualification**" has the meaning given to it in Section 8(ll);

"**Qualifying Jurisdictions**" means each of Alberta, British Columbia, Manitoba, Ontario and Saskatchewan;

"**Real Property**" has the meaning ascribed thereto in Section 8(l) of this Agreement;

"**Regulation S**" means Regulation S adopted by the Securities and Exchange Commission under the U.S. Securities Act;

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

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

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

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

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

"**Subsidiary**" means those entities that would be a "subsidiary" of the Company pursuant to the Applicable Securities Laws and includes (i) 2516167 Ontario Inc. d.b.a. My Cannabis, (ii) Avicanna LATAM S.A.S., (iii) Sativa Nativa S.A.S., (iv) Santa Marta Golden Hemp S.A.S., (v) Avicanna (UK) Limited and (vi) Avicanna USA Inc.;

"**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus or the Final Prospectus, and any amendment or supplemental prospectus or ancillary materials that may be filed or prepared by or on behalf of the Company under Applicable Securities Laws relating to the distribution of the Offered Units thereunder;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**U.S. Person**" means a U.S. person as that term is defined in Rule 902(k) of Regulation S under the U.S. Securities Act; and

"**U.S. Securities Act**" means the *United States Securities Act of 1993*, as amended.

(a) Capitalized terms used but not defined herein have the meanings ascribed to them in the Preliminary Prospectus or, upon filing of the Final Prospectus, the Final Prospectus.

(b) Any reference in this Agreement to a Section shall refer to a section of this Agreement.

(c) All words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to in each case require and the verb shall be construed as agreeing with the required word and/or pronoun.

(d) Any reference in this Agreement to "$" or to "dollars" shall refer to the lawful currency of Canada, unless otherwise specified.

(e) The following are the schedules to this Agreement, which schedules (including the representations, warranties and covenants set out therein) are deemed to be a part hereof and are hereby incorporated by reference herein:

(f) Where any representation or warranty contained in this Agreement or any Ancillary Document is expressly qualified by reference to the "**knowledge**" of the Company or "**the best of the Company's knowledge**", or where any other reference is made herein or in any Ancillary Document to the "**knowledge**" of the Company, it shall be deemed to refer to the actual knowledge of (i) Aras Azadian, Chief Executive Officer, (ii) Dave Sohi, Chief Financial Officer and (iii) Setu Purohit, President and Chief Legal Officer, of the facts or circumstances to which such phrase relates, after having made reasonable inquiries and investigations in connection with such facts and circumstances that would ordinarily be made by officers of similar sized companies.

2. The Offering

(a) Each purchaser who is resident in a Qualifying Jurisdiction shall purchase the Offered Units pursuant to the Final Prospectus. Each other purchaser not resident in a Qualifying Jurisdiction, or located outside of a Qualifying Jurisdiction, shall purchase Offered Units, which have been qualified by the Final Prospectus in Canada, only on a private placement basis under the applicable securities laws of the jurisdiction in which the purchaser is resident or located, in accordance with such procedures as the Company and the Agents may mutually agree, acting reasonably, in order to fully comply with Applicable Laws and the terms of this Agreement.

(b) The Company hereby agrees to comply with all Applicable Securities Laws in the Qualifying Jurisdictions on a timely basis in connection with the distribution of the Offered Units and the Company shall execute and file with the Securities Commissions all forms, notices and certificates relating to the Offering required to be filed pursuant to Applicable Securities Laws in the Qualifying Jurisdictions within the time required, and in the form prescribed, by Applicable Securities Laws in the Qualifying Jurisdictions.

(c) The Agents shall use their "best efforts" to arrange for the purchase of the Offered Units for sale:

(i) in the Qualifying Jurisdictions and, subject to the consent of the Company (acting reasonably); and

(ii) in such other jurisdictions outside of the Qualifying Jurisdictions and the United States where permitted by and in accordance with Applicable Securities Laws and the applicable securities laws of such other jurisdictions, and provided that in the case of jurisdictions other than the Qualifying Jurisdictions, the Company shall not be required to become registered or file a prospectus or registration statement or similar document in such jurisdictions and the Company will not be subject to any continuous disclosure requirements in such jurisdiction.

3. Filing of Prospectus

(a) As of the date of this Agreement, the Company has (i) prepared and filed the Preliminary Prospectus and other required documents with the Securities Commissions under the Applicable Securities Laws pursuant to the Passport System and NI 44-101, and has obtained the Preliminary Receipt and (ii) addressed the comments made by such Securities Commissions in respect of the Preliminary Prospectus and has been cleared by all of the Securities Commissions to file the Final Prospectus.

(b) The Company shall:

(i) use commercially reasonable efforts to, not later than 5:00 p.m. (Toronto time) on November 27, 2020 (or such later date as may be agreed to in

writing by the Company and Echelon on behalf of the Agents, each acting reasonably), have prepared and filed the Final Prospectus and other required documents with the Securities Commissions under the Applicable Securities Laws pursuant to the Passport System and NI 44-101, and shall have obtained a Final Receipt and otherwise fulfilled all legal requirements to qualify the Offered Units for distribution to the public in the Qualifying Jurisdictions through the Agents or any other registered dealer in the applicable Qualifying Jurisdictions.

(c) During the period of distribution of the Offered Units, the Company will promptly take, or cause to be taken, any additional steps and proceedings that may from time to time be required under the Applicable Securities Laws, or reasonably requested by Echelon, to continue to qualify the distribution of the Offered Units.

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

4. Distribution and Certain Obligations of the Agents

(a) The Agents shall, and shall require any investment dealer (other than the Agents) with which the Agents have a contractual relationship in respect of the distribution of the Offered Units (each, a "**Selling Firm**") to agree to, comply with the Applicable Securities Laws in connection with the distribution of the Offered Units and shall offer the Offered Units for sale to the public directly and through Selling Firms upon the terms and conditions set out in the Final Prospectus and this Agreement. The Agents shall, and shall require any Selling Firm to, offer for sale to the public and sell the Offered Units only in those jurisdictions where they may be lawfully offered for sale or sold and shall seek the prior consent of the Company, such consent not to be unreasonably withheld, regarding the jurisdictions other than the Qualifying Jurisdictions where the Offered Units are to be offered and sold. The Agents shall: (i) use all commercially reasonable efforts to complete and cause each Selling Firm to complete the distribution of the Offered Units as soon as reasonably practicable but in any event no later than 90 days after the date of the Final Receipt; and (ii) as soon as practicable after the completion of the distribution of the Offered Units, and in any event within 30 days after the later of the Closing Date or the last Option Closing Date, notify the Company thereof and provide the Company with a

breakdown of the number of Offered Units distributed in the Qualifying Jurisdictions.

(b) The Agents shall, and shall require any Selling Firm to agree to, distribute the Offered Units only through appropriately registered investment dealers or brokers and in a manner which complies with and observes all Applicable Securities Laws in each jurisdiction into and from which they may offer to sell the Offered Units or distribute any Offering Document or marketing materials in connection with the distribution of the Offered Units and will not, directly or indirectly, offer, sell or deliver any Offered Units or deliver any Offering Documents or marketing materials to any person in any jurisdiction other than in the Qualifying Jurisdictions except in such other jurisdictions as may be agreed in writing by the Company and in a manner which will not require the Company to comply with the registration, prospectus, filing, continuous disclosure or other similar requirements of such other jurisdictions or pay any unreasonable filing fees which relate to such other jurisdictions.

(c) None of the Agents, nor any Selling Firm or investment dealer with which any Agent has a contractual relationship in respect of the distribution of the Offered Units, has made or will make 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.

(d) The Agents and any Selling Firm shall be entitled to offer and sell the Offered Units to purchasers in such jurisdictions outside of Canada and the United States as agreed to between the Company and the Agents, acting reasonably, in accordance with any applicable securities and other laws in the jurisdictions in which the Agents and/or Selling Firms offer the Offered Units.

(e) For the purposes of this Section 4, the Agents shall be entitled to assume that the Offered Units are qualified for distribution in any Qualifying Jurisdiction where a Passport Receipt or similar document for the Final Prospectus shall have been obtained from or deemed issued by the applicable Securities Commission (including a Final Receipt issued under the Passport System) following the filing of the Final Prospectus unless otherwise notified in writing by the Company.

(f) During the distribution of the Offered Units, other than the Offering Documents, the press release announcing the Offering and the marketing materials, the Company and the Agents shall not provide any potential investor with any materials or written communication in relation to the distribution of the Offered Units. The Company and the Agents, on a several basis, covenant and agree (i) not to provide any potential investor of Offered Units with any marketing materials unless a template version of such marketing materials has been filed by the Company with the Securities Commissions on or before the day such marketing materials are first provided to any potential investor of Offered Units, (ii) not to provide any potential investor in the Qualifying Jurisdictions with any materials or information in relation to the distribution of the Offered Units or the Company other than (a) such marketing materials that have been approved and filed in accordance with NI 44-

101, (b) the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, and (c) any "standard term sheets" (within the meaning of Applicable Securities Laws) approved in writing by the Company and Echelon, on behalf of the Agents, and (iii) that any marketing materials approved and filed in accordance with NI 44-101 and any standard term sheets approved in writing by the Company and Echelon, on behalf of the Agents, shall only be provided to potential investors in the Qualifying Jurisdictions.

5. Deliveries on Filing and Related Matters

(a) The Company shall deliver to the Agents:

(i) concurrently with the filing of the Final Prospectus, a copy of the Final Prospectus, signed by the Company as required by Applicable Securities Laws;

(ii) concurrently with the filing thereof, a copy of any Supplementary Material required to be filed by the Company in compliance with Applicable Securities Laws;

(iii) concurrently with the filing of the Final Prospectus with the Securities Commissions, a "long form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Agents, acting reasonably, addressed to the Agents and the directors of the Company from the current auditor of the Company with respect to the Financial Statements and other financial and accounting information relating to the Company contained or incorporated by reference in the Final Prospectus, which letter shall be based on a review by such auditors within a cut-off date and based on a review of not more than two Business Days prior to the date of the letter, which letter shall be in addition to any auditors' comfort and consent letters addressed to the Securities Commissions in the Qualifying Jurisdictions;

(iv) prior to the filing of the Final Prospectus with the Securities Commissions, copies of correspondence demonstrating that the listing and posting for trading on the TSX of the Shares has been approved subject only to the satisfaction by the Company of such customary and standard conditions imposed by the TSX in similar circumstances and set forth in a letter of the TSX addressed to the Company (the "**Standard Listing Conditions**"); and

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

(b) If applicable, the Company shall also prepare and deliver promptly to the Agents signed copies of all Supplementary Material. Concurrently with the delivery of any

Supplementary Material or the incorporation or deemed incorporation by reference in the Final Prospectus of any Subsequent Disclosure Document, the Company shall deliver to the Agents, with respect to such Supplementary Material or Subsequent Disclosure Document, a comfort letter from the Company's current auditor and opinions substantially similar to the letters and opinions referred to in Section 5(a)(iii).

(c) Each delivery to any Agent of any Offering Document by the Company shall constitute the representation and warranty of the Company to the Agents that:

(i) all information and statements (except for the Agents' Information) contained and incorporated by reference in such Offering Documents, are, at their respective dates, and, if applicable, the respective dates of filing, of such Offering Documents, true and correct in all material respects and contain no misrepresentation and, on the respective dates of such Offering Documents, constitute full, true and plain disclosure of all material facts relating to the Company and the Subsidiaries (on a consolidated basis) and the Offered Units, Shares and Warrants as required by Applicable Securities Laws of the Qualifying Jurisdictions;

(ii) no material fact or information (except for the Agents' Information) has been omitted from any Offering Document which is required to be stated therein or is necessary to make the statements therein not misleading in the light of the circumstances in which they were made; and

(iii) each of such Offering Documents complies with the requirements of the Applicable Securities Laws of the Qualifying Jurisdictions.

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

(d) The Company will cause to be delivered to the Agents, at those delivery points as the Agents reasonably request, as soon as possible and in any event no later than 12:00 noon (Toronto time) on the next Business Day (or by 12:00 noon (Toronto time) on the second Business Day for deliveries outside of Toronto), in each case following the day on which the Company has obtained the Final Receipt for the Final Prospectus, and thereafter from time to time during the distribution of the Offered Units, as many commercial copies of the Preliminary Prospectus and/or the Final Prospectus, as applicable, as the Agents may reasonably request. Each delivery of any of the Offering Documents will have constituted or will constitute, as the case may be, consent of the Company to the use by the Agents and any Selling Firms of those documents in connection with the distribution and sale of the Offered Units in all of the Qualifying Jurisdictions.

(e) Neither the Company, nor the Agents, shall make any public announcement in connection with the Offering, except if the other party has consented to such announcement or the announcement is required by applicable laws or stock exchange rules. For greater certainty, during the period commencing on the date

hereof and until completion of the distribution of the Offered Units, the Company will promptly provide to the Agents drafts of any press releases of the Company for review and comment by the Agents and the Agents' counsel prior to issuance, provided that any such review will be completed in a timely manner, and the Company will incorporate in such press releases all reasonable comments of the Agents. Any such press release shall contain a legend in substantially the following form and comply with Rule 135e under the U.S. Securities Act: "NOT INTENDED FOR DISTRIBUTION TO UNITED STATES NEWS WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES."

(f) In connection with any marketing materials:

(i) each of the Company and the Agents have approved in writing the marketing materials, the Company has filed the marketing materials with the Securities Commissions and the Company has incorporated by reference into the Final Prospectus the marketing materials, all in accordance with Applicable Securities Laws;

(ii) during and prior to the completion of the period of distribution, the Company and the Agents will not provide any potential investor of Offered Units with any marketing materials except for the marketing materials and such other marketing materials that comply with Applicable Securities Laws and the versions (or template versions) of which have been approved in writing by each of the Company and the Agent; and

(iii) during and prior to the completion of the period of distribution, in addition to the marketing materials, the Company will cooperate with and assist, acting reasonably, the Agents in preparing and approving in writing the versions (or template versions) of any other marketing materials to be used by the Agents in connection with the Offering and will file with and deliver to the Securities Commissions such versions (or template versions) as may be required by Applicable Securities Laws.

6. Material Change

(a) The Company shall promptly inform the Agents (and promptly confirm such notification in writing) during the period prior to the Agents notifying the Company of the completion of the distribution of the Offered Units in accordance with Section 4(a) hereof of the full particulars of:

(i) any material change whether actual, anticipated, contemplated, or to the knowledge of the Company, threatened or proposed in the Company or any Subsidiary or in any of their respective businesses, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise) or results of operations or in the Offering;

(ii) any material fact which has arisen or has been discovered or any new material fact that would have been required to have been stated in the

Offering Documents had that fact arisen or been discovered on or prior to the date of any of the Offering Documents;

(iii) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained or incorporated by reference in the Offering Documents or whether any event or state of facts has occurred after the date hereof, which, in any case, is, or may be, of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents, including as a result of any of the Offering Documents containing or incorporating by reference therein an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not false or not misleading in the light of the circumstances in which it was made, or which could result in any of the Offering Documents not complying with the Applicable Securities Laws of any Qualifying Jurisdiction;

(iv) any notice by any governmental, judicial or regulatory authority requesting any information, meeting or hearing relating to the Company, any Subsidiary or the Offering, except for those received in the ordinary course of business; or

(v) any other event or state of affairs that would reasonably be expected to be relevant to the Agents' due diligence investigations in respect of the Offering.

(b) Subject to Section 6(d), the Company will prepare and file promptly (and, in any event, within the time prescribed by Applicable Securities Laws) any Supplementary Material which may be necessary under the Applicable Securities Laws, and the Company will prepare and file promptly at the request of the Agents any Supplementary Material which, in the opinion of the Agents, acting reasonably, may be necessary or advisable, and will otherwise comply with all requirements under Applicable Securities Laws necessary, to continue to qualify the Offered Units for distribution in each of the Qualifying Jurisdictions.

(c) During the period commencing on the date hereof until the Agents notify the Company of the completion of the distribution of the Offered Units, the Company will promptly inform the Agents in writing of the full particulars of:

(i) any request of any Securities Commission for any amendment to any Offering Document or for any additional information in respect of the Offering or material information in respect of the Company;

(ii) the receipt by the Company of any material communication, whether written or oral, from any Securities Commission, the TSX or any other competent authority, relating to any Offering Document or the distribution of the Offered Units, the Shares or the Warrants or the Company;

(iii) any notice or other correspondence received by the Company from any Governmental Authority and any requests from such bodies for information, a meeting or a hearing relating to the Company, any Subsidiary, the Offering, the issue and sale of the Offered Units, the Shares, the Warrants, or any other event or state of affairs that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; or

(iv) the issuance by any Securities Commission, the TSX or any other competent authority, including any other Governmental Authority, of any order to cease or suspend trading or distribution of any securities of the Company (including the Offered Units, the Shares or the Warrants) or of the institution, threat of institution of any proceedings for that purpose or any notice of investigation that could potentially result in an order to cease or suspend trading or distribution of any securities of the Company (including the Offered Units, the Shares or the Warrants).

(d) In addition to the provisions of Sections 6(a), 6(b) and 6(c) hereof, the Company shall in good faith discuss with the Agents any circumstance, change, event or fact contemplated in Sections 6(a), 6(b) or 6(c) which is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Agents under Sections 6(a), 6(b) or 6(c) hereof and shall consult with the Agents 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 shall be filed with any Securities Commission prior to the review and approval thereof by the Agents and their counsel, acting reasonably.

7. Regulatory Approvals

(a) In connection with the filing of the Final Prospectus with the Securities Commissions, the Company shall file or cause to be filed with the TSX all necessary documents and shall take or cause to be taken all necessary steps to ensure that the Company has obtained all necessary approvals for the Shares to be conditionally listed on the TSX subject only to the Standard Listing Conditions.

(b) The Company will make all necessary filings and obtain all necessary regulatory consents and approvals (if any), and the Company will pay all filing, exemption and other fees required to be paid in connection with the transactions contemplated in this Agreement.

8. Representations and Warranties of the Company

The Company represents and warrants to the Agents, and acknowledges that the Agents are relying on such representations and warranties, that, as of the date hereof:

(a) the Company: (i) has been duly incorporated, amalgamated, continued or organized and is validly existing as a company in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuation or organization, and has the corporate power, capacity and authority to own, lease and operate its Assets and Properties, to conduct its Business as now conducted and as currently proposed to

be conducted and to carry out the provisions hereof; and (ii) where required, has been duly qualified as an extra-provincial or foreign corporation for the transaction of business and is in good standing under the laws of each jurisdiction in which it owns or leases property, or conducts any Business;

(b) other than the Subsidiaries, or as otherwise described in the Disclosure Record, the Company has no subsidiaries and no investment in any person which is or would be material to the Business and affairs of the Company;

(c) each Subsidiary: (i) has been duly incorporated, amalgamated, continued or organized and is validly existing as a company or other legal entity in good standing under the laws of its jurisdiction of incorporation, amalgamation, continuation or organization and has the corporate power, capacity and authority to own, lease and operate its Assets and Properties, to conduct its Business as now conducted and as currently proposed to be conducted and to carry out the provisions hereof; and (ii) where required, has been duly qualified as a foreign corporation for the transaction of Business and is in good standing under the laws of each other jurisdiction in which it owns or leases property, or conducts any Business and is not precluded from carrying on Business or owning property in such jurisdictions by any other commitment, agreement or document;

(d) the Company and each Subsidiary (i) has conducted and has been conducting its Business in compliance in all material respects with all Applicable Laws of each jurisdiction in which its Business is carried on or in which its services are provided, including but not limited to all ethical standards applicable to the Company and each Subsidiary's industry and promulgated by any Governmental Authority or otherwise, and has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such Applicable Laws, (ii) is not in breach or violation of any judgment, order or decree of any Governmental Authority or court having jurisdiction over the Company or any Subsidiary, as applicable, (iii) holds all, and are not in breach of any, material Governmental Licences that enable its Business to be carried on as now conducted in each of the jurisdictions it carries on Business and enable it to own, lease or operate its Assets and Properties, and none of the Subsidiaries nor, to the knowledge of the Company, any other person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing such Subsidiaries' dissolution or winding up;

(e) the Company is the direct or indirect registered and beneficial owner of: (i) all of the issued and outstanding shares and other voting securities of each of 2516167 Ontario Inc., Avicanna LATAM, Avicanna (UK), and Avicanna USA Inc., (ii) 63% of the issued and outstanding shares and voting securities of Sativa Nativa S.A.S., (iii) 60.5% of the issued and outstanding shares and voting securities of Santa Marta Golden Hemp S.A.S., in each case free and clear of all Encumbrances, and no person, firm, corporation or entity has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Company or any Subsidiary of any of the shares or other securities of any Subsidiary currently held by the Company;

(f) other than the restrictions on engaging business activities that violate United States federal law regarding marijuana imposed by the TSX on its listed issuers, neither the Company nor any Subsidiary is a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Company or any Subsidiary to compete in any line of business, transfer or move any of its assets or operations or which would have a Material Adverse Effect;

(g) the Company is authorized to issue an unlimited number of Common Shares, of which 28,858,986 Common Shares are issued and outstanding as of the date hereof, and all such issued Common Shares are validly issued and outstanding, and no person, firm or corporation has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option or privilege (whether pre-emptive or contractual), for the issue or allotment of any unissued shares in the capital of the Company or any Subsidiary or any other security convertible into or exchangeable for any such shares, or to require the Company or any Subsidiary to purchase, redeem or otherwise acquire any of the outstanding securities in the capital of the Company or any Subsidiary, except as disclosed in the Disclosure Record, the Offering Documents and pursuant to the Offering;

(h) the Company is not a party to, nor is the Company aware of, any shareholders' agreements, pooling agreements, voting agreements or voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of the Company, with respect to the nomination or appointment of any directors or officers of the Company, with respect to observer or information rights related to the proceedings or operations of the Company or pursuant to which any person may have any right or claim in connection with any existing or past equity interest in the Company;

(i) the Company has not adopted a shareholders' rights plan or any similar plan or agreement;

(j) none of the Company or any Subsidiary has been served with or otherwise received notice of any legal or governmental proceedings and there are no legal or governmental proceedings (whether or not purportedly on behalf of the Company) pending to which the Company or any Subsidiary is a party or of which any Assets and Properties of the Company or any Subsidiary is the subject which is reasonably likely, individually or in the aggregate, to have a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the consummation by the Company of the transactions contemplated by this Agreement and, to the best of the Company's knowledge, no such proceedings have been threatened or contemplated by any Governmental Authority or any other parties;

(k) all product research and development activities, including quality assurance, quality control, clinical trial, testing, and research and analysis activities, conducted by the Company or any Subsidiary in connection with the Business have in all material respects been and are being conducted in accordance with: (i) Health

Canada requirements, to the extent being conducted in Canada; and (ii) sound industry practices and in compliance, in all material respects, with all industry, laboratory, clinical, safety, management and training standards and regulations applicable to the Business, and all processes, procedures and practices, required in connection with such activities, are in place as necessary to satisfy sound industry practices and are being complied with, in all material respects;

(l) with respect to any real property which is material to the Company or any Subsidiary and which the Company or any Subsidiary owns (the "**Real Property**"), the Company or the Subsidiary (as applicable) is the legal and beneficial owner of the Real Property and has good and marketable title in fee simple to all Real Property, free from all Encumbrances;

(m) with respect to each premises which is material to the Company or any Subsidiary and which the Company or any Subsidiary occupies as tenant (the "**Leased Premises**"), the Company or the Subsidiary (as applicable) occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and neither the Company nor any Subsidiary is in material breach or violation of or in material default under any of the leases pursuant to which the Company or the Subsidiary (as applicable) occupies the Leased Premises and to the best of the Company's knowledge, such leases are valid, in good standing and in full force and effect;

(n) the Company and each Subsidiary is the absolute legal and beneficial owner, and has good and valid title to, all of the material Assets and Properties thereof as described in the Offering Documents free and clear of all Encumbrances and defects of title except such as are disclosed in the Disclosure Record, Offering Documents or such as are not material, individually or in the aggregate, to the Company or any Subsidiary, and except as set out in the Disclosure Record or any Offering Document (A) no other material property or assets are necessary for the conduct of the Business, (B) the Company has no knowledge of any claim or the basis for any claim that might or could materially and adversely affect the right of the Company or any Subsidiary to use, transfer or otherwise exploit such Assets and Properties, (C) neither the Company nor the Subsidiary has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the Assets and Properties thereof, and (D) there are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of the rights, title or interests in such Assets and Properties;

(o) the Financial Statements:

(i) have been prepared in accordance with Applicable Securities Laws and IFRS, applied on a consistent basis throughout the periods referred to therein, except as otherwise disclosed therein;

(ii) present fairly, in all material respects, the financial position and condition of the Company and the Subsidiaries on a consolidated basis as at the dates thereof and the results of its operations and the changes in its shareholder's

equity and cash flows for the periods then ended, and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Company and the Subsidiaries on a consolidated basis in accordance with IFRS, and do not contain a misrepresentation; and

(iii) have been audited (in the case of the annual financial statements comprising the Financial Statements) or reviewed (in the case of the interim financial statements comprising the Financial Statements) by independent public accountants within the meaning of Applicable Securities Laws and the rules of the Chartered Professional Accountants of Canada;

(p) the accountants who audited or reviewed (as the case may be) the Financial Statements are independent with respect to the Company within the meaning of Applicable Securities Laws and there has not been any "reportable event" (within the meaning of NI 51-102) with the current auditors or any former auditors of the Company during the past two financial years;

(q) there are no material off-balance sheet transactions, arrangements, obligations or liabilities of the Company whether direct, indirect, absolute, contingent or otherwise which are not disclosed or reflected in the Financial Statements, except for liabilities incurred in the ordinary course of business since January 1, 2020, and which liabilities would not, individually or in the aggregate, have a Material Adverse Effect;

(r) the Company and each of the Subsidiaries 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 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;

(s) the audit committee's responsibilities and composition comply with National Instrument 52-110 – *Audit Committees*;

(t) except as disclosed in the Disclosure Record or Offering Documents, none of the directors, executive officers or shareholders who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Shares or any known associate or affiliate of any such person, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Company which, as the case may be, materially affects, is material to or will materially affect the Company and its Subsidiaries on a consolidated basis;

(u) the Company and each Subsidiary has duly and on a timely basis filed all foreign, federal, state, provincial and municipal tax returns required to be filed by it, has paid, collected, withheld and remitted all taxes due and payable or required to be

collected, withheld and remitted by the Company and the Subsidiaries, respectively, and has paid all assessments and reassessments and all other taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any Governmental Authority to be due and owing, except where the failure to pay would not, individually or in the aggregate, have a Material Adverse Effect, and adequate provision has been made for taxes payable for any completed fiscal period for which tax returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any tax, governmental charge or deficiency by the Company or by any Subsidiary; there are no actions, suits, proceedings, investigations or claims pending or, to the best of the Company's knowledge, threatened against the Company or any Subsidiary in respect of taxes, governmental charges or assessments; and there are no matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by any such authority;

(v) the Company and each of the Subsidiaries have established on their 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 or any of the Subsidiaries, and, to the best of the Company's knowledge, there are no audits pending of the tax returns of the Company or any of the Subsidiaries (whether federal, state, provincial, local or foreign) and there are no claims which have been or may be asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authority of any deficiency that could, individually or in the aggregate, have a Material Adverse Effect;

(w) the Company and/or the Subsidiaries own, or have obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property including, for greater certainty, the Intellectual Property described in the Disclosure Record; the Company has no knowledge that the Company or any Subsidiary lacks or will be unable to obtain any rights or licenses to use all Intellectual Property essential for the conduct of the Business (including the commercialization of the Company's products and services candidates) as described in the Offering Documents; no third parties have rights to any Intellectual Property of the Company or any Subsidiary, except for the ownership rights of the owners of the Licensed IP or except for any licenses of use granted by the Company and/or any Subsidiary therein**;** there is no pending or, to the best of the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or enforceability of any Intellectual Property or the Company's or any Subsidiary's rights in or to any Intellectual Property or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, the Company has no knowledge of any facts which form a reasonable basis for any such claim, and to the best of the Company's knowledge, there has been no finding of unenforceability or invalidity of the Intellectual Property; to the best of the Company's knowledge, there is no patent or published patent application that contains claims that interfere with the issued or pending claims of any of the Intellectual Property of the Company or any Subsidiary; and to the best of the

Company's knowledge, there is no prior art that necessarily renders any patent application owned by the Company or any Subsidiary unpatentable that has not been disclosed to the US Patent and Trademark Office or any similar office in Canada or any other jurisdiction;

(x) other than Licensed IP, the Company and/or the Subsidiaries are the legal and beneficial owners of, have good and marketable title to, and own all right, title and interest in and to all Intellectual Property free and clear of all Encumbrances or adverse interests whatsoever, covenants, conditions, options to purchase and restrictions or other adverse claims of any kind or nature other than the Licensed IP, no consent of any person is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Intellectual Property and none of the Intellectual Property of the Company or any Subsidiary comprises an improvement to Licensed IP that would give any person any rights to any such Intellectual Property, including, without limitation, rights to license any such Intellectual Property;

(y) the Company and its Subsidiaries have used commercially reasonable efforts to maintain and protect the Intellectual Property owned by the Company and/or any Subsidiary (including, unless otherwise specified, making filings and payments of registration, maintenance, renewal or similar fees and to obtain ownership of such Intellectual Property developed for the Company and/or any Subsidiary by its employees, consultants and contractors (including securing assignment agreements from all former and current employees, consultants and contractors that assign to the Company and/or a Subsidiary all rights, title and interest in and to any such Intellectual Property rights, and including, where relevant, securing from such employees, consultants and/or contractors waivers of moral rights in writing in favour of any of the Company, the Subsidiaries and their successors, assignees or licensees)); there are no oppositions, cancellations, invalidity proceedings, interferences or re-examination proceedings pending with respect to any Intellectual Property owned by the Company and/or any Subsidiary or, to the best of the Company's knowledge, threatened; all applications for registration of any Intellectual Property owned by the Company and/or any Subsidiary have been properly filed and have been pursued by the Company and the Subsidiaries in the ordinary course of business, and neither the Company nor any of the Subsidiaries has received any notice (whether written, oral or otherwise) indicating that any application for registration of the Intellectual Property owned by the Company and/or any Subsidiary has been finally rejected or denied by the applicable reviewing authority except for any rejection or denial that would not, individually or in the aggregate, have a Material Adverse Effect;

(z) to the best of the Company's knowledge, the conduct of the Business (including, without limitation, the sale of their respective products and services, or the use or other exploitation of the Intellectual Property by the Company, the Subsidiaries or any customers, distributors or other licensees thereof) has not infringed, violated, misappropriated or otherwise conflicted with any Intellectual Property right of any person; there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others alleging that any current or proposed conduct of

their respective businesses (including, without limitation, the sale of their respective products and services, or use or other exploitation of any Intellectual Property by the Company, the Subsidiaries or any customers, distributors or other licensees) infringes, violates, misappropriates or otherwise conflicts with (or would infringe, violate, misappropriate or otherwise conflict with) any Intellectual Property of others, and the Company has no knowledge of any facts which form a reasonable basis for any such claim;

(aa) to the best of the Company's knowledge, no person has infringed or misappropriated, or is infringing or misappropriating, any rights of the Company and/or any Subsidiary in or to the Intellectual Property;

(bb) the Company has entered into valid and enforceable written agreements pursuant to which the Company has been granted all licenses and permissions to use, reproduce, sub-license, sell, modify, update, enhance or otherwise exploit the Licensed IP to the extent required for the conduct of the Business as currently conducted or as proposed to be conducted (including, if required, the right to incorporate such Licensed IP into the Intellectual Property). All license agreements in respect to Licensed IP are in full force and effect and none of the Company, any of the Subsidiaries or to the best of the Company's knowledge, any other person, is in default of its obligations thereunder;

(cc) to the extent that any of the Intellectual Property is licensed or disclosed to any person or any person has access to such Intellectual Property (including but not limited to any employee, officer, shareholder, consultant, systems-integrator, distributor, Contract counterparty, or other customer of the Company or any of the Subsidiaries), the Company has entered into a valid and enforceable written agreement which contains terms and conditions prohibiting the unauthorized use, reproduction, disclosure or transfer of such Intellectual Property by such person. Other than such agreements that have expired in accordance with their respective terms, all such agreements are in full force and effect and none of the Company, any of the Subsidiaries or, to the best of the Company's knowledge, any other person, is in default of its obligations thereunder except for any default which is immaterial;

(dd) the Company, and to the best of the Company's knowledge, the Subsidiaries have (i) security measures and safeguards in place consistent with generally accepted industry practice to protect the personal information they collect from illegal or authorized access or use by their personnel or third parties or access or use by their personnel or third parties in a manner that violates the privacy rights of third parties, (ii) complied, in all material respects, with all applicable privacy and consumer protection legislation and, to the best of the Company's knowledge, neither has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner, and (iii) taken all reasonable steps consistent with the generally accepted industry practice to protect personal information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse;

(ee) the Company is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario, is not in default under the Applicable Securities Laws of those provinces and is not on the list of defaulting issuers maintained by the applicable Securities Commissions in those provinces;

(ff) the Company is in compliance with its timely and continuous disclosure obligations under the Applicable Securities Laws of each of the Qualifying Jurisdictions and the policies, rules and regulations of the TSX and, without limiting the generality of the foregoing, there has not occurred any material change (actual, anticipated, contemplated or, to the best of the Company's knowledge, threatened) in the Business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, assets, properties, condition (financial or otherwise), results of operations or control of the Company and the Subsidiaries taken as a whole since January 1, 2020 which has not been set forth in the Disclosure Record or otherwise publicly disclosed on a non-confidential basis, and the Company has not filed any confidential material change reports since January 1, 2020 which remains confidential as at the date hereof;

(gg) the Shares are listed and posted for trading on the TSX and, prior to the Closing Time, all necessary notices and filings will have been made with and all necessary consents, approvals, authorizations will have been obtained by the Company from the TSX to ensure that, subject to fulfilling the Standard Listing Conditions, the Shares will be listed and posted for trading on the TSX upon their issuance;

(hh) no order ceasing or suspending trading in the Common Shares or other securities of the Company or prohibiting the issuance or sale of the Offered Units or the issuance of the Broker Warrants has been issued by any regulatory authority which is continuing in effect, and to the knowledge of the Company, no proceedings for such purpose has been threatened or are pending;

(ii) to the best of the Company's knowledge, no agreement is in force or effect which in any manner affects (i) the voting or control of any of the securities of the Company or any Subsidiary, (ii) the management or operation of the Company or any Subsidiary, or the nomination or appointment of any directors or officers of the Company or any Subsidiary;

(jj) the Company is not a party to any agreement, nor is the Company aware of any agreement currently in effect or being contemplated or negotiated, which in any manner restricts the declaration of dividends by the directors of the Company or the payment of dividends by the Company to the holders of its Common Shares;

(kk) each of the execution and delivery of this Agreement and the Warrant Indenture, the performance by the Company of its obligations hereunder and thereunder, including the offer, issue and sale of the Offered Units (including the Shares and Warrants comprising the Offered Units), the issue and sale of the Warrant Shares underlying the Warrants, the grant and issue of the Broker Warrants and Broker

Shares, and the consummation of the transactions contemplated in this Agreement and the Warrant Indenture, do not and will not:

(i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, and do not and will not create a state of facts which will result in a breach or violation of or constitute a default under, whether after notice or lapse of time or both, (i) any statute, rule or regulation applicable to the Company or any Subsidiary, including Applicable Securities Laws; (ii) the articles, by-laws or resolutions of the shareholders, directors or any committee of directors of the Company or any Subsidiary; (iii) any material mortgage, note, indenture, Contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company or any Subsidiary is a party or by which it is bound; (iv) any judgment, decree or order binding the Company or its Assets and Properties or any Subsidiary or its Assets and Properties; or (v) any statute, rule, regulation or law applicable to the Company or any Subsidiary, including, without limitation, the Applicable Securities Laws, or any judgment, order or decree of any Governmental Authority or court having jurisdiction over the Company;

(ii) affect the rights, duties and obligations of any parties to any material indenture, agreement or instrument to which the Company or any Subsidiary is a party, nor give a party the right to terminate any such indenture, agreement or instrument by virtue of the application of terms, provisions or conditions in such indenture, agreement or instrument;

(iii) require the consent, approval, authorization, registration or qualification of or with any Governmental Authority, stock exchange, Securities Commission or other third party, except such as have been obtained or such as may be required (and shall be obtained by the Company prior to the Closing Time) under Applicable Securities Laws or stock exchange regulations except (i) those which have been obtained or those which may be required and shall be obtained prior to the Closing Time under Applicable Securities Laws or the rules of the TSX, and (ii) such post-Closing notice filings with Securities Commissions and the TSX as may be required in connection with the Offering; and

(iv) do not affect the rights, duties and obligations of any parties to any material indenture, agreement or instrument to which the Company or any Subsidiary is a party, nor give a party the right to terminate any such indenture, agreement or instrument by virtue of the application of terms, provisions or conditions in such indenture, agreement or instrument;

(ll) the execution and delivery of this Agreement, the Warrant Indenture and the Broker Warrant Certificates, and the performance of the transactions contemplated hereby and thereby (including the issuance, sale and delivery of the Offered Units, the grant of the Over-Allotment Option, the grant and issue of the Broker Warrants, the issuance, sale and delivery of the Shares and Warrants, and the allotment and

reservation for the issue and delivery of the Warrant Shares and Broker Shares) have been duly authorized by all necessary corporate action of the Company and this Agreement has been, and any certificate representing the Initial Warrants and the Additional Warrants, will at the Closing Time be, duly executed and delivered by the Company and constitutes and will at the Closing Time constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, provided that enforcement hereof may be limited by laws affecting creditors' rights generally, that specific performance and other equitable remedies may only be granted in the discretion of a court of competent jurisdiction and that the provisions relating to indemnity, contribution, severability and waiver of contribution may be limited under Applicable Law (the "**Qualification**");

(mm) the Company has the power, capacity and authority to offer, issue and sell the Offered Units including the Shares and Warrants comprising the Offered Units, and to issue and sell the Warrant Shares underlying the Warrants;

(nn) the Shares and the Warrants shall have been duly created, authorized, allotted and reserved for issuance and, at the applicable Closing Time upon payment of the aggregate Issue Price therefor:

(i) the Initial Shares and, if applicable, the Additional Shares will be duly and validly issued and outstanding as fully paid and non-assessable shares in the capital of the Company;

(ii) the Initial Warrants and, if applicable, the Additional Warrants will be duly created and validly issued and outstanding as fully paid securities of the Company; and

(iii) the Initial Shares and the Initial Warrants, and, if applicable, the Additional Shares and the Additional Warrants, will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;

(oo) the Warrant Shares have been duly authorized, allotted and reserved for issuance, and, upon the exercise of the Warrants and payment of the exercise price therfor will be validly issued and outstanding as fully paid and non-assessable Shares. The Warrant Shares will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;

(pp) the Company has the corporate power, capacity and authority to issue and sell the Broker Warrants; the Broker Shares issuable upon exercise of the Broker Warrants have been duly authorized, allotted and reserved for issuance and the Broker Warrants have been duly authorized and created and, at the applicable Closing Time:

(i) the Broker Warrants will be duly and validly created and issued and will be fully paid securities of the Company; and

(ii) the Broker Warrants, and, if applicable, the Broker Shares, will not have been issued in violation of or subject to any pre-emptive or contractual rights to purchase securities issued or granted by the Company;

(qq) the Shares and the Warrants have the attributes and characteristics and conform in all material respects with the descriptions thereof contained in the Offering Documents;

(rr) all Material Contracts have been disclosed in the Disclosure Record or Offering Documents, and each is valid, subsisting, in good standing and in full force and effect, enforceable in accordance with the terms thereof;

(ss) the Company and each of the Subsidiaries has performed all obligations (including payment obligations) in a timely manner in all material respects under, and are in material compliance with all terms and conditions contained in each Material Contract and neither the Company nor any Subsidiary is in violation, breach or default nor has either received any notification from any party claiming that the Company or any Subsidiary is in violation, breach or default under any Material Contract and no other party, to the knowledge of the Company, is in breach, violation or default of any term under any Material Contract;

(tt) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Offered Units, the Shares, the Warrants, the Warrant Shares, the Shares, the Broker Warrants or the Broker Shares, or any other security of the Company has been issued or made by any Securities Commission or stock exchange or any other regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated or threatened by any such authority or under any Applicable Securities Laws;

(uu) except for the formal written consent of the TSX, there are no third party consents required to be obtained in order for the Company to complete the Offering;

(vv) except as disclosed in the Disclosure Record or Offering Documents, neither the Company nor, to the best of the Company's knowledge, any Subsidiary is party to any Debt Instrument or any agreement or contract or commitment to create, assume or issue any Debt Instrument or any other outstanding loans to the Company or a Subsidiary from, or any loans by the Company or a Subsidiary to or a guarantee by the Company or a Subsidiary of the obligations of, any other person;

(ww) except as disclosed in the Financial Statements, neither the Company nor, to the best of the Company's knowledge, any Subsidiary has any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at arm's length with the Company or any Subsidiary;

(xx) to the best of the Company's knowledge, there is no legislation or governmental regulation or proposed legislation or governmental regulation, which materially and adversely affects, or which the Company anticipates will or may materially and

adversely affect, the Business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, assets, properties, condition (financial or otherwise) or results of operations of the Company or any Subsidiary;

(yy) except for the Agents as provided herein, there is no person, firm or corporation acting for the Company entitled to any brokerage or finder's fee in connection with this Agreement or any of the transactions contemplated hereunder;

(zz) other than the Company, there is no person that is or will be entitled to the proceeds of the Offering under the terms of any Material Contract or Debt Instrument or otherwise;

(aaa) each of the documents forming the Disclosure Record filed by or on behalf of the Company with any Securities Commission or the TSX, did not contain a material misrepresentation, determined as at the date of filing, which has not been corrected by the filing of a subsequent document which forms part of the Disclosure Record;

(bbb) the minute books and records of each of the Company and the Subsidiaries made available to counsel for the Agents in connection with their due diligence investigation of the Company and the Subsidiaries for the periods from its date of incorporation to the date of examination thereof are all of the minute books and records of the Company and the Subsidiaries and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the boards of directors and all committees of the boards of directors of the Company and the Subsidiaries to the date of review of such corporate records and minute books and there have been no other material meetings, resolutions or proceedings of the shareholders, board of directors or any committees of the board of directors of the Company and the Subsidiaries to the date of review of such corporate records and minute books not reflected in such minute books and other records;

(ccc) no material labour dispute with current and former employees of the Company or any of the Subsidiaries exists or is imminent and the Company has no knowledge of any existing, threatened or imminent labour disturbance or disruption by the employees of any of the principal suppliers, manufacturers or contractors of the Company;

(ddd) there is not currently any labour disruption, dispute, slowdown, stoppage, complaint or grievance outstanding or, to the best of the Company's knowledge, threatened or pending, against the Company or, to the best of the Company's knowledge, a Subsidiary which is adversely affecting or could reasonably be expected to adversely affect, in a material manner, the carrying on of the Business and no union representation exists for the employees of the Company or any Subsidiary and no collective bargaining agreement is in place or being negotiated by the Company or any Subsidiary;

(eee) there are no bonuses, distributions or salary payments which will be payable by the Company or, to the best of the Company's knowledge, the Subsidiaries, outside of the ordinary course of business, to any officer, director, employee or consultant of

the Company or any Subsidiary after the Closing Date relating to their employment with, or services rendered to the Company or any Subsidiary prior to the Closing Date;

(fff) the Company, and to the best of the Company's knowledge, the Subsidiaries are in all material respects in compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, workers' compensation, occupational health and safety and pay equity and wages, and to the best of the Company's knowledge, there are no claims, complaints, outstanding decisions, orders or settlements or pending claims, complaints, decisions, orders or settlements under any human rights legislation, employment standards legislation, workers' compensation legislation, occupational health and safety legislation or similar laws nor has any event occurred which may give rise to any of the foregoing;

(ggg) to the best of the Company's knowledge, (i) none of the executive officers of the Company or any Subsidiary has any plans to terminate his or her employment, (ii) none of the employees of the Company or any Subsidiary is subject to any secrecy or non-competition agreement or any other agreement or restriction of any kind that would impede in any way the ability of such employee to carry out fully all activities of such employee in furtherance of the Business, and (iii) none of the enployees of the Company or any Subsidiary has any claim with respect to any Intellectual Property rights of the Company or any Subsidiary;

(hhh) the Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are (i) prudent and customary in the business in which they are engaged, and (ii) in compliance with all the requirements contained in any Material Contract or Debt Instrument, and all of the policies in respect of such insurance coverage insuring the Company and the Subsidiaries and their directors, officers and employees, and the Assets and Properties, are in good standing and in full force and effect in all respects, and not in default;

(iii) the Company and, to the best of the Company's knowledge, the Subsidiaries are in compliance with the terms of such policies and instruments in all material respects and the Company has no reason to believe that it will not be able to renew the existing insurance coverage of the Company and the Subsidiaries as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its Business at a cost that would not, individually or in the aggregate, have a Material Adverse Effect;

(jjj) except in compliance with Applicable Laws, to the knowledge of the Company, neither the Company nor any Subsidiary has used any of its property or facilities to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any pollutants, contaminants, chemicals or industrial toxic or hazardous waste or substances ("**Hazardous Substances**") in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; except in compliance with Applicable Laws, to the knowledge of

the Company, neither the Company nor any Subsidiary has caused or permitted the release, in any manner whatsoever, of any Hazardous Substances on or from any of its properties or assets or any such release on or from a facility owned or operated by third parties but with respect to which the Company or a Subsidiary is or may reasonably be alleged to have material liability or has received any notice that it is potentially responsible for a federal, provincial, municipal or local clean-up site or corrective action under any Applicable Laws, statutes, ordinances, by-laws, regulations or any orders, directions or decisions rendered by any ministry, department or administrative regulatory agency relating to the protection of the environment, occupational health and safety or otherwise relating to or dealing with Hazardous Substances in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(kkk) to the best of the Company's knowledge, the facilities and operations of the Company and the Subsidiaries are currently being conducted and have been conducted, in all material respects, in accordance with all Applicable Laws governing workers' compensation and health and safety and workplace laws, regulations and policies;

(lll) 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 that is maintained, administered or contributed to by the Company or any of the Subsidiaries for employees or former employees of the Company or the Subsidiaries has been maintained in compliance in all material respects with its terms and the requirements of any applicable statutes, orders, rules and regulations and the fair market value of the assets of each such plan (excluding for these purposes accrued but unpaid contributions) exceeds the present value of all benefits accrued under such plan determined using reasonable actuarial assumptions;

(mmm) each benefit plan or pension plan administered or provided by the Company or any of its Subsidiaries is duly registered where required by Applicable Laws (including registration with relevant tax authorities where such registration is required to qualify for tax exemption or other tax beneficial status), except where such failure to be so registered would not be material to the Company or such Subsidiary. Neither the Company nor any Subsidiary contributes to or has an obligation to contribute to a plan, program or arrangement that provides defined benefit pensions or for which the funding is determined by reference to a defined benefit. The Company does not have any outstanding indebtedness or any liabilities or obligations, including any unfunded obligation, under any such benefit plan or pension plan, whether accrued, absolute, contingent or otherwise;

(nnn) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Company and, to the best of the Company's knowledge, the Subsidiaries;

(ooo) Odyssey Trust Company is the duly appointed registrar and transfer agent for the Common Shares;

(ppp) Odyssey Trust Company has been duly appointed as the warrant agent for the Warrants;

(qqq) the Business and material Assets and Properties of the Company and the Subsidiaries conform in all material respects to the descriptions thereof contained in the Disclosure Record and/or Offering Documents, as applicable;

(rrr) all products manufactured and/or marketed, and services provided to customers, in whole or in part, by the Company or any Subsidiary and all component parts which are supplied to the Company or any Subsidiary are, to the best of the Company's knowledge, manufactured or provided in full compliance with and meet industry specific standards set by all applicable organizations which pertain to the Business and the Company's and each Subsidiary's products and services have met and satisfied all product safety standards necessary to permit the sale of the Company's and each Subsidiary's products and services in the jurisdictions in which they are sold, except where the failure to do so would not, individually or in the aggregate, have a Material Adverse Effect;

(sss) the Company and each of the Subsidiaries possesses such permits, certificates, licences, approvals, registrations, qualifications, consents and other authorizations (collectively, "**Governmental Licences**"), issued by the appropriate federal, provincial, state, local or foreign regulatory agencies or bodies necessary to conduct the Business now operated by it in all jurisdictions in which it carries on Business, that are material to the conduct of the Business (as such Business is currently conducted); (B) the Company and each Subsidiary is in material compliance with the terms and conditions of all such Governmental Licences; (C) all of such Governmental Licences are in good standing, valid and in full force and effect; (D) neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation, suspension, termination or modification of any such Governmental Licences, and there are no facts or circumstances, including without limitation facts or circumstances relating to the revocation, suspension, modification or termination of any Governmental Licenses held by others, known to the Company, that could lead to the revocation, suspension, modification or termination of any such Governmental Licenses if the subject of an unfavourable decision, ruling or finding, except where such revocation, suspension, modification or termination is not in respect of a material Governmental Licence or where such revocation, suspension, modification or termination would not, individually or in the aggregate, have a Material Adverse Effect; (E) neither the Company nor any Subsidiary is in material default with respect to filings to be effected or conditions to be fulfilled in order to maintain such Governmental Licenses in good standing; (F) none of such Governmental Licenses contains any term, provision, condition or limitation which has or would reasonably be expected to affect or restrict in any material respect the operations or the Business as now carried on or proposed to be carried on; (G) neither the Company nor any Subsidiary has reason to believe that

any party granting any such Governmental Licenses is considering limiting, suspending, modifying, withdrawing or revoking the same in any material respect;

(ttt) except as disclosed in the Final Prospectus and except as mandated by or in conformity with the recommendations of a Governmental Entity, there has been no closure, suspension or material disruption to the operations of the Company and the Subsidiaries as a result of the novel coronavirus disease outbreak (the "**COVID-19 Outbreak**");

(uuu) the Company and the Subsidiaries have put reasonable measures in place to ensure the safety of their employees as they continue to operate during the COVID-19 Outbreak;

(vvv) all forward-looking information and statements of the Company contained in the Offering Documents, including any forecasts and estimates, expressions of opinion, intention and expectation have been based on assumptions that are reasonable in the circumstances, and the Company has updated such forward-looking information and statements as required by and in compliance with Applicable Securities Laws;

(www) the statistical, industry and market related data included in the Offering Documents are derived from sources which the Company reasonably believes to be accurate, reasonable and reliable, and such data is consistent with the sources from which it was derived;

(xxx) all information which has been prepared by the Company relating to the Company or any of the Subsidiaries and the Business, property and liabilities thereof and provided or made available to the Agents, and all financial, marketing, sales and operational information provided to the Agents is, as of the date of such information, true and correct in all material respects, taken as whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;

(yyy) (i) the responses given by the Company and its officers at all oral due diligence sessions conducted by the Agents in connection with the Offering, as they relate to matters of fact, have been and shall continue to be true and correct in all material respects as at the time such responses have been or are given, as the case may be, and such responses taken as a whole have not and shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which such responses were given or shall be given, as the case may be; and (ii) where the responses reflect the opinion or view of the Company or its officers (including responses or portions of such responses which are forward-looking or otherwise relate to projections, forecasts, or estimates of future performance or results (operating, financial or otherwise)), such opinions or views have been and will be honestly held and believed to be reasonable given the circumstances at the time they are given;

(zzz) the Company is not insolvent (within the meaning of Applicable Laws), is able to pay its liabilities as they become due and, upon completion of the Offering, will have sufficient working capital to fund its operations for 12 months following the

Closing Date; the Company has not withheld from the Agents any adverse material facts relating to the Company, any of the Subsidiaries or the Offering;

(aaaa) the Company (i) has not made any significant acquisitions as such term is defined in Part 8 of NI 51-102 in its current financial year or prior financial years in respect of which historical and/or pro forma financial statements or other information would be required to be included or incorporated by reference into the Preliminary Prospectus or the Final Prospectus and for which a business acquisition report has not been filed under NI 51-102, (ii) has not entered into any agreement or arrangement in respect of a transaction that would be a significant acquisition for purposes of Part 8 of NI 51-102, and (iii) there are no proposed acquisitions by the Company that have progressed to the state where a reasonable person would believe that the likelihood of the Company completing the acquisition is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date of the Final Prospectus;

(bbbb) the Company and the Subsidiaries are not currently party to any agreement in respect of, or as any knowledge of, (i) the purchase of any material property or any interest therein, or the sale, transfer or other disposition of any material property or any interest therein currently owned, directly or indirectly, by the Company or a Subsidiary (whether by sale or transfer of shares or sale of all or substantially all of the Assets and Properties of the Company or any Subsidiary or otherwise), (ii) the change of control of the Company or any Subsidiary (whether by sale or transfer of shares or sale of all or substantially all of the Assets and Properties of the Company or otherwise); or (iii) to the knowledge of the Company, a proposed or planned disposition of Common Shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding Common Shares or voting securities of any Subsidiary;

(cccc) all statements made in the Preliminary Prospectus and the Final Prospectus describing the Offered Units, the Shares and the Warrants and the respective attributes thereof are complete and accurate in all material respects;

(dddd) the Company and the Subsidiaries and their directors, officers, employees and other representatives are familiar with and have conducted all transactions, negotiations, discussions and dealings in full compliance with anti-bribery and anti-corruption laws and regulations applicable in any jurisdiction in which they are located or conducting Business. Neither the Company nor any Subsidiary has made any offer, payment, promise to pay, or authorization of payment of money or anything of value to any government official, or any other person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a government official, for the purpose of (i) assisting the parties in obtaining, retaining or directing business; (ii) influencing any act or decision of a government official in his or its official capacity; (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government

or department, agency, instrumentality or entity thereof; or (iv) securing any improper advantage;

(eeee) the operations of the Company and the Subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "**Applicable Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Authority involving the Company or any Subsidiary with respect to Applicable Anti-Money Laundering Laws is, to the knowledge of the Company, pending or threatened;

(ffff) the Company has filed a current annual information form in the form prescribed by NI 51-102 in each of the Qualifying Jurisdictions prior to the date of this Agreement; the Company is as of the date hereof an Eligible Issuer in the Qualifying Jurisdictions and, on the dates of and upon filing of the Preliminary Prospectus and Prospectus, has been and will continue to be an Eligible Issuer in the Qualifying Jurisdictions on the Closing Date and any Option Closing Date, as applicable, and there will be no documents required to be filed under the Applicable Securities Laws of the Qualifying Jurisdictions in connection with the Offering of the Offered Units that will not have been filed as required as at those respective dates;

(gggg) the Shares and the Warrants will at the Closing Time qualify as eligible investments as described in the Preliminary Prospectus under the heading "Eligibility for Investment" and the Company will not take or permit any action within its control which would cause the Shares or the Warrants to cease to be qualified, during the period of distribution of the Offered Units, as eligible investments to the extent so described in the Final Prospectus; and

(hhhh) at the time of delivery thereof to the Agents:

(i) the Preliminary Prospectus complied in all material respects, and the Final Prospectus and all Supplementary Material, if any, will comply fully, with the requirements of Applicable Securities Laws;

(ii) the Preliminary Prospectus and the Final Prospectus provided, and all Supplementary Material, if any, will provide, full, true and plain disclosure of all material facts relating to the Company (on a consolidated basis) and the Offered Units; and

(iii) the Preliminary Prospectus and the Final Prospectus did not, and all Supplementary Material, if any, will not contain any misrepresentation.

9. Covenants of the Company

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

(a) will advise the Agents, promptly after receiving notice thereof, of the time when the Final Prospectus and any Supplementary Material have been filed, as applicable, and receipts, as applicable, therefor have been obtained and will provide evidence reasonably satisfactory to the Agents of each such filing and copies of such receipts;

(b) will advise the Agents, promptly after receiving notice or obtaining knowledge of: (i) the issuance by any Securities Commission of any order suspending or preventing the use of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or suspending or seeking to suspend the trading or distribution of the Offered Units, Shares and Warrants; (ii) the suspension of the qualification of the Offered Units for offering or sale in any of the Qualifying Jurisdictions; (iii) the institution, threatening or contemplation of any proceeding for any such purposes; or (iv) any requests made by any Securities Commission for amending or supplementing the Preliminary Prospectus or the Final Prospectus or any Supplementary Material or for additional information, and will use its commercially reasonable efforts to prevent the issuance of any order or any suspension respectively referred to in (i) or (ii) above and, if any such order is issued, to obtain the withdrawal thereof as promptly as possible or if any such suspension occurs, to promptly remedy such suspension in accordance with this Agreement;

(c) will use its commercially reasonable efforts to remain, and to cause each Subsidiary to remain a corporation validly subsisting under the laws of its jurisdiction of incorporation or amalgamation, and to be duly licensed, registered or qualified as an extra-provincial or foreign corporation or entity in all jurisdictions where the character of its properties owned or leased or the nature of the activities conducted by it make such licensing, registration or qualification necessary and to carry on its Business in the ordinary course and in compliance in all material respects with all Applicable Laws of each such jurisdiction except where the failure to be subsisting, licensed, registered or qualified would not be material to the Company or such Subsidiary, provided that the Company shall not be required to comply with this Section 9(c) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Company ceases to be a "reporting issuer" (within the meaning of Applicable Securities Laws);

(d) will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of the Applicable Securities Laws of each of the Qualifying Jurisdictions which have such a concept and will comply with all of its obligations under Applicable Securities Laws for a period of two years from the date hereof, provided that the Company shall not be required to comply with this Section 9(d) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid

pursuant to which the Company ceases to be a "reporting issuer" (within the meaning of Applicable Securities Laws);

(e) will use its commercially reasonable efforts (including, without limitation, making application to the Securities Commissions of each Qualifying Jurisdiction for all consents, orders and approvals necessary) to maintain the listing of the Shares on the TSX or such other recognized stock exchange or quotation system as Echelon, on behalf of the Agents, may approve, acting reasonably, for a period of two years from the date hereof, provided that the Company shall not be required to comply with this Section 9(e) following the completion of a merger, amalgamation, arrangement, business combination or take-over bid pursuant to which the Company ceases to be a "reporting issuer" (within the meaning of Applicable Securities Laws);

(f) will on or before the time of filing the Final Prospectus provide to the Agents a copy of the conditional listing approval of the Shares on the TSX;

(g) will ensure that at the Closing Time the Initial Shares and the Additional Shares (if applicable) have been duly and validly issued as fully paid and non-assessable Common Shares;

(h) will ensure that the Warrants are duly and validly created, authorized and issued and shall have the attributes corresponding to the description thereof set forth in this Agreement and the Warrant Indenture;

(i) will ensure, at all times prior to the date that is 36 months from the Closing Date, that sufficient Warrant Shares are authorized and allotted for issuance upon due and proper exercise of the Warrants, and upon issuance in accordance with the terms of the Warrant Indenture, the Warrant Shares shall be validly issued as fully paid and non-assessable Common Shares;

(j) will ensure that the Broker Warrants are duly and validly created, authorized and issued and shall have the attributes corresponding to the description thereof set forth in this Agreement and the Broker Warrant Certificate;

(k) will ensure, at all times prior to the date that is 24 months from the Closing Date, that sufficient Broker Shares are authorized and allotted for issuance upon due and proper exercise of the Broker Warrants, and upon issuance in accordance with the terms of the Broker Warrant Certificate, the Broker Shares shall be validly issued as fully paid and non-assessable Common Shares;

(l) as of the date hereof it intends to apply the net proceeds from the issue and sale of the Offered Units in accordance with the disclosure set out under the heading "Use of Proceeds" in the Final Prospectus;

(m) will promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Agents may reasonably require from time to time for the purpose of giving effect to this Agreement and take all

such steps as may be reasonably required within its power to implement to the full extent the provisions, and to satisfy the conditions, of this Agreement;

(n) will forthwith notify the Agents of any breach of any covenant of this Agreement or any Ancillary Documents by any party thereto, or upon it becoming aware of any representation or warranty of the Company contained in this Agreement or any Ancillary Document is or has become untrue or inaccurate in any material respect;

(o) will not, at any time prior to the closing of the Offering, halt the trading of the Common Shares on the TSX without the prior written consent of Echelon;

(p) will have, at or prior to the Closing Time or Option Closing Time, as applicable, fulfilled or caused to be fulfilled, each of the conditions set out in Section 10 hereof; and

(q) will make available management of the Company for meetings with investors as scheduled by Echelon at the discretion of Echelon, acting reasonably.

10. Representations and Warranties of the Agents

Each of the Agents hereby severally (and not jointly or jointly and severally) represents and warrants to the Company, and acknowledges that the Company is relying on such representations and warranties, that, as of the date hereof:

(a) it is, and will remain, until the completion of the Offering, appropriately registered under Applicable Securities Laws so as to permit it to lawfully fulfil its obligations hereunder;

(b) it has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated under this Agreement on the terms and conditions set forth herein;

(c) this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation of it enforceable against it 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, except as limited by the application of equitable principles when equitable remedies are sought and except as rights to indemnity, contribution and waiver of contribution may be limited by Applicable Laws;

(d) the Broker Warrants have not been and will not be registered under the U.S. Securities Act, and the Broker Warrants may not be exercised in the United States or by, or for the account or benefit of, any U.S. Person or person in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act. In connection with the issuance of the Broker Warrants, it represents and warrants that it is acquiring the Broker Warrants as principal for its own account and not for the benefit of any other person. Furthermore, in connection with the issuance of the Broker Warrants, it represents and warrants that (i) it is not a U.S. Person and it is not acquiring the Broker Warrants in the United States, or

on behalf of a U.S. Person or a person located in the United States, and (ii) this Agreement was executed and delivered outside the United States.

The representations and warranties of each Agent contained in this Agreement shall be true at the Closing Time as though they were made at the Closing Time and they shall not survive the completion of the transactions contemplated under this Agreement but shall terminate on the completion of the distribution of the Offered Units.

11. Conditions of Closing

The obligations of the Agents hereunder with respect to the Offering will be subject to the completion by the Agents of a due diligence review satisfactory to the Agents in their sole judgment and to the satisfaction (or waiver by the Agents in their sole discretion) of the following additional conditions, as applicable, which conditions the Company covenants to exercise its commercially reasonable efforts to have fulfilled on or prior to the Closing Time or any Option Closing Date, as applicable:

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

(i) the Company is a "reporting issuer", or its equivalent, in each of the Qualifying Jurisdictions and it is not listed as in default of Applicable Securities Laws in any of the Qualifying Jurisdictions which maintain such a list;

(ii) the Company is a corporation duly incorporated and validly existing under OBCA, and has all requisite corporate power, capacity and authority to carry on its Business as now conducted and to own, lease and operate its Assets and Properties as described in the Final Prospectus;

(iii) as to the authorized and issued capital of the Company;

(iv) the Initial Shares have been duly and validly authorized and, upon the Company having received the consideration for the issue of the Initial Shares, the Initial Shares will be issued and outstanding as fully paid and non-assessable Common Shares in the capital of the Company;

(v) the Over-Allotment Option has been duly and validly authorized and granted by the Company and the Additional Shares and Additional Warrants issuable upon the exercise of the Over-Allotment Option have been duly and validly allotted and reserved for issuance by the Company and, upon the exercise of the Over-Allotment Option for Additional Units including receipt by the Company of payment in full therefor, the Additional Shares will have been duly and validly authorized and issued and will be outstanding as fully-paid and non-assessable shares in the capital of the

Company and the Additional Warrants will have been duly and validly created, authorized and issued by the Company;

(vi) the Warrants have been duly and validly created, authorized and issued by the Company and the Warrants Shares issuable upon the exercise of the Warrants have been duly and validly allotted and reserved for issuance by the Company and, upon the exercise of the Warrants in accordance with their terms, including payment of the exercise price therfor, the Warrant Shares will have been duly and validly authorized and issued and will be outstanding as fully-paid and non-assessable Common Shares in the capital of the Company;

(vii) the Broker Warrants have been duly and validly authorized and granted by the Company and the Broker Shares issuable upon the exercise of the Broker Warrants have been duly and validly allotted and reserved for issuance by the Company and, upon the exercise of the Broker Warrants in accordance with their terms, including payment of the exercise price therfor, the Broker Shares will have been duly and validly authorized and issued and will be outstanding as fully-paid and non-assessable Common Shares in the capital of the Company;

(viii) the Company has all necessary corporate power and capacity: (i) to execute and deliver this Agreement and the Warrant Indenture and to perform its obligations hereunder and thereunder; (ii) to offer, issue, sell and deliver the Initial Shares and the Initial Warrants comprising the Initial Units; (iii) to grant the Over-Allotment Option and offer, issue, sell and deliver the Additional Shares and Additional Warrants comprising the Additional Units issuable upon exercise of the Over-Allotment Option; (iv) to issue, sell and deliver the Warrant Shares upon the due exercise of the Initial Warrants and Additional Warrants; (v) to grant and issue the Broker Warrants; and (vi) to issue, sell and deliver the Broker Shares upon the due exercise of the Broker Warrants;

(ix) all necessary corporate action has been taken by the Company to authorize the execution and delivery of each of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material and the filing thereof with the Securities Commissions;

(x) the Company has duly authorized, executed and delivered, this Agreement, the Warrant Indenture and the Broker Warrant Certificate, and authorized the performance of its obligations hereunder and thereunder, including the offering, creation (as applicable), issue, sale and delivery of the Initial Shares and the Initial Warrants comprising the Initial Units, the grant of the Over-Allotment Option, the offering, creation (as applicable) issue, sale and delivery of the Additional Shares and Additional Warrants comprising the Additional Units issuable upon exercise of the Over-Allotment Option, the creation and grant of the Broker Warrants, the issue, sale and delivery of the Broker Shares upon exercise of the Broker Warrants and the offering, issue,

sale and delivery of the Warrant Shares upon the exercise of the Warrants, and each of this Agreement and the Warrant Indenture constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to certain qualifications, including the Qualification;

(xi) the execution and delivery of this Agreement and the Warrant Indenture and the fulfillment of the terms hereof and thereof, including the offering, creation (as applicable), issue, sale and delivery of the Initial Shares and the Initial Warrants comprising the Initial Units, the grant of the Over-Allotment Option, the offering, creation (as applicable) issue, sale and delivery of the Additional Shares and Additional Warrants comprising the Additional Units upon exercise of the Over-Allotment Option, the creation and grant of the Broker Warrants, the issue, sale and delivery of the Broker Shares comprising the Broker Warrants and the offering and the issue, sale and delivery of the Warrant Shares upon the exercise of the Warrants, and the consummation of the transactions contemplated by this Agreement and the Warrant Indenture, do not result in a breach of (whether after notice or lapse of time or both) or constitute a default under the articles and by-laws of the Company, or any applicable corporate law or Applicable Securities Laws;

(xii) the form and terms of the (i) definitive certificate representing the Warrants and (ii) Broker Warrant Certificate have been approved by the directors of the Company and comply in all material respects with the OBCA, the constating documents of the Company and the rules of the TSX;

(xiii) the Broker Warrant Certificate constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to certain qualifications, including the Qualification;

(xiv) Odyssey Trust Company has been duly appointed as the warrant agent for the Warrants;

(xv) all necessary documents have been filed, all requisite proceedings have been taken, all approvals, permits and consents of the appropriate regulatory authority in each Qualifying Jurisdiction have been obtained, and all necessary legal requirements have been fulfilled, in order to qualify the distribution of the Initial Shares and the Initial Warrants comprising the Initial Units, the Over-Allotment Option and the Additional Shares and the Additional Warrants comprising the Additional Units in each of the Qualifying Jurisdictions by or through investment dealers or brokers duly registered under the Applicable Securities Laws who comply with the relevant provisions of such laws and the terms of such registration and who have complied with the relevant provisions of such Applicable Securities Laws;

(xvi) the issuance by the Company of the Warrant Shares in accordance with and pursuant to the terms and conditions of the Warrants is exempt from the

prospectus requirements of the Applicable Securities Laws in the Qualifying Jurisdictions and no prospectus or other document is required to be filed, no proceeding is required to be taken and no authorization, approval, permit or consent of the Securities Commissions is required to be obtained by the Company under the Applicable Securities Laws in the Qualifying Jurisdictions to permit such issuance of the Warrant Shares;

(xvii) the issuance by the Company of the Broker Shares in accordance with and pursuant to the terms and conditions of the Broker Warrants is exempt from the prospectus requirements of the Applicable Securities Laws in the Qualifying Jurisdictions and no prospectus or other document is required to be filed, no proceeding is required to be taken and no authorization, approval, permit or consent of the Securities Commissions is required to be obtained by the Company under the Applicable Securities Laws in the Qualifying Jurisdictions to permit such issuance of the Broker Shares;

(xviii) the first trade in Warrant Shares underlying the Warrants is exempt from the prospectus requirements of the Applicable Securities Laws in the Qualifying Jurisdictions and no prospectus or other document is required to be filed, no proceeding is required to be taken and no approval, permit, consent or authorization of regulatory authorities is required to be obtained by the Company under Applicable Securities Laws of the Qualifying Jurisdictions to permit such trade through registrants registered under Applicable Securities Laws who have complied with such laws and the terms and conditions of their registration, provided that (i) such trade is not a "control distribution" as that term is defined in National Instrument 45-102 – *Resale of Securities* at the time of such trade, (ii) the Company is a reporting issuer (as defined under Applicable Securities Laws) at the time of such first trade, and (iii) such first trade is not a transaction or series of transactions involving a purchase and sale or a repurchase and resale in the course of or incidental to a distribution;

(xix) subject only to the Standard Listing Conditions, the Shares have been conditionally listed or approved for listing on the TSX;

(xx) the statements set forth in the Prospectus under the heading "Certain Federal Income Tax Considerations" are accurate in all material respects, subject to the limitations, qualifications and assumptions set out therein; and

(xxi) the statements set forth in the Prospectus under the heading "Eligibility for Investment" are accurate in all material respects, subject to the limitations, qualifications and assumptions set out therein.

In connection with such opinion, counsel to the Company may rely on the opinions of local counsel in the Qualifying Jurisdictions acceptable to counsel to the Agents, acting reasonably, as to the qualification for distribution of the Offered Units or opinions may be given directly by local counsel of the Company with respect to those items and as to other matters governed by the laws of jurisdictions other than the province or provinces in which the Company's Canadian counsel are qualified

to practice and may rely, to the extent appropriate in the circumstances but only as to matters of fact, on certificates of officers of the Company and others;

(b) the Agents shall have received a legal opinion from legal counsel to, and duly qualified to practice law in the jurisdiction of existence of, the Material Subsidiaries, addressed to the Agents and legal counsel to the Agents with respect to: (i) the existence of the Material Subsidiaries; (ii) the issued and outstanding securities of the Material Subsidiaries and the securities thereof held by the Company or a Subsidiary; (iii) the corporate power and capacity of the Material Subsidiaries to carry on its Business and activities and to own and lease its Assets and Properties; each such opinion to be in form and substance, acceptable in all reasonable respects to the Agents and its legal counsel;

(c) the Agents shall have received a certificate dated the Closing Date or the Option Closing Date, as applicable, signed by the Chief Executive Officer and Chief Financial Officer of the Company or any other senior officer(s) of the Company as may be acceptable to the Agents, in form and content satisfactory to the Agents' counsel, acting reasonably, with respect to:

(i) the articles and by-laws of the Company;

(ii) resolutions of the Company's board of directors relevant to, among other things, the issue and sale of the Offered Units, the Shares, the Warrants and the Broker Warrants sold by the Company and the authorization of this Agreement and the other agreements and transactions contemplated herein; and

(iii) the incumbency and signatures of signing officers of the Company;

(d) the Agents shall have received a certificate of status or the equivalent dated within one Business Day of the Closing Date, in respect of the Company and the Subsidiaries;

(e) the Company shall cause its current auditors to deliver to the Agents a "bring down" comfort letter, addressed to the Agents and the board of directors of the Company, dated the Closing Date, in form and substance satisfactory to the Agents, acting reasonably, bringing forward to a date not more than two Business Days prior to the Closing Date or Option Closing Date, as applicable, the information contained in the comfort letters referred to in Section 5(a)(iii) hereof;

(f) the Company shall deliver to the Agents, at the Closing Time, certificates dated the Closing Date or the Option Closing Date, as applicable, addressed to the Agents and signed by the Chief Executive Officer and the Chief Financial Officer of the Company, or such other senior officer(s) of the Company as may be acceptable to

the Agents, certifying for and on behalf of the Company and without personal liability, to the effect that:

(i) the Company has complied in all respects with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing Time;

(ii) the representations and warranties of the Company contained herein are true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) as at the Closing Time with the same force and effect as if made on and as at the Closing Time after giving effect to the transactions contemplated hereby;

(iii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading or prohibiting the sale of the Offered Units or any other securities of the Company (including the Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened by any regulatory authority;

(iv) since the respective dates as of which information is given in the Final Prospectus or any Supplementary Material (A) there has been no material change in the Company or its Subsidiaries, (B) there has been no material and adverse change (financial or otherwise) in the Business, assets (including intangible assets), affairs, operations, prospects, liabilities (contingent or otherwise), capital, properties, condition (financial or otherwise) or results of operations or control of the Company and the Subsidiaries (taken as a whole), and (C) no transaction has been entered into by or affecting the Company or any Subsidiary which is material to the Company and the Subsidiaries (taken as a whole), other than as disclosed in the Final Prospectus or in any Supplementary Material;

(v) there has been no change in any material fact (which includes the disclosure of any previously undisclosed material fact) contained in the Final Prospectus which fact or change is, or may be, of such a nature as to render any statement in the Final Prospectus misleading or untrue in any material respect or which would result in a misrepresentation in the Final Prospectus or which would result in the Final Prospectus not complying with Applicable Securities Laws; and

(vi) such other matters as the Agents may reasonably request;

(g) the Agents shall have received copies of correspondence indicating that the Company has obtained all necessary approvals for the issuance of the Initial Shares, the Additional Shares, the Warrant Shares and the Broker Shares to be listed on the TSX, subject only to the Standard Listing Conditions;

(h) the Agent shall have received subscriptions for a minimum of $5,000,000 of Offered Units and such subscriptions shall not have been withdrawn;

(i) the representations and warranties of the Company contained in this Agreement will be true and correct in all material respects (or, in the case of any representation or warranty containing a materiality or Material Adverse Effect qualification, in all respects) at and as of the Closing Time on the Closing Date, and, if applicable, the Option Closing Date as if such representations and warranties were made at and as of such time and all agreements, covenants and conditions required by this Agreement to be performed, complied with or satisfied by the Company at or prior to the Closing Time on the Closing Date or the Option Closing Date, as applicable, will have been performed, complied with or satisfied prior to that time;

(j) the absence of any misrepresentations in the Offering Documents or undisclosed material change or undisclosed material facts relating to the Company, any Subsidiary or the Offered Units;

(k) the Company shall have received a Preliminary Receipt and a Final Receipt qualifying the Offered Units for distribution in the Qualifying Jurisdictions, and neither the Preliminary Receipt nor the Final Receipt shall be invalid or have been revoked or rescinded by any Securities Commission;

(l) the Agents shall have received a certificate from Odyssey Trust Company as to the number of Shares issued and outstanding as at the date immediately prior to the Closing Date;

(m) the Agents shall have received such other certificates, opinions, agreements or closing documents in form and substance reasonably satisfactory to the Agents as the Agents may reasonably request;

(n) the Agents shall not have exercised any rights of termination set forth herein; and

(o) all senior officers and directors of the Company will have entered into an agreement with, and in a form and substance satisfactory to, Echelon on the Closing Date pursuant to which they will agree not to sell, transfer or pledge, or otherwise dispose of, any securities of the Company for a period of 90 days following the Closing Date, without the prior written consent of Echelon, such consent not to be unreasonably withheld or delayed, except with respect to (i) transfers for bona fide tax or estate planning purposes, provided that each transferee shall, as a condition precedent to such transfer, agree to enter into a substantially similar lock-up letter agreement in favour of the Agents; or (ii) pursuant to a take-over bid or any other similar business combination transaction, including, without limitation, a merger, arrangement or amalgamation of the Company.

12. Closing

The closing of the purchase and sale of the Offered Units shall be completed electronically at the Closing Time at the Toronto offices of DLA Piper (Canada) LLP and Goodmans

LLP or at such other place as Echelon and the Company shall agree upon. At the Closing Time:

(a) the Company will deliver to Echelon, or as Echelon may direct, (i) via electronic deposit or represented by one or more certificates in definitive form, the Initial Shares and Warrants, in each case registered in the name of "CDS & Co." or in such other name or names as Echelon may notify the Company in writing not less than 48 hours prior to the Closing Time or made and settled in CDS under the non-certificated inventory system, (ii) the Broker Warrant Certificate, in each case registered in such name or names as Echelon shall notify the Company in writing not less than 48 hours prior to the Closing Time, and (iii) all further documentation as may be contemplated in this Agreement or as counsel to the Agents may reasonably require; against payment by the Agents to the Company of the applicable Issue Price for the Initial Units and any Additional Units being issued and sold under this Agreement, net of the Agents' Fees and the Agents' expenses contemplated in Section 16 of this Agreement, by certified cheque, bank draft or wire transfer payable to or as directed by the Company not less than 48 hours prior to the Closing Time; and

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

13. Restrictions on Further Issues or Sales

During the period commencing on the date hereof and for a period of 90 days after the Closing Date, the Company will not, without the written consent of Echelon, such consent not to be unreasonably withheld or delayed, issue, agree to issue, or announce an intention to issue, any Common Shares or any securities convertible into or exchangeable for Common Shares except in connection with: (i) the exchange, transfer, conversion or exercise rights of existing outstanding securities; (ii) the issuance of options, or, if available, share-based awards under the share incentive plans of the Company and other share compensation arrangements; (iii) the Offering; or (iv) the issuance of securities by the Company in connection with acquisitions in the normal course of business; or (v) in the case that the Offering results in gross proceeds of less than $7,000,000, one or more financings for gross proceeds of up to an aggregate of $4,000,000 at any time following the date which is 60 days after the date of the Closing Date.

14. Indemnification by the Company

(a) The Company shall fully indemnify and save harmless each of the Agents and their respective affiliates and their respective directors, officers, employees, shareholders, partners, advisors and agents and each other person, if any, controlling each Agent or its affiliates (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against any and all liabilities, claims (including securityholder actions, derivative or otherwise), actions, losses, costs, damages and expenses (including the aggregate amount paid in settlement of any action, suit, proceeding, investigation or claim) and the reasonable fees and expenses of their counsel (collectively, "**Losses**") that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "**Claims**" and individually, a "**Claim**") to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as the Losses and/or Claims relate to, are caused by, result from, arise out of, or are in connection with, directly or indirectly:

(i) the breach of any representation or warranty of the Company made in any Ancillary Document or the failure of the Company to comply with any of its obligations in any Ancillary Document or any omission or alleged omission to state in any Ancillary Document any fact required to be stated in such document or necessary to make any statement in such document not misleading in light of the circumstances under which it was made;

(ii) any information or statement (except any Agents' Information) in any of the Offering Documents (including, for greater certainty, the Documents Incorporated by Reference and any Subsequent Disclosure Documents) containing or being alleged to contain a misrepresentation or being or being alleged to be untrue, or based upon any omission or alleged omission to state in any of the Offering Documents any material fact required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;

(iii) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating solely to the Agents' Information) contained in any of the Offering Documents or any other document or material filed or delivered on behalf of the Company pursuant to this Agreement, preventing or restricting the trading in or the sale or distribution of the Offered Units, the Shares, the Warrants, the Broker Warrants, or any other securities of the Company;

(iv) the non-compliance by the Company with any Applicable Securities Laws or other regulatory requirements or the rules of the TSX including the

Company's non-compliance with any statutory requirement to make any document available for inspection;

(v) any statement contained in the Disclosure Record which at the time and in the light of the circumstances under which it was made, contained or is alleged to have contained a misrepresentation or untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances in which they were made;

(vi) the omission or alleged omission to state in this Agreement any fact required to be stated herein or necessary to make any statement herein not misleading in light of the circumstances under which it was made;

(vii) any misrepresentation or alleged misrepresentation by or on behalf of the Company (other than by the Agents and Selling Firms) relating to the Offering, whether oral or written and whether made during and in connection with the Offering, where such misrepresentation may give or gives rise to any other liability under any statute in any jurisdiction which is in force on the date of this Agreement;

(viii) any failure or alleged failure to make timely disclosure of a material change by the Company, where such failure or alleged failure occurs during the Offering or during the period of distribution of the Offered Units or where such failure relates to the Offering or the Offered Units, and may give or gives rise to any liability under any statute in any jurisdiction which is in force on the date of this Agreement; or

(ix) any material breach of any representation or warranty of the Company contained herein or the failure of the Company to comply with any of its covenants or other obligations contained herein or to satisfy any conditions contained herein required to be satisfied by the Company which would have a Material Adverse Effect.

(b) If any Claim contemplated by this Section 14 shall be asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this Section 14 shall come to the knowledge of any of the Indemnified Parties, the Indemnified Party concerned shall promptly notify in writing the Company of the nature of such Claim (provided that any failure to so notify in respect of any Claim or potential Claim shall affect the liability of the Company under this Section 14 only if and to the extent that the Company is materially and adversely prejudiced by such failure). The Company shall, subject as hereinafter provided, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any such Claim; provided that the defence shall be through legal counsel selected by the Company and acceptable to the Indemnified Party, acting reasonably. An Indemnified Party shall have the right to employ separate counsel in any such Claim and participate

in the defence thereof but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless:

(i) the Company fails to assume the defence of such Claim on behalf of the Indemnified Party within ten days of receiving notice of such suit;

(ii) the employment of such counsel has been authorized by the Company; or

(iii) the named parties to any such Claim (including any added or third parties) include the Indemnified Party and the Company and the Indemnified Party shall have been advised by counsel that representation of the Indemnified Party by counsel for the Company is inappropriate as a result of the potential or actual conflicting interests of those represented or that there may be legal defences available to the Indemnified Party or Indemnified Parties which are different from or in addition to those available to the Company or that the subject matter of the Claim may not fall within the foregoing indemnity or that there is a conflict of interest between the Company and the Indemnified Parties;

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

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

(c) The Company hereby acknowledges and agrees that, with respect to Sections 14 and 15 hereof, the Agents is contracting on its own behalf and as agents for their affiliates, and its and their respective directors, officers, employees, partners, shareholders, advisors, agents and each other person, if any, controlling the Agents or its affiliates (collectively, the "**Beneficiaries**"). In this regard, the Agents shall act as trustee for the Beneficiaries of the covenants of the Company under

Sections 14 and 15 hereof with respect to the Beneficiaries and accepts these trusts and shall hold and enforce such covenants on behalf of the Beneficiaries.

(d) The Company hereby waives any right it may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this indemnity. The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any person asserting Claims on behalf of or in right of the Company for or in connection with the Offering except to the extent any Losses suffered by the Company are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted from the gross negligence, fraud, illegal act or wilful misconduct of such Indemnified Party.

(e) Notwithstanding anything to the contrary contained herein, the foregoing indemnity in this Section 14 shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Losses to which the Indemnified Party may be subject were caused primarily by the gross negligence, fraud, illegal act or wilful misconduct of the Indemnified Party. For greater certainty, the Company and the Agents agree that they do not intend that any failure by the Agents to conduct such reasonable investigation as necessary to provide the Agents with reasonable grounds for believing the Offering Documents contained no misrepresentation shall constitute "fraud" or "illegal act" for purposes of this Section 14.

(f) The Company agrees that in case any legal proceeding shall be brought against the Company and/or the Agents by any governmental commission or regulatory authority or any stock exchange or other entity having regulatory authority, either domestic or foreign, or if any such commission or authority shall investigate the Company and/or the Indemnified Parties and any Indemnified Parties shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with, or by reason of the performance of professional services rendered to the Company by the Agents, the Indemnified Parties shall have the right to employ their own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs (including an amount to reimburse the Agents for time spent by the Indemnified Parties in connection therewith) and out-of-pocket expenses incurred by Indemnified Parties in connection therewith shall be paid by the Company as they occur. The Company agrees to reimburse the Agents for the time spent by their personnel in connection with any Claim at their normal per diem rates.

(g) The rights to indemnification provided in this Section 14 shall be in addition to and not in derogation of any other rights which the Agents may have by statute or otherwise at law.

15. Contribution

(a) In order to provide for just and equitable contribution in circumstances in which the indemnity provided in Section 14 hereof would otherwise be available in accordance with its terms but is, for any reason held to be illegal, unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, the Company and the Agents shall contribute to the aggregate of all Losses of the nature contemplated in Section 14 hereof and suffered or incurred by the Indemnified Parties (i) in such proportion as is appropriate to reflect not only the relative benefits received by the Company, on the one hand, and the Agents on the other hand, from the distribution of the Offered Units, (ii) or, if the allocation provided by (i) is not permitted by Applicable Law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Agents, on the other hand, in respect of such Losses and (iii) relevant equitable considerations; provided that the Company shall in any event contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim any excess of such amount over the amount actually received by the Agents or any other Indemnified Party under this Agreement and further provided that the Agents shall not in any event be liable to contribute, in the aggregate, any amount in excess of such total Agents' Fees or any portion thereof actually received by the Agents. However, no party who has engaged in any gross negligence, fraud, fraudulent misrepresentation or wilful misconduct shall be entitled to claim contribution from any person who has not engaged in such gross negligence, fraud, fraudulent misrepresentation or wilful misconduct.

(b) If the Company may be held to be entitled to contribution from the Agents under the provisions of any statute or at law, except in the case of gross negligence, fraud, illegal act or wilful misconduct on the part of the Agents, the Company shall be limited to contribution in an aggregate amount not exceeding the lesser of:

(i) the portion of the full amount of the Losses giving rise to such contribution for which the Agents are responsible, as determined in Section 14(a); and

(ii) the amount of the aggregate Agents' Fees actually received by the Agents from the Company under this Agreement.

(c) The rights to contribution provided in this Section 15 shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law.

(d) If an Indemnified Party has reason to believe that a claim for contribution may arise, the Indemnified Party shall give the Company notice thereof in writing, but failure to so notify shall not relieve the Company of any obligation which it may have to the Indemnified Party under this Section 15 provided that the Company is not materially and adversely prejudiced by such failure, and the right of the Company to assume the defence of such Indemnified Party shall apply as set out in Section 14 hereof, *mutatis mutandis*.

16. Fees and Expenses

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

(a) all expenses of or incidental to the creation, issue, sale or distribution of the Offered Units and the filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

(b) the fees and expenses of the auditors, counsel to the Company and all local counsel (including disbursements and GST or HST, if and as applicable, on all of the foregoing);

(c) all costs incurred in connection with the preparation and printing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material contemplated hereunder and otherwise relating to the Offering; and

(d) the reasonable out-of-pocket expenses and fees of the Agents, including the reasonable documented fees and expenses of the Agents' legal counsel (such fees not to exceed $100,000, exclusive of taxes and disbursement), with such expenses to be paid by the Company at the Closing Time or at any other time requested by the Agents, provided that all fees and expenses incurred by the Agents, or on its behalf, pursuant to the Offering shall be payable by the Company immediately upon receiving an invoice therefor from the Agents.

17. All Terms to be Conditions

The Company agrees that the conditions contained in Section 10 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Company and that it will use its commercially reasonable efforts to cause all such conditions to be complied with. Any breach or failure to comply with or satisfy any of the conditions set out in Section 10 shall entitle the Agents to terminate its obligation to purchase the Offered Units, by written notice to that effect given to the Company at or prior to the Closing Time. It is understood that the Agents may waive, in whole or in part, or extend the time for compliance until no later than 90 days from the date of the Final Receipt with, any of such terms and conditions without prejudice to the rights of the Agents in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agents any such waiver or extension must be in writing.

18. Termination by Agents in Certain Events

(a) Each Agent shall also be entitled to terminate its obligations under this by written notice to that effect given to the Company at or prior to the Closing Time if:

(i) there is a material change or a change in a material fact or new material fact shall arise, or there should be discovered any previously undisclosed

material fact required to be disclosed in the Preliminary Prospectus or the Final Prospectus or any amendment thereto, in each case, that has or would be expected to have, in the sole opinion of such Agent, acting reasonably, a material adverse change or effect on the Business or affairs of the Company and the Subsidiaries or on the market price or the value of the Common Shares or other securities of the Company;

(ii) (A) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the TSX or any securities regulatory authority or any law or regulation is enacted or changed which in the sole opinion of such Agent, acting reasonably, operates to prevent or materially restrict the trading of the Shares or any other securities of the Company or materially and adversely affects or might be expected to materially and adversely affect the market price or value of the Offered Units, the Shares, the Warrants, the Broker Warrants or other security of the Company; or (B) if there should develop, occur or come into effect or existence any event, action, state, condition (including without limitation, terrorism or accident) or major financial occurrence of national or international consequence or any new or change in any law or regulation which in the sole opinion of such Agent, acting reasonably, materially adversely affects, or involves, or would reasonably be expected to materially adversely affect or involve, the financial markets in Canada generally or the Business, operations or affairs of the Company and its Subsidiaries taken as a whole;

(iii) the Company is in material breach of any term, condition or covenant of this Agreement or any representation or warranty given by the Company in this Agreement is or becomes false in any material respect;

(iv) any order to cease or suspend trading in the Shares or any other securities of the Company or prohibiting or restricting the distribution of any securities of the Company, including the Offered Units, is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, the TSX or any other competent authority, and has not been rescinded, revoked or withdrawn;

(v) the due diligence investigations performed by the Agents or their representatives reveal any previously undisclosed material information or fact, which, in the sole opinion of the Agents acting reasonably, is materially adverse to the Company or its business, or in the opinion of the Agents, acting reasonably, would reasonably be expected to materially adversely affect the price or value of the Common Shares or any other securities of the Company;

(vi) the state of financial markets in Canada is such that, in the reasonable opinion of such Agent, the Offered Units cannot be marketed profitably; or

(vii) such Agent and the Company agree in writing to terminate this Agreement in relation to such Agent.

(b) For certainty, the outbreak of COVID-19 and any interruption to the business, affairs, or financial condition of the Company or any event, action state or condition or major financial occurrence, arising as a result of policies in place as of the date of this Agreement to address COVID-19, including the extension of the time that any such policy shall be in effect beyond their current proposed end date, shall not constitute an event or occurrence which will enable the Agents to rely on any of Section 18(a)(i) or (ii) hereof. For greater certainty, any measure not already in effect that is implemented after date hereof to address the outbreak of COVID -19 that results in a material adverse change or disaster as described in Section 18(a)(i) or (ii) hereof, shall constitute an event or occurrence which will enable the Agents to rely on any of Section 18(a)(i) or (ii) hereof.

(c) If this Agreement is terminated by any of the Agents pursuant to Section 18(a), there shall be no further liability on the part of such Agent, or on the part of the Company to such Agent except in respect of any liability which may have arisen or may thereafter arise under Sections 14, 15 and 16.

(d) The right of each Agent to terminate its obligations under this Agreement is in addition to such other remedies as it may have in respect of any default, act or failure to act of the Company in respect of any of the matters contemplated by this Agreement.

19. Over-Allotment

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

20. Notices

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

in the case of the Company, to:

Avicanna Inc.
480 University Avenue, Suite 1502
Toronto, ON M5G 1V2

Email: [REDACTED]
Attention: Setu Purohit, President

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

DLA Piper (Canada) LLP
100 King St. W., Suite 6000
Toronto, Ontario
M5X 1E2

Email: russel.drew@dlapiper.com
Attention: Russel Drew

in the case of the Agents, to:

Echelon Wealth Partners Inc.
1 Adelaide Street East, Suite 2100
Toronto, ON M5C 2V9

Email: [REDACTED]
Attention: Peter Graham, Managing Director

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

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Email: agoodman@goodmans.ca
Attention: Allan Goodman

The Company and the Agents may change their respective addresses for notice by notice given in the manner aforesaid. Each notice shall be personally delivered to the addressee or sent by electronic transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered 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 (ii) a notice which is sent by electronic transmission shall be deemed to be given and received on the Business Day on which it is confirmed to have been sent.

21. Relationship between the Company and the Agents

In connection with the services described herein, the Agents shall act as independent contractor, and any duties of the Agents arising out of this Agreement shall be owed solely to the Company. The Company acknowledges that each of the Agents is a securities firm that is engaged in securities trading and brokerage activities, as well as providing investment banking and financial advisory services, which may involve services provided to other companies engaged in businesses similar or competitive to the Business and that the Agents shall have no obligation to disclose such activities and services to the Company. The Company acknowledges and agrees that in connection with all aspects of the

engagement contemplated hereby, and any communications in connection therewith, the Company, on the one hand, and the Agents and any of their respective affiliates through which they may be acting, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agents or such affiliates, and each party hereto agrees that no such duty will he deemed to have arisen in connection with any such transactions or communications. The Company acknowledges and agrees that it waives, to the fullest extent permitted by law, any claims the Company and its affiliates may have against any of the Agents for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Agents shall have no liability (whether direct or indirect) to the Company or any of its affiliates in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company. Information which is held elsewhere within any of the Agents, but of which none of the individuals in the investment banking department or division of any of the Agents involved in providing the services contemplated by this Agreement actually has knowledge (or without breach of internal procedures can properly obtain) will not for any purpose he taken into account in determining any of the responsibilities of the Agents to the Company under this Agreement.

22. Miscellaneous

(a) Except with respect to Sections 14, 15, and 18, all transactions and notices on behalf of the Agents hereunder or contemplated hereby may be carried out or given on behalf of the Agents by Echelon and Echelon shall in good faith discuss with the other Agents the nature of any such transactions and notices prior to giving effect thereto or the delivery thereof, as the case may be.

(b) This Agreement shall enure to the benefit of, and shall be binding upon, the Agents and the Company and their respective successors and legal representatives, provided that no party may assign this Agreement or any rights or obligations under this Agreement, in whole or in part, without the prior written consent of the other party (provided that Echelon shall represent the Agents in this regard).

(c) This Agreement, including all schedules to this Agreement, constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter, except as set out in the Letter Agreement. This Agreement may only be amended, supplemented, or otherwise modified by written agreement signed by all of the parties.

(d) The Company acknowledges and agrees that: (i) the Offering contemplated by this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and the several Agents, on the other; (ii) in connection therewith and with the process leading to such transaction each Agent is acting solely as a principal and not the agent or fiduciary of the Company; (iii) no Agent has assumed an advisory or fiduciary responsibility in favour of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Agent has advised or is concurrently advising the Company on other

matters) or any other obligation to the Company except the obligations expressly set forth in this Agreement; and (iv) the Company has consulted its own legal and financial advisors to the extent they deemed appropriate. The Company agrees that it will not claim that the Agents, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company in connection with such transaction or the process leading thereto.

(e) The Company acknowledges and agrees that all written and oral opinions, advice, analyses and materials provided by the Agents in connection with this Agreement and their engagement hereunder are intended solely for the Company's benefit and the Company's internal use only with respect to the Offering and the Company agrees that no such opinion, advice, analysis or material will be used for any other purpose whatsoever or reproduced, disseminated, quoted from or referred to in whole or in part at any time, in any manner or for any purpose, without the Agents' prior written consent in each specific instance. Any advice or opinions given by the Agents hereunder will be made subject to, and will be based upon, such assumptions, limitations, qualifications, and reservations as such Agent(s), in its/their sole judgment, deems necessary or prudent in the circumstances. The Agents expressly disclaim any liability or responsibility by reason of any unauthorized use, publication, distribution of or reference to any oral or written opinions or advice or materials provided by the Agents or any unauthorized reference to the Agents or this Agreement.

(f) The Company acknowledges that Echelon is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and financial advisory services and that in the ordinary course of its trading and brokerage activities, Echelon and/or any of its affiliates at any time may hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities of the Company or any other company that may be involved in a transaction or related derivative securities.

(g) Neither the Company nor the Agents shall make any public announcement in connection with the Offering, except if the other party (provided that Echelon shall represent the Agents in this regard) has consented to such announcement or the announcement is required by applicable laws or stock exchange rules. In such event, the party proposing to make the announcement will provide the other party with a reasonable opportunity, in the circumstances, to review a draft of the proposed announcement and to provide comments thereon.

(h) Each of the parties hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

(i) No waiver of any provision of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in

exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.

(j) If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

(k) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties submit to the exclusive jurisdiction of the courts of the Province of Ontario.

(l) Time shall be of the essence hereof and, following any waiver or indulgence by any party, time shall again be of the essence hereof.

(m) The words, "hereunder", "hereof" and similar phrases mean and refer to the Agreement formed as a result of the acceptance by the Company of this offer by the Agents to offer and sell on a commercially reasonable "best efforts" basis the Offered Units.

(n) All warranties, representations, covenants (including indemnification obligations) and agreements of the Company herein contained or contained in any Ancillary Document shall survive the offer and sale by the Agents of the Offered Units and shall continue in full force and effect for the benefit of the Agents regardless of the Closing of the sale of the Offered Units, any subsequent disposition of the Offered Units by the purchasers thereof or the termination of the Agents' obligations under this Agreement for a period of two years from the date hereof and shall not be limited or prejudiced by any investigation made by or on behalf of the Agents in accordance with the preparation of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or the distribution of the Offered Units or otherwise, and the Company agrees that the Agents shall not be presumed to know of the existence of a claim against the Company under this Agreement or any Ancillary Document or in connection with the offer and sale of the Offered Units as a result of any investigation made by or on behalf of the Agents in accordance with the preparation of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or the distribution of the Offered Units or otherwise.

(o) Each of the parties hereto shall be entitled to rely on delivery of a facsimile or portable document format copy of this Agreement and acceptance by each such party of any such facsimile or portable document format copy shall be legally effective to create a valid and binding agreement between the parties hereto in accordance with the terms hereof.

(p) 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.

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

Yours very truly,

ECHELON WEALTH PARTNERS INC.

Per: (Signed) *Peter Graham*
Name: Peter Graham
Title: Managing Director

BEACON SECURITIES LIMITED

Per: (Signed) *Justin Gilman*
Name: Justin Gilman
Title: VP Investment Banking

CANACCORD GENUITY CORP.

Per: (Signed) *Graham Saunders*
Name: Graham Saunders
Title: Vice Chairman, Managing Director, Head of Capital Markets Origination

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

AVICANNA INC.

Per: (Signed) *Aras Azadian*
Name: Aras Azadian
Title: Chief Executive Officer

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