

AGENCY AGREEMENT

December 13, 2018

Avicanna Inc.
661 University Avenue
Suite 1300, Unit 1397
Toronto, Ontario
M5G 0B7

Attention: Aras Azadian, Chief Executive Officer

Dear Sirs/Mesdames:

Sprott Capital Partners, a division of Sprott Private Wealth LP ("**Sprott**") as lead agent, Paradigm Capital Inc. and Interward Asset Management Inc. (collectively, the "**Agents**" and each individually, an "**Agent**") understand that Avicanna Inc. (the "**Corporation**") proposes to create, issue and sell special warrants (the "**Special Warrants**") of the Corporation at a price of \$8.00 per Special Warrant (the "**Issue Price**") on a private placement basis for aggregate proceeds of up to \$20,000,000, all subject to the terms and conditions set out herein (the "**Offering**").

The Corporation agrees that the Agents will be permitted to appoint, at their sole expense, other registered dealers or other dealers duly qualified in their respective jurisdictions (the "**Selling Group**"), as their agents to assist in the Offering in the Selling Jurisdictions and that the Agents may determine the remuneration payable by the Agents to such other Selling Group members appointed by them, provided that such remuneration shall not in any way increase the aggregate compensation payable to the Agents by the Corporation under this Agreement.

The Special Warrants will be duly and validly created and issued by the Corporation and governed by the terms of special warrant certificates ("**Special Warrant Certificates**") to be issued effective on the Closing Date by the Corporation.

Each Special Warrant will be automatically exercised (without payment of any further consideration and subject to customary anti-dilution adjustments) into one unit of the Corporation (a "**Unit**") at no additional cost, at 5:00 p.m. EST on the earlier of: (i) the date that is three Business Days following the date on which the Corporation obtains a receipt from the applicable Canadian Securities Regulators (as defined herein) for a final prospectus qualifying the distribution of the Units issuable upon exercise of the Special Warrants (the "**Final Qualification Prospectus**"); and (ii) the date which is 120 days following the Closing Date (as defined below) (the "**Qualification Date**").

The Corporation will use its commercially reasonable efforts to prepare and file the Preliminary Qualification Prospectus (as defined herein) with the applicable Canadian Securities Regulators within 30 days from the Closing Date (the "**Filing Condition**"), and to obtain a receipt from the applicable Canadian Securities Regulators for the Final Qualification Prospectus within 120 days from the Closing Date. In the event that the Filing Condition is not met, each unexercised Special Warrant will entitle the holder thereof to receive upon the automatic exercise thereof, at no additional consideration, 1.12 Units, instead of one Unit (the additional 0.12 Units are collectively

referred to as "**Penalty Units**"), subject to adjustment in accordance with the Special Warrant Certificates. Any fractional entitlement to Penalty Units will be rounded down to the nearest whole Penalty Unit. Unless the context otherwise requires, any reference herein to "**Units**" shall include any Penalty Units issued by the Corporation.

In connection with the filing of the Final Qualification Prospectus, the Corporation will apply to have the Common Shares listed for trading on an Exchange (as defined below).

The description of the Special Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Special Warrants to be set forth in the Special Warrant Certificates. In case of any inconsistency between the description of the Special Warrants in this Agreement and the terms of the Special Warrants as set forth in the Special Warrant Certificates, the provisions of the Special Warrant Certificates shall govern.

Each Unit to be issued upon the automatic exercise of the Special Warrants shall be comprised of one common share in the capital of the Corporation (a "**Unit Share**") and one half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one common share in the capital of the Corporation (a "**Warrant Share**") for a period of 24 months from the Closing Date at a price of \$10.00 per Warrant Share, subject to adjustment in certain events. However, if the volume weighted average price of the Common Shares on the Exchange (as defined below) is equal to or greater than \$12.50 for a period of 10 consecutive trading days, the Corporation may at its option elect to accelerate the expiry of the Warrants by providing notice to the holders thereof, in which case the Warrants will expire on the 30th calendar day following delivery of such notice. The Warrants shall be governed by the terms and conditions contained in the Warrant Certificates.

The Corporation shall grant the Agents an option (the "**Over-Allotment Option**") to purchase up to an additional 20% of the number of Special Warrants sold under the Offering at the Issue Price. The Over-Allotment Option shall be exercisable, in whole or in part, on or before the date that is two Business Days prior to the Closing Date.

Upon and subject to the terms and conditions set forth herein, the Corporation hereby appoints the Agents, and the Agents hereby agree to act, as exclusive agents to the Corporation to offer for sale by way of private placement on "best efforts" agency basis, without underwriter liability, the Special Warrants to be issued and sold pursuant to the Offering (other than Special Warrants sold to Purchasers on the Strategic Investors' List) and the Agents agree to arrange for Purchasers of the Special Warrants (other than Purchasers on the Strategic Investors' List) in the Designated Jurisdictions (as hereinafter defined), and in those jurisdictions outside Canada where the Special Warrants may lawfully be sold, pursuant to the terms and conditions hereof. It is understood and agreed that the Agents are under no obligation to purchase any of the Special Warrants, although any of the Agents may subscribe for Special Warrants if they so desire.

Under the Offering, the Corporation shall be entitled to sell Special Warrants to those parties identified on a written list of investors (the "**Strategic Investors' List**") to be delivered by the Corporation to Sprott prior to the Closing Date, together with the number of Special Warrants to be subscribed for by each. The minimum gross proceeds from subscribers on the Strategic Investors' List will be \$1,000,000.

In consideration of the services to be rendered by the Agents in connection with the Offering, the Corporation will pay to the Agents a cash commission equivalent to 6% of the aggregate gross proceeds of the Offering, excluding any proceeds from the sale of Special Warrants to subscribers on the Strategic Investors' List (the "**Cash Commission**"). As additional consideration for the services to be rendered by the Agents hereunder, the Agents shall receive broker warrants ("**Compensation Options**") in an amount equal to 6% of the securities sold under the Offering, excluding the securities sold to subscribers on the Strategic Investors' List. Each Compensation Option shall entitle the Agents to purchase one unit, being comprised of one Compensation Share and one half of one Compensation Warrant, at any time on or before the date which is 24 months after the date of issuance at the Issue Price, on the same terms as the units issuable on the automatic exercise of the Special Warrants. The Compensation Options shall be governed by the terms and conditions contained in the Compensation Option Certificate.

On account of the proceeds raised under the Offering from subscribers on the Strategic Investors' List, if such proceeds are less than \$5,000,000, then the Agents will receive Compensation Options in an amount equal to 3% of the securities sold under the Offering to subscribers on the Strategic Investors' List. If the proceeds raised under the Offering from subscribers on the Strategic Investors' List is \$5,000,000 or more, then the Agents will receive Compensation Options in an amount equal to the aggregate of (i) 3% of the securities sold under the Offering to subscribers on the Strategic Investors' List up to \$5,000,000 and (ii) 6% of the securities sold under the Offering to subscribers on the Strategic Investors' List over \$5,000,000.

The Special Warrants to be offered pursuant to the Offering will be issued and sold in Canadian jurisdictions and such other jurisdictions as may be agreed to by the Corporation and the Agents, to "accredited investors" pursuant to the exemption from the prospectus requirement at Section 2.3 of National Instrument 45-106 *Prospectus Exemptions*, Section 73.3 of the *Securities Act* (Ontario) and such other exemptions from the prospectus requirement as may be agreed between the Corporation and the Agents. All sales will be subject to the receipt of necessary regulatory approvals.

Offers and sales of Special Warrants in the United States may only be made to U.S. Accredited Investors (as defined herein) pursuant to Rule 506(b) of Regulation D and Section 4(a)(2) of the U.S. Securities Act (as defined herein) by the Corporation directly pursuant to and in accordance with United States securities laws.

Capitalized terms not otherwise defined on the face page, page 2 or page 3 of this Agreement have the meanings ascribed to them in the Definitions section contained herein.

DEFINITIONS

In this Agreement, in addition to the terms defined above or elsewhere in this Agreement, the following terms shall have the following meanings:

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

"**affiliate**", "**associate**", "**material change**", "**material fact**" and "**misrepresentation**" have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

"**Agents**" has the meaning ascribed thereto on the first page hereof;

"**Agents' Expenses**" has the meaning ascribed thereto in Section 13;

"**Agreement**" means this agreement, including all schedules hereto, as amended or supplemented from time to time;

"**Applicable Laws**" means all applicable laws, rules, regulations, policies, statutes, ordinances, codes, orders, consents, decrees, judgments, decisions, rulings, awards, or guidelines of any Governmental Entity, and the terms and conditions of any Authorizations, including any judicial or administrative interpretation thereof; provided that in the context of the United States "Applicable Laws" shall be limited to the state of California and shall exclude the federal laws of the United States otherwise applicable therein, including, without limitation, 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, and as the context may require, all applicable securities laws in each Selling Jurisdiction, the Canadian Securities Laws and the securities laws of the United States and any state of the United States;

"**Authorization**" means any regulatory approval, licence, permit, approval, consent, certificate, registration, filing or other authorization of or issued by any Governmental Entity under Applicable Laws;

"**Business**" means the business of the Corporation as currently conducted and as proposed to be conducted by itself and through the Subsidiaries, being 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 Assets**" means all tangible and intangible property and assets owned (either directly or indirectly), leased, licensed, loaned, operated, developed or used, including all real property, fixed assets, facilities, equipment, inventories and accounts receivable, by the Corporation and the Subsidiaries in connection with the Business;

"**Business Day**" means a day which is not a Saturday, Sunday or statutory or civic holiday in the City of Toronto, Ontario;

"**Canadian Securities Laws**" means, collectively, all applicable securities laws in each of the Designated Jurisdictions, and the respective rules regulations made thereunder, together with applicable published policy statements, fee schedules, prescribed forms, policy statements, national or multilateral instruments, orders, blanket orders and other regulatory instruments of the Canadian Securities Regulators and all discretionary orders or rulings, if any, of the Canadian Securities Regulators made in connection with the transactions contemplated by this Agreement;

"Canadian Securities Regulators" means, collectively, the applicable securities commissions or securities regulatory authorities in each of the Designated Jurisdictions, and "Canadian Securities Regulator" means any one of them;

"Cash Commission" has the meaning ascribed thereto on the third page hereof;

"Closing" means the completion of the issue and sale by the Corporation and the purchase by the Purchasers of the Special Warrants as contemplated by this Agreement and the Subscription Agreements;

"Closing Date" means December 13, 2018 or such other date as the Corporation and the Agents may agree upon in writing;

"Closing Time" means at or before 11:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Corporation and the Agents may agree upon in writing;

"Common Shares" means the common shares in the capital of the Corporation;

"Compensation Option Certificates" means the certificates representing the Compensation Options and containing the terms thereof;

"Compensation Options" has the meaning ascribed thereto on the third page hereof;

"Compensation Securities" means collectively, the Compensation Options, Compensation Shares, Compensation Warrants and Compensation Warrant Shares;

"Compensation Shares" means the Common Shares issuable on the exercise of the Compensation Options;

"Compensation Warrant Shares" means the Common Shares issuable on exercise of the Compensation Warrants;

"Compensation Warrants" means the Warrants issuable on the exercise of the Compensation Options;

"Corporate Presentation" means the investor presentation of the Corporation dated October 24, 2018.

"Corporation" means Avicanna Inc.;

"CSE" means the Canadian Securities Exchange;

"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 Corporation is a party or to which its properties or assets are otherwise bound and which is material to the Corporation on a consolidated basis, and related security documentation;

"Designated Jurisdictions" means each of the provinces of Canada where Special Warrants are sold and such other jurisdictions as the Corporation and the Agents may agree;

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

"Due Diligence Responses" means the written responses of the Corporation dated November 9, 2018 to the Agents' written due diligence questions, which have been provided by the Corporation to the Agents;

"Due Diligence Session" has the meaning ascribed thereto in Section 2;

"Employee Plans" has the meaning ascribed thereto in Section 7(zz);

"Environmental Laws" means all Applicable Laws relating to the environment or environmental issues (including air, surface, water and stratospheric matters), pollution or protection of human health and safety, including without limitation relating to the release, threatened release, manufacture, processing, blending, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials;

"Exchange" means the CSE or the NEO, as applicable;

"Final Qualification Prospectus" means the final prospectus of the Corporation to be approved, signed and certified in accordance with the Passport System;

"Financial Statements" has the meaning ascribed thereto in Section 7(p);

"Governmental Entity" means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) subdivision, agent, commission, board, or authority of any of the foregoing, or (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under, or for the account of, any of the foregoing;

"Hazardous Material" means chemicals, fluids, pollutants, contaminants, wastes, toxic substances and hazardous substances, including petroleum and petroleum products;

"IFRS" means International Financial Reporting Standards;

"including" means including without limitation;

"Intellectual Property" means any registered or unregistered trade-marks and trade-mark applications, trade names, certification marks, patents and patent applications, copyrights, domain names, industrial designs, trade secrets, know-how, formulae, processes, inventions, technical expertise, research data and other similar property, all associated registrations and applications for registration, and all associated rights, including moral rights;

"knowledge of the Corporation" (or similar phrases) means the actual knowledge of Aras Azadian, Chief Executive Officer of the Corporation and Setu Purohit, President and Co-Founder of the Corporation about the facts and circumstances to which such phrase related, after having

made due and applicable inquiries and investigations in connection with such facts and circumstances that would ordinarily be made by such senior officer in the discharge of his duties;

"Listing" means the listing of the Common Shares on the Exchange;

"Material Adverse Effect" means any event, change, fact, or state of being which could reasonably be expected to have a significant and adverse effect on the business, affairs, capital, operation, properties, permits, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or prospects of, as applicable in the context of the Corporation and the Subsidiaries on a consolidated basis; provided, however, that it will not include any fact, circumstance, event, change, effect, occurrence, or event 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 Corporation or its Subsidiaries operates in general and which, in each case, does not have a materially disproportionate effect on the Corporation and its Subsidiaries, on a consolidated basis;

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

"Money Laundering Laws" has the meaning ascribed thereto in Section 7(y);

"NEO" means Aequitas NEO Exchange Inc.;

"NI 45-106" means National Instrument 45-106 *Prospectus Exemptions*;

"NP 11-202" means National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*;

"Offering" has the meaning ascribed thereto on the first page hereof;

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

"Over-Allotment Option" has the meaning ascribed thereto on the second page hereof;

"Passport System" means the procedures described under Multilateral Instrument 11-102 *Passport System* and NP 11-202;

"Penalty Units" has the meaning ascribed thereto on the first page hereof;

"person" means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, Corporation, body corporate, Governmental Entity or other legal entity;

"Personnel" has the meaning ascribed thereto in Section 15(a);

"Preliminary Qualification Prospectus" means the preliminary prospectus of the Corporation to be approved, signed and certified in accordance with the Passport System;

"Purchasers" means the persons who are qualified purchasers in the Selling Jurisdictions who (as purchasers or beneficial purchasers) acquire Special Warrants by duly completing, executing and delivering Subscription Agreements and any other required documentation and permitted assignees or transferees of such persons from time to time;

"Securities Regulators" means, collectively, the Canadian Securities Regulators and any other applicable securities regulator in the other Selling Jurisdictions;

"Selling Jurisdictions" means the Designated Jurisdictions, the United States and such other jurisdictions as agreed to by the Corporation and the Agents where Special Warrants are sold;

"Shareholders Agreement" means the shareholders agreement of the Corporation dated March 15, 2017;

"Special Warrant Certificates" means the certificates representing the Special Warrants and containing the terms thereof;

"Special Warrants" has the meaning ascribed thereto on the first page hereof;

"Sprott" has the meaning ascribed thereto on the first page hereof;

"Strategic Investors' List" has the meaning ascribed thereto on the second page hereof;

"Subscription Agreements" means, collectively, the subscription agreements in the forms agreed upon by the Corporation and the Agents, pursuant to which Purchasers agree to subscribe for and purchase Special Warrants as herein contemplated and shall include, for greater certainty, all schedules thereto;

"Subsidiaries" means the subsidiaries of the Corporation named in Schedule "A" hereto;

"Supplementary Material" means, collectively, any amendment to the Preliminary Qualification Prospectus or the Final Qualification Prospectus, or any amended or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Corporation under Canadian Securities Laws relating to the qualification for distribution of the Units under applicable Canadian Securities Laws;

"Taxes" has the meaning ascribed thereto in Section 7(w);

"Transaction Documents" means, collectively, this Agreement, the Subscription Agreements, the Special Warrant Certificates and the Compensation Option Certificates;

"U.S. Accredited Investor" means those "accredited investors" within the definition of Rule 501(a) of Regulation D adopted pursuant to the U.S. Securities Act;

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

"**Underlying Securities**" means collectively, the Unit Shares, the Warrants and the Warrant Shares;

"**Unit Shares**" has the meaning ascribed thereto on the second page hereof;

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

"**Units**" has the meaning ascribed thereto on the first page hereof;

"**Warrant Certificates**" means the certificates representing the Warrants and containing the terms thereof;

"**Warrant Shares**" has the meaning ascribed thereto on the second page hereof; and

"**Warrants**" has the meaning ascribed thereto on the second page hereof.

TERMS AND CONDITIONS

1. Offering and Sale of the Special Warrants.

- (a) **Sale on Exempt Basis.** The Agents shall offer for sale and sell the Special Warrants pursuant to the Offering in the Selling Jurisdictions in accordance with the terms of this Agreement and in compliance with Applicable Securities Laws, on a private placement basis and in such a manner so as not to require registration thereof or filing of a prospectus, registration statement or similar disclosure document or impose on the Corporation additional continuous reporting obligations under Applicable Securities Laws;
- (b) **Filings.** The Corporation undertakes to file, or cause to be filed, all forms or undertakings required to be filed by the Corporation in connection with the issue and sale of the Special Warrants and the Compensation Options (including a Form 45-106F1 with the applicable Canadian Securities Regulators) so that the distribution of the Special Warrants and the Compensation Options may lawfully occur without the necessity of filing a prospectus, registration statement or other offering document in the Selling Jurisdictions. All fees payable in connection with such filings shall be at the expense of the Corporation.
- (c) **Other Obligations.** Neither the Corporation nor the Agents shall: (i) provide to any prospective purchasers of Special Warrants any document or other material that would constitute an offering memorandum within the meaning of Canadian Securities Laws, other than the Corporate Presentation; or (ii) engage in any form of general solicitation or general advertising in connection with the offer and sale of the Special Warrants, including any advertisement, article, notice or other communication published in any newspaper, magazine, printed public media,

printed media or similar media, or broadcast over radio, television or telecommunications, including electronic display, or any seminar or meeting relating to the offer and sale of the Special Warrants whose attendees have been invited by general solicitation or advertising.

- (d) **Legends – Securities Laws.** The Special Warrants (and the Underlying Securities, if applicable), and the Compensation Securities, if applicable, shall have attached to them, whether through the electronic deposit system of CDS, an ownership statement issued under a direct registration system or other electronic book-entry system, or on certificates that may be issued, as applicable, any legends as may be prescribed by CDS in addition to a legend substantially in the following form:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) DECEMBER 13, 2018, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

And, if applicable:

"THIS CERTIFICATE IS SUBJECT TO A SHAREHOLDERS' AGREEMENT DATED MARCH 15, 2017, AS AMENDED, SUPPLEMENTED, RESTATED, REPLACED OR OTHERWISE MODIFIED FROM TIME TO TIME, AND THE SHARES REPRESENTED BY THIS CERTIFICATE CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF OR MORTGAGED, PLEDGED, HYPOTHECATED, CHARGED OR OTHERWISE ENCUMBERED EXCEPT PURSUANT TO THE TERMS OF THE SUCH SHAREHOLDERS' AGREEMENT"

- (e) **No U.S. Registration.** The Corporation will not have any obligation to register any of the Special Warrants or the Underlying Securities or Compensation Securities under the U.S. Securities Act.

2. Due Diligence.

Prior to the Closing Time on the Closing Date, the Corporation shall: (i) allow the Agents and their representatives the opportunity to conduct all due diligence investigations which the Agents may reasonably require to be conducted in connection with the Offering prior to and until the Closing Time on the Closing Date; (ii) make available to the Agents (and their counsel), on a timely basis all books and records including all corporate, financial, property, legal and operational information and documentation of the Corporation, and will provide access, during normal business hours, to all facilities, properties, employees, auditors, legal counsel, consultants or other experts of the Corporation, to permit the Agents, their legal counsel and other advisers to conduct their due diligence investigation of the business and affairs of the Corporation; (iii) assist the Agents in sourcing any other information useful and necessary to conducting such due diligence; (iv) make

available its senior management and its legal counsel and shall use commercially reasonable efforts to cause certain members of senior management of the Corporation to answer any questions which the Agents may have and to participate in one or more due diligence sessions to be held prior to Closing and prior to the filing of each of the Preliminary Qualification Prospectus and the Final Qualification Prospectus (each, a "**Due Diligence Session**"); and (v) make available and provide to the Agents (and their counsel), on a timely basis, all agreements, arrangements and understandings in connection with the transactions contemplated by the Transaction Documents to which the Corporation has had access and is permitted to make available.

3. Covenants of the Corporation.

The Corporation covenants to the Agents and the Purchasers, and acknowledges that each of them is relying on such covenants in connection with the purchase of the Special Warrants, that the Corporation shall:

- (a) allow the Agents and their representatives the opportunity to conduct all due diligence which the Agents may reasonably require to be conducted in connection with the transactions contemplated by the Transaction Documents;
- (b) duly execute and deliver the Transaction Documents, as applicable, at the Closing Time, and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Corporation by the Closing Time, other than those that have been waived by the Agents;
- (c) fulfil or cause to be fulfilled, at or prior to the Closing Time, each of the conditions applicable to the Corporation set out in Section 10 of this Agreement, other than those that have been waived by the Agents;
- (d) use commercially reasonable efforts to obtain all consents, approvals, permits, authorizations or filings as may be required under Applicable Securities Laws or otherwise necessary for the execution and delivery of and the performance by the Corporation of its obligations hereunder and under the Transaction Documents;
- (e) duly execute and deliver the Special Warrant Certificates at the Closing Time on the Closing Date and comply with and satisfy all terms, conditions and covenants therein contained to be completed with or satisfied by the Corporation by such time;
- (f) ensure that, at the Closing Date, the Special Warrants are duly and validly created, authorized and issued, and shall have the attributes corresponding to the description thereof set forth in the Special Warrant Certificates;
- (g) ensure that, at the Closing Date, the Unit Shares and Warrants issuable on the automatic exercise of the Special Warrants have been duly authorized and validly allotted for issuance by the Corporation and shall, upon issuance in accordance with the terms of the Special Warrant Certificates be outstanding and, in respect of the Unit Shares, as fully paid and non-assessable Common Shares;

- (h) ensure that, at the Closing Date and until the expiry of the Warrants, the Warrant Shares issuable on exercise of the Warrants have been duly authorized and validly allotted for issuance by the Corporation and shall, upon issuance in accordance with the terms of the Warrant Certificates, be outstanding as fully paid and non-assessable Common Shares;
- (i) ensure that, at the Closing Date, the Compensation Options are duly and validly created, authorized and issued, and shall have the attributes corresponding to the description thereof set forth in the Compensation Option Certificate;
- (j) ensure that, at the Closing Date and until the expiry of the Compensation Options and the Compensation Warrants, the Compensation Shares issuable upon exercise of the Compensation Options and the Compensation Warrant Shares issuable upon exercise of the Compensation Warrants have been duly authorized and validly allotted for issuance by the Corporation and shall, upon issuance in accordance with the terms of the Compensation Option Certificates, be outstanding as fully paid and non-assessable Common Shares;
- (k) prepare and file all forms, documents, notices and certificates within prescribed time periods required by Canadian Securities Regulators in connection with the issuance and sale of the Special Warrants by the Corporation, so as to permit and enable such securities to be lawfully distributed on an exempt basis in the Designated Jurisdictions and any other securities regulatory authority of any other jurisdiction where Special Warrants are offered and sold in accordance with this Agreement and the Subscription Agreements;
- (l) in the event that a Purchaser who acquires Unit Shares and Warrants upon the automatic exercise of Special Warrants is or becomes entitled under Canadian Securities Laws to the remedy of rescission by reason of a misrepresentation in the Final Qualification Prospectus, or any Supplementary Material, the Corporation hereby agrees that such holder shall, subject to available defences and any limitation period under Canadian Securities Laws, be entitled to rescission not only of the holder's automatic exercise of its Special Warrants, but also of the private placement transaction under this Agreement pursuant to which the Special Warrants were initially acquired (i.e., the Offering), and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrants. The Corporation agrees that the foregoing rights shall be described in the Preliminary Qualification Prospectus, the Final Qualification Prospectus and any Supplementary Material, and the Corporation agrees to and shall comply with such contractual right of rescission;
- (m) promptly provide to the Agents copies of any filings made by the Corporation of information relating to the Offering with any Canadian Securities Regulators or any regulatory body in Canada or any other jurisdiction;
- (n) promptly provide to the Agents copies of any filings made by the Corporation of information relating to the Listing with the Exchange;

- (o) from the time it has filed a Preliminary Qualification Prospectus, promptly inform the Agents in writing of the particulars of:
 - (i) any material change (whether actual, anticipated, contemplated or proposed by, or threatened), financial or otherwise, in the assets, liabilities, business, affairs, prospectus, operations, cash flow or capital of the Corporation;
 - (ii) any material fact which has arisen or has been discovered or any new material fact which 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, as the case may be; or
 - (iii) any change in a material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact or any new material fact) contained or incorporated by reference in any of the Offering Documents or whether any event or state of facts has occurred after the date of this Agreement, which, in any case, is of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in a misrepresentation in any of the Offering Documents including as a result of any of the Offering Documents containing 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 misleading in the light of the circumstances in which it was made, which would result in any Offering Document not complying with Applicable Securities Laws or which would reasonably be expected to have an effect on the market price or value of the Common Shares;
- (p) advise the Agents, promptly after receiving notice or obtaining knowledge thereof, during the period from the date of this Agreement until the Qualification Date, of:
 - (i) the issuance by any Canadian Securities Regulator or similar regulatory authority of any order suspending or preventing the use of any Offering Document;
 - (ii) the suspension of the qualification of the Units in any of the Designated Jurisdictions;
 - (iii) the institution, threatening or contemplation of any proceeding for any of the purposes in (i) and (ii) above;
 - (iv) any requests made by any Canadian Securities Regulator or similar regulatory authority for information amending or supplementing any of the Offering Documents or for additional information;
 - (v) the receipt by the Corporation of any material communication, whether written or oral, from any Canadian Securities Regulator or similar

regulatory authority or any stock exchange, relating to the distribution of the Units, the Offering or any Offering Document; or

- (vi) any notice or other correspondence received by the Corporation from any Governmental Entity and any request from any such body for information, a meeting or a hearing relating to the Corporation, the Offering or any other event or state of affairs that could, individually or in the aggregate, have a Material Adverse Effect.
- (q) comply with section 57 of the *Securities Act* (Ontario) and with the comparable provisions of other applicable Canadian Securities Laws. The Corporation will promptly prepare and file with the Canadian Securities Regulators any Supplementary Material which in the opinion of the Corporation and the Agents, each acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Units issuable upon the automatic exercise of the Special Warrants for distribution. If the Corporation and the Agents in good faith disagree as to whether a change, fact or event requires the filing of any Supplementary Material in compliance with section 57 of the *Securities Act* (Ontario), the Corporation will prepare and file promptly any Supplementary Material which, in the opinion of the Corporation, acting reasonably, may be necessary or advisable. Upon receipt of any Supplementary Material the Agents shall, as soon as possible, send such Supplementary Material to Purchasers of Special Warrants;
- (r) advise the Agents, promptly after receiving notice thereof, of the time when the Preliminary Qualification Prospectus, the Final Qualification Prospectus, any marketing materials and any Supplementary Material has been filed and receipts therefor (if any) have been obtained pursuant to Canadian Securities Laws and will provide evidence reasonably satisfactory to the Agents of each such filing and copies of such receipts;
- (s) provide prompt written notice to the Agents of any proposed amendment, modification, deletion or waiver of a material provision of the Transaction Documents or Warrant Certificates and provide the Agents with a reasonable amount of time to review and provide comments on any such proposed amendment, modification, deletion or waiver;
- (t) provide written notice to the Agents of the Corporation having elected to accelerate the expiry of the Warrants, at such time as notice is provided to the holders of the Warrants regarding the acceleration;
- (u) not issue, or announce the intention to issue, without the prior written consent of Spratt (on behalf of the Agents), such consent not to be unreasonably withheld, delayed or conditioned, any Common Shares or any securities convertible into or exchangeable for or exercisable to acquire Common Shares for a period commencing on the date hereof and ending 120 days following the completion of the Listing, except in connection with: (i) the grant or exercise of stock options and

other similar issuances pursuant to the stock option plan of the Corporation and other share compensation arrangements outstanding as of the date hereof; (ii) warrants outstanding as of the date hereof; (iii) as full or partial consideration for a bona fide, arm's length transaction relating to the business of the Corporation; (iv) as full or partial consideration to certain service providers in connection with a proposed transaction relating to the sale of some or all of the equity interests of Sativa Nativa S.A.S.; (v) as full or partial consideration in connection with the Corporation's proposed acquisition of an equity interest in Icare Web S.A.S. (or an affiliate thereof); (vi) as full or partial payment to certain bona fide consultants performing services for the Corporation; or (vii) as partial payment for services provided by the Corporation's legal counsel;

- (v) cause each director, officer and holder of greater than 10% of the Common Shares of the Corporation to enter into an agreement on the Closing Date pursuant to which each of such individuals will agree not to sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of any securities of the Corporation if such transfer would result in such shareholder's ownership interest in the Corporation to be less than the number of securities of the Corporation currently owned by such shareholder, until the earlier of: (i) such time as the Common Shares are listed on the Exchange; or (ii) the date that is 30 days after the Qualification Date;
- (w) prior to the date of Listing, and contingent upon the Listing, the Corporation will make commercially reasonable efforts to obtain from each shareholder of the Corporation that: (i) has acquired securities of the Corporation at a price lower than the Issue Price; and (ii) that holds a minimum of 100,000 Common Shares (on a fully diluted basis), an agreement pursuant to which each of such individuals will agree not to sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of any securities of the Corporation held by such shareholders if such transfer would result in such shareholder's ownership interest in the Corporation to be less than the number of securities of the Corporation currently owned by such shareholder, except in accordance with the following release schedule: (i) 20% of the securities subject to such agreement to be released upon the date that is one Business Day following the date on which Listing occurs; (ii) an additional 20% of the securities subject to such agreement to be released on the date that is one month following the date in (i) above; (iii) an additional 20% of the securities subject to such agreement to be released on the date that is one month following the date in (ii) above; (iv) an additional 20% of the securities subject to such agreement to be released on the date that is one month following the date in (iii) above; and (v) an additional 20% of the securities subject to such agreement to be released on the date that is one month following the date in (iv) above. All shareholders who will have their securities of the Corporation subject to escrow pursuant to National Policy 46-201 *Escrow for Initial Public Offerings* shall be excluded from the requirements of this paragraph;
- (x) use the net proceeds of the Offering for general corporate and working capital purposes;

- (y) use its commercially reasonable efforts to: (i) file the Preliminary Qualification Prospectus, in form and substance satisfactory to the Agents, with the Securities Regulators in the Designated Jurisdictions under the Canadian Securities Laws pursuant to the Passport System and NP 11-202 and shall designate the Province of Ontario as the designated and principal jurisdiction thereunder together with the required supporting documents; and (ii) following receipt for the Preliminary Qualification Prospectus, shall use commercially reasonable efforts to promptly resolve all comments received and deficiencies raised by the Canadian Securities Regulators;
- (z) use its commercially reasonable efforts to, as soon as practicable after all comments of the Canadian Securities Regulators have been satisfied with respect to the Preliminary Qualification Prospectus, prepare and file the Final Qualification Prospectus, in form and substance satisfactory to the Agents, with the applicable Canadian Securities Regulators under Canadian Securities Laws, together with the required supporting documents, and obtain the final receipt from the Ontario Securities Commission, as principal regulator, as soon as possible after the filing of the Final Qualification Prospectus, and, in any event, use its commercially reasonable efforts to obtain such document by no later than 5:00 p.m. (EST) on the date that is 120 days following the Closing Date. The Corporation shall promptly take, or cause to be taken, all commercially reasonable steps and proceedings that may from time to time be required under Canadian Securities Laws to qualify the distribution of the Units in the Designated Jurisdictions and shall use its commercially reasonable efforts to ensure that such requirements (including the issuance of a final receipt for the Final Qualification Prospectus) shall be satisfied as soon as reasonably practicable following the Closing Date;
- (aa) the form and substance of the Preliminary Qualification Prospectus, the Final Qualification Prospectus and any supplementary material shall be satisfactory to the Agents, acting reasonably, prior to the filing thereof with the Canadian Securities Regulators. Prior to the filing of the Preliminary Qualification Prospectus, the Final Qualification Prospectus and any supplementary material, the Corporation shall allow the Agents to participate fully in the preparation of such documents and shall allow the Agents to conduct all due diligence which the Agents may reasonably require in order to fulfil their obligations as agents and in order to enable the Agents to responsibly execute any certificate related to such documents required to be executed by the Agents under Canadian Securities Laws. Up to the Qualification Date, the Corporation shall allow the Agents to conduct any due diligence investigations that the Agents reasonably requires to confirm as at any date that the Agents continue to have reasonable grounds for the belief that the Offering Documents do not contain a misrepresentation as at such date or as at the date of such Offering Documents;
- (bb) the Corporation will deliver to the Agents prior to or concurrently with the filing of the Preliminary Qualification Prospectus and the Final Qualification Prospectus and any supplementary material, as applicable:

- (i) a copy of the Preliminary Qualification Prospectus and the Final Qualification Prospectus manually signed on behalf of the Corporation, by the persons and in the form signed and certified as required by Canadian Securities Laws;
- (ii) a copy of any supplementary material, or other document required to be filed with or delivered to, the Canadian Securities Regulators by the Corporation under Canadian Securities Laws in connection with the Offering;
- (iii) concurrently with the filing of the Final Qualification Prospectus, a "long form" comfort letter of the auditors of the Corporation dated as of the date of the Final Qualification Prospectus (with the requisite procedures to be completed by such auditor within two Business Days of the date of such letter), in form and substance satisfactory to the Agents, addressed to the Agents and the directors and officers of the Corporation, with respect to certain financial and accounting information relating to the Corporation in the Final Qualification Prospectus;
- (iv) a copy of any document filed with, or delivered to, the Canadian Securities Regulators by the Corporation under applicable Canadian Securities Laws with the Preliminary Qualification Prospectus, the Final Qualification Prospectus and any supplementary material;
- (v) certificates dated the date of the Preliminary Qualification Prospectus and the Final Qualification Prospectus, addressed to the Agents and signed by an officer of the Corporation, certifying for and on behalf of the Corporation, and not in his personal capacity, after having made all due inquiries, with respect to the following matters:
 - (A) the Corporation has complied in all material respects with all the terms and covenants and satisfied in all material respects all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the date of the Preliminary Qualification Prospectus and the Final Qualification Prospectus, as applicable;
 - (B) no order, ruling or determination having the effect of ceasing or suspending trading in any securities of the Corporation or prohibiting the issue of the Units or any of the Corporation's issued securities, having been issued, and no proceeding for such purposes being threatened or, to the knowledge of such officer, pending;
 - (C) the representations and warranties of the Corporation contained in this Agreement and any certificates of the Corporation delivered pursuant to or in connection with this Agreement being true and correct in all material respects as at the date of the Preliminary

Qualification Prospectus and the Final Qualification Prospectus, as applicable, with the same force and effect as if made on and as at the Closing Date, after giving effect to the transactions contemplated by this Agreement; and

- (D) since the Closing Time, there having been no Material Adverse Effect; and
- (vi) prior to or concurrently with the filing the Final Qualification Prospectus with the applicable Canadian Securities Regulators, the Corporation will deliver to the Agents an opinion with respect to the following matters, which opinion will be held in escrow until such time as a receipt is obtained from the applicable Canadian Securities Regulators with respect to the Final Qualification Prospectus:
- (A) the Corporation has the necessary corporate power and authority to execute and deliver the Preliminary Qualification Prospectus and the Final Qualification Prospectus, as applicable and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Preliminary Qualification Prospectus and the Final Qualification Prospectus and the filing thereof, as the case may be, in each of the Designated Jurisdictions in accordance with applicable Canadian Securities Laws;
 - (B) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under Canadian Securities Laws in order to qualify the distribution of the Unit Shares and Warrants issued upon automatic exercise of the Special Warrants to the holders of such Special Warrants in each of the Designated Jurisdictions;
 - (C) the statements and opinions concerning tax matters set forth in the Final Qualification Prospectus under the headings (including for certainty, all subheadings under each such headings) "Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations" insofar as they purport to describe the provisions of the laws referred to therein are fair and adequate summaries of the matters discussed therein subject to the qualifications, assumptions and limitations set out under such headings; and
 - (D) the attributes of the Special Warrants, Unit Shares, Warrants and Warrant Shares conform in all material respects with the description thereof contained in the Final Qualification Prospectus.

4. Covenants of the Agents.

The Agents hereby covenant to the Corporation and acknowledge that the Corporation is relying upon such covenants, that the Agents shall (and will use commercially reasonable efforts to cause the Selling Group members to):

- (a) conduct all activities in connection with the Offering in compliance with Applicable Securities Laws and all other laws applicable to the Agents (or an affiliate of the Agents) or the Selling Group members (or an affiliate thereof);
- (b) obtain from each Purchaser a completed and executed Subscription Agreement (including all certifications, forms and other documentation contemplated thereby or as may be required by applicable securities regulatory authorities) in a form acceptable to the Corporation and the Agents, including, without limitation, an acknowledgement to be bound by the Shareholders Agreement;
- (c) not solicit, offer, sell, trade, distribute or otherwise do any act in furtherance of a trade of the Special Warrants in such manner as to require registration of the Special Warrants or the filing of a prospectus, registration statement or any similar document under the laws of any jurisdiction or subject the Corporation to any continuous disclosure or other similar reporting requirements under the laws of any jurisdiction to which it is not currently subject;
- (d) provided that they are otherwise satisfied in their sole discretion, acting reasonably, they will execute and deliver to the Corporation the certificate required to be executed by the Agents under Applicable Securities Laws in connection with the Final Qualification Prospectus and any amendments thereto; and
- (e) not engage in or authorize, directly or indirectly, any form of general advertising in connection with or in respect of the Special Warrants in any newspaper, magazine, printed media of general and regular paid circulation or any similar medium, or broadcast over radio or television or otherwise or conduct any seminar or meeting concerning the offer or sale of the Special Warrants whose attendees have been invited by any general solicitation or general advertising.

5. Material Changes During Distribution.

From the date of this Agreement until completion of the distribution of the Unit Shares and Warrants upon the automatic exercise of the Special Warrants, the Corporation covenants and agrees with the Agents that it shall promptly notify the Agents in writing with full particulars of:

- (a) any Material Adverse Effect;
- (b) any material fact in respect of the Corporation which has arisen or has been discovered and is required to be stated in the Preliminary Qualification Prospectus or the Final Qualification Prospectus or which would have been required to have been stated in the Preliminary Qualification Prospectus or the Final Qualification

Prospectus had the fact arisen or been discovered on, or prior to, the date of such document; and

- (c) 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) (financial or otherwise, actual, anticipated, contemplated or threatened) contained in the Preliminary Qualification Prospectus or the Final Qualification Prospectus which fact or change is, or may be, of such a nature as to render any statement in the Preliminary Qualification Prospectus or the Final Qualification Prospectus misleading or untrue in any material respect or which would result in a misrepresentation in the Preliminary Qualification Prospectus or the Final Qualification Prospectus or the Preliminary Qualification Prospectus or the Final Qualification Prospectus not complying with Applicable Securities Laws.

Until the completion of the distribution of the Unit Shares and Warrants upon the automatic exercise of the Special Warrants, the Corporation shall promptly, and in any event, within any applicable time limitations, comply with all applicable filings and other requirements under Canadian Securities Laws and any other Applicable Securities Laws as a result of such change. During such period, the Corporation shall in good faith discuss with the Agents any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt as to whether notice need be given to the Agents pursuant to this Section 5.

6. Press Releases.

Subject to applicable law, the Corporation agrees that it shall obtain prior approval of the Agents, such approval not to be unreasonably withheld, delayed or conditioned, as to the content and form of any press release relating to the Offering. An appropriate legend concerning United States sales shall be included on each page of any press release, as follows: *"Not for distribution to United States newswire services or for dissemination in the United States"*.

At the end of the press releases, the following language shall also be included: *"This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available."*

7. Representations and Warranties of the Corporation

The Corporation hereby represents and warrants to the Agents and to the Purchasers, and acknowledges that each of them is relying upon each of such representations and warranties in entering into the transactions contemplated hereby, that:

General Matters

- (a) **Good Standing of the Corporation.** The Corporation (i) is a corporation duly incorporated and validly existing under the Act and is up to date in all material corporate filings and in good standing under the Act; and (ii) has all requisite corporate power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets, including its Business Assets.
- (b) **Subsidiaries.** The Corporation does not have any direct or indirect subsidiaries within the meaning of the *Securities Act* (Ontario) or any material investment or proposed investment in any person that is or will be material to the Corporation, other than as disclosed in Schedule "A" to this Agreement.
- (c) **Carrying on Business.** The Corporation and its Subsidiaries are, in all material respects, conducting their business in compliance with all Applicable Laws and regulations of each jurisdiction in which such Business is carried on and is licensed, registered or qualified in all jurisdictions in which it owns, has an interest in, its Business Assets or carries on business to enable its Business to be carried on as now conducted and to be owned, leased and operated. To the knowledge of the Corporation, all such licences, registrations and qualifications are valid, subsisting and in good standing and neither the Corporation nor any Subsidiary has 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, licences, registrations or qualifications. The Corporation is not aware of any legislation or regulations, or proposed legislation or regulations published by a legislative or regulatory body, which it anticipates will or may have a Material Adverse Effect on the Business as currently conducted.
- (d) **No Proceedings for Dissolution.** No proceedings have been taken, instituted or, are pending for the dissolution, liquidation or winding up of the Corporation or any Subsidiary.
- (e) **Freedom to Compete.** Other than as set out in the investment master agreement, amended and restated share purchase agreement and shareholders agreement entered into by the Corporation pursuant to a transaction with Santa Marta Golden Hemp S.A.S., neither the Corporation 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 Corporation 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.
- (f) **Share Capital of the Corporation.** The authorized capital of the Corporation consists of an unlimited number of Common Shares of which, as of the date hereof, 15,531,062 Common Shares are issued and outstanding as fully paid and non-assessable Common Shares and, except for (i) 2,587,500 options issued under the employee stock option plan (exercisable into 2,587,500 Common Shares), and (ii) 3,381,903 warrants, there are no options, warrants or other securities convertible

into, or exchangeable or exercisable for, Common Shares, other than as disclosed in Schedule "B" to this Agreement.

- (g) **Absence of Rights.** Except as set out in the Shareholders Agreement and other than pursuant to the securities referenced in paragraph (f)(i), (ii) and (iii) above, as of the date hereof, no person has any agreement or option or right or privilege (whether at law, pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of, or conversion into, any unissued shares, securities, warrants or convertible obligations of any nature of the Corporation. The Special Warrants, upon issuance, will not be issued in violation of or subject to any pre-emptive rights, participation rights or contractual rights to purchase securities issued by the Corporation.
- (h) **No Voting Control.** Other than the Shareholders Agreement, the Corporation is not a party to, nor is the Corporation 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 Corporation, with respect to the nomination or appointment of any directors or officers of the Corporation, with respect to observer or information rights related to the proceedings or operations of the Corporation or pursuant to which any person may have any right or claim in connection with any existing or past equity interest in the Corporation. The Corporation has not adopted a shareholders' rights plan or any similar plan or agreement.
- (i) **Dividends.** There is not, in the constating documents (or equivalent organizational or governing documents) or in any Material Agreement, Debt Instrument, or other instrument or document to which the Corporation is a party, any restriction upon or impediment to, the declaration of dividends by the directors of the Corporation or the payment of dividends by the Corporation to the holders of the Common Shares. The Corporation has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or securities of any class or, directly or indirectly, redeemed, purchased or otherwise acquired any of its common shares or other securities or agreed to do any of the foregoing.
- (j) **No Cease Trade Orders.** No order ceasing or suspending trading in the Common Shares or other securities of the Corporation or prohibiting the sale or issuance of the Special Warrants or the Compensation Options, has been issued by any regulatory authority and is continuing in effect and to the knowledge of the Corporation no proceedings for that purpose have been instituted or are pending or contemplated or threatened.
- (k) **Reporting Issuer Status.** The Corporation is not a "reporting issuer" in any province or territory of Canada, none of its securities are listed or quoted for trading on any stock exchange, over-the-counter market or other quotation system and the Corporation has not, as of the date hereof, applied to list any of its securities on any stock exchange, over-the-counter market or other quotation system.

- (l) **Material Agreements.** The Material Agreements set out in a list that has been provided to the Agents in writing no less than two Business Days prior to the Closing Date are the only material contracts (as defined under Canadian Securities Laws) of the Corporation on a consolidated basis. All of the Material Agreements have been disclosed and have been provided to the Agents, and each is valid, subsisting, in good standing and in full force and effect, enforceable in accordance with the terms thereof. The Corporation or, to the knowledge of the Corporation, a Subsidiary of the Corporation, as applicable, has performed all obligations (including payment obligations) required to be satisfied by the date hereof in a timely manner under, and is in compliance with, all material terms and conditions contained in each Material Agreement. Neither the Corporation nor, to the knowledge of the Corporation, any Subsidiary is in violation, breach or default nor have they received any notification from any party claiming that the Corporation or any Subsidiary is in violation, breach or default under any Material Agreement and no other party, to the knowledge of the Corporation, is in breach, violation or default of any term under any Material Agreement, other than as disclosed to the Agents in writing and provided in the data room. The Corporation is not aware of, nor has it received any notice of, any steps taken, whether preliminary or otherwise, by any party to any Material Agreements to which the Corporation or a Subsidiary is a party or otherwise bound to cause such Material Agreements or the relationship of the Corporation or a Subsidiary with the counterparties thereto to be terminated or adversely modified, amended or varied or adversely enforced against the Corporation or a Subsidiary, as applicable, other than in accordance with the terms of such Material Agreements.
- (m) **Absence of Debt Instruments.** Neither the Corporation nor, to the knowledge of the Corporation, any Subsidiary is a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument or any other outstanding loans to the Corporation or a Subsidiary from, or any loans by the Corporation or a Subsidiary to or a guarantee by the Corporation or a Subsidiary of the obligations of, any other person.
- (n) **Absence of Breach, Default or Conflict.** The Corporation is not in breach or default of, and the execution and delivery of the Transaction Documents, the performance by the Corporation of its obligations hereunder or thereunder, the issue and sale of the Special Warrants and the Compensation Options and the consummation of the transactions contemplated hereby and thereby do not and will not conflict with or result in a breach or violation of any of the terms of or provisions of, or constitute a default under, whether after notice or lapse of time or both: (i) any statute, rule or regulation applicable to the Corporation or any Subsidiary, including Applicable Securities Laws; (ii) the constating documents or resolutions of the directors (including of committees thereof) or shareholders of the Corporation which are in effect at the date of hereof; (iii) any Material Agreement or Debt Instrument; or (iv) any judgment, decree or order binding the Corporation or a Subsidiary or the properties or assets of the Corporation or a Subsidiary.

- (o) **No Actions or Proceedings.** Other than as disclosed to the Agents in writing or provided in the data room, neither the Corporation nor any Subsidiary are currently a party to any litigation and there are no material claims, actions, proceedings or investigations (other than in connection with a trademark application) currently outstanding, or to the knowledge of the Corporation, threatened or pending, against the Corporation or any Subsidiary at law or in equity (whether in any court, arbitration or similar tribunal) or before or by any Governmental Entity. There are no judgments or orders against the Corporation or any Subsidiary which are unsatisfied, nor are there any consent decrees or injunctions to which the Corporation or any Subsidiary or the properties or assets of the Corporation or any Subsidiary are subject.
- (p) **Financial Statements.** The audited financial statements of the Corporation as at and for the fiscal year ended December 31, 2017 and the interim period ended June 30, 2018 (collectively, the "**Financial Statements**"), contain no misrepresentations, present fairly in all material respects the financial position and results of operations of the Corporation on a consolidated basis as at the dates thereof and for the periods indicated and have been prepared in accordance with IFRS, applied on a consistent basis throughout the periods involved.
- (q) **No Material Changes.** Since June 30, 2018:
 - (i) there has not been any Material Adverse Effect;
 - (ii) except in connection with the purchase of shares of Santa Marta Golden Hemp S.A.S. by the Corporation, there has not been any material change in the capital stock or long-term debt of the Corporation; and
 - (iii) the Corporation and, to the knowledge of the Corporation, its Subsidiaries have carried on its business in the ordinary course.
- (r) **No Off-Balance Sheet Arrangements.** There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or liabilities of the Corporation.
- (s) **Internal Accounting Controls.** The Corporation 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.
- (t) **Independent Auditors.** The auditors of the Corporation are independent public accountants and there has not been any "reportable event" (within the meaning of

National Instrument 51-102 *Continuous Disclosure Obligations*) with respect to the present or any former auditor of the Corporation.

- (u) **Purchases and Sales.** Other than as disclosed to the Agents in writing or provided in the data room in respect of a possible disposition of an interest in Sativa Nativa S.A.S. ("**Sativa Nativa**"), neither the Corporation nor any Subsidiary has approved, entered into any agreement in respect of, or has 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 Corporation or a Subsidiary, whether by asset sale, transfer of shares, or otherwise;
 - (ii) the change of control of the Corporation or a Subsidiary, whether by sale or transfer of voting or equity securities or sale of all or substantially all of the assets of the Corporation or a Subsidiary or otherwise; or
 - (iii) 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.
- (v) **No Non-Arm's Length Loans.** Except as disclosed in the Financial Statements, neither the Corporation nor, to the knowledge of the Corporation, 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 Corporation or any Subsidiary.
- (w) **Taxes.** All taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by the Corporation and its Subsidiaries by the date hereof have been paid. All tax returns, declarations, remittances and filings required to be filed by the Corporation and its Subsidiaries by the date hereof have been filed with all appropriate Governmental Entities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of the Corporation, no examination of any tax return of the Corporation or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Entity respecting any Taxes that have been paid, or may be payable, by the Corporation or any Subsidiary.
- (x) **Anti-Bribery Laws.** The Corporation and, to the knowledge of the Corporation, the Subsidiaries and the directors, officers, employees, consultants, representatives and agents of the Corporation and the Subsidiaries: (i) are in compliance with and have not violated any anti-bribery or anti-corruption laws applicable to the

Corporation, including but not limited to the United States *Foreign Corrupt Practices Act* and the *Corruption of Foreign Public Officials Act* (Canada), and (ii) have not offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (A) to any Government Official, whether directly or through any other person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Entity; or assisting any representative of the Corporation or any Subsidiary in obtaining or retaining business for or with, or directing business to, any person; or (B) to any person in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither the Corporation nor, to the knowledge of the Corporation, any Subsidiary, any director, officer, employee, consultant, representative or agent of the foregoing, has (i) conducted or initiated any review, audit, or internal investigation that concluded the Corporation or any Subsidiary, or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Entity responsible for enforcing anti-bribery or anti-corruption laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such laws, or received any notice, request, or citation from any person alleging non-compliance with any such laws.

- (y) **Anti-Money Laundering.** The operations of the Corporation and, to the knowledge of the Corporation, the Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the money laundering statutes of all other applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or Governmental Entity or any arbitrator involving the Corporation or any Subsidiary with respect to the Money Laundering Laws is pending or, to the best knowledge of the Corporation, threatened.
- (z) **Directors and Officers.** To the knowledge of the Corporation, none of the directors or officers of the Corporation or any Subsidiary are now, or have ever been (i) subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a corporation or of a corporation listed on a particular stock exchange, or (ii) subject to an order preventing, ceasing or suspending trading in any securities of the Corporation, any Subsidiary or other corporation.

- (aa) **Related Parties.** Except as disclosed in the Financial Statements, to the knowledge of the Corporation, none of the directors, officers, employees, consultants or advisors of the Corporation or a Subsidiary, any known holders of more than 10% of any class of shares of the Corporation or a Subsidiary, or any known associate or affiliate of any of the foregoing persons, has had any material interest, direct or indirect, in any previous material transaction or any proposed material transaction with the Corporation or a Subsidiary which, as the case may be, materially affected, is material to or will materially affect the Corporation or a Subsidiary.
- (bb) **Minute Books and Records.** The minute books and records of the Corporation, which the Corporation has made available to the Agents and their counsel in connection with their due diligence investigation of the Corporation for the period from inception to the date of examination thereof, are all of the minute books and all of the records of the Corporation for such period and contain copies of all constating documents, including all amendments thereto, and all proceedings of securityholders and directors (and committees thereof) and are complete in all material respects.
- (cc) **Full Disclosure.** All material information relating to the Corporation and the Business and, to the knowledge of the Corporation, its Subsidiaries and their respective businesses (including plans, projections, strategies and intentions), assets, properties and liabilities, including all financial, marketing, sales and operational information, prepared by the Corporation or the Subsidiaries, as applicable, has been provided or made available to the Agents by the Corporation and such information is true and correct in all material respects and does not contain any misrepresentation as of the date upon which such information was prepared, and the Corporation has informed the Agents of any material change in such information that has occurred between the date such information was prepared and the date hereof.

The Offering

- (dd) **Compliance with Laws, Filings and Fees.** The Corporation has complied in all material respects with all Applicable Laws required to be complied with prior to the Closing Time in connection with the Offering.
- (ee) **Corporate Actions.** All necessary corporate action has been taken by the Corporation so as to validly (i) create and issue the Special Warrants and Compensation Options, (ii) create and authorize for issuance the Warrants and Compensation Warrants, and (iii) allot and authorize for issuance the Unit Shares, Compensation Shares, Warrant Shares and Compensation Warrant Shares.
- (ff) **Valid and Binding Documents.** Each of the execution and delivery of the Transaction Documents and the Warrant Certificates (following the conversion of the Special Warrants) and the performance of the transactions contemplated hereby and thereby have been authorized by all necessary corporate action of the Corporation and upon the execution and delivery of the Transaction Documents

and the Warrant Certificates (following the conversion of the Special Warrants), they shall constitute valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, provided that enforcement thereof may be limited by bankruptcy, insolvency and other 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 and contribution may be unenforceable.

- (gg) **All Consents and Approvals.** All consents, approvals, permits, authorizations or filings as may be required under Applicable Securities Laws, other Applicable Laws, Material Agreements, Debt Instruments or otherwise necessary for: (i) the execution and delivery of the Transaction Documents, (ii) the creation, issuance, sale and delivery, as applicable, of the Special Warrants, Unit Shares, Warrants, Warrant Shares, Compensation Options, Compensation Shares and Compensation Warrant Shares, and (iii) the consummation of the transactions contemplated hereby and thereby, have been made or obtained, as applicable, other than customary post-Closing filings required to be submitted by the Corporation within the applicable time frame pursuant to Applicable Securities Laws.
- (hh) **Validly Issued Special Warrants.** The Special Warrants have been duly and validly created and authorized for issuance and when issued and delivered by the Corporation pursuant to this Agreement and the Subscription Agreement, the Special Warrants will be validly issued.
- (ii) **Validly Issued Unit Shares.** The Unit Shares have been duly allotted and validly authorized for issuance and, upon the automatic exercise of the Special Warrants, the Unit Shares will be validly issued as fully paid and non-assessable Common Shares.
- (jj) **Validly Issued Warrants.** The Warrants have been duly and validly created and authorized for issuance and, upon the automatic exercise of the Special Warrants, the Warrants will be validly issued.
- (kk) **Validly Issued Warrant Shares.** The Warrant Shares have been duly allotted and validly authorized for issuance and, upon the automatic exercise thereof in accordance with the terms and conditions of the Warrant Certificate, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.
- (ll) **Validly Issued Compensation Options.** The Compensation Options have been duly and validly created and authorized for issuance and when issued and delivered by the Corporation pursuant to this Agreement, the Compensation Options will be validly issued.
- (mm) **Validly Issued Compensation Shares and Compensation Warrant Shares Issued to Brokers.** The Compensation Shares and the Compensation Warrant Shares have been duly allotted and validly authorized for issuance and, upon

exercise of the Compensation Options in accordance with the terms and conditions of the Compensation Option Certificates, and upon exercise of the Compensation Warrants in accordance with the terms thereof, the Compensation Shares and the Compensation Warrant Shares will be validly issued as fully paid and non-assessable Common Shares.

- (nn) **Fees and Commissions.** Other than the Agents (and any members of their Selling Group) pursuant to this Agreement, there is no person acting or purporting to act at the request of the Corporation who is entitled to any brokerage, finder, agency or other fiscal advisory or similar fee in connection with the Offering or transactions contemplated herein.
- (oo) **Entitlement to Proceeds.** Other than the Corporation, there is no person that is or will be entitled to the proceeds of the Offering under the terms of any Material Agreement or Debt Instrument or otherwise.
- (pp) **Representations as to Offering Documents.** Filing and delivery to the Agents in accordance with this Agreement of any Offering Document shall constitute a representation and warranty by the Corporation to the Agents that, as at their respective dates, dates of filing and dates of delivery:
 - (i) the information and statements (except information relating solely to the Agents, which has been provided by the Agents to the Corporation in writing specifically for use in any of the Offering Documents (collectively, "**Agents' Information**")) contained in such Offering Documents is true and correct and contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation on a consolidated basis and the Offering as required by applicable Canadian Securities Laws; and
 - (ii) except with respect to any Agents' Information, such documents comply in all material respects with the requirements of Canadian Securities Laws.

Business, Properties and Assets

- (qq) **Title to Business Assets.** The Corporation and, to the knowledge of the Corporation, its Subsidiaries, as applicable, have good, valid and marketable title to and have all necessary rights in respect of all of the properties and Business Assets as owned, leased, licensed, loaned, operated, developed or used by them or over which they have rights, free and clear of any liens, and no other rights or assets are necessary for the conduct of the Business as currently conducted. The Corporation knows of no claim or basis for any claim that might or could have a Material Adverse Effect on the rights of the Corporation or any Subsidiary to use, transfer, lease, license, operate, develop, sell or otherwise exploit the Business Assets and neither the Corporation nor any Subsidiary has any obligation to pay any commission, license fee or similar payment to any person in respect thereof and 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 the Business Assets.

- (rr) **Compliance with Laws, Regulatory Approvals and Authorizations.** All operations of the Corporation and, to the knowledge of the Corporation, the Subsidiaries in respect of or in connection with the Business Assets have been and continue to be conducted in all material respects in accordance with sound industry practices and in material compliance with all Applicable Laws, including all ethical standards applicable to the Corporation's industry and promulgated by any Governmental Entity or otherwise. The Corporation and, to the knowledge of the Corporation, its Subsidiaries have obtained all Authorizations necessary to permit it to conduct the Business as currently conducted and the Corporation is not aware of any basis to not be issued any Authorizations necessary for it or any Subsidiary to conduct such Business as proposed to be conducted. All of such Authorizations issued to date are valid and in full force and effect and the neither the Corporation nor, to the knowledge of the Corporation, any Subsidiary has received any correspondence or notice from any Governmental Entity or other organization or entity alleging or asserting material non-compliance with any Applicable Laws or Authorizations. Neither the Corporation nor, to the knowledge of the Corporation, any Subsidiary has received any notice of proceedings or actions relating to the revocation, suspension, limitation or modification of any Authorizations or any notice advising of the refusal to grant any Authorization that has been applied for or is in process of being granted and has no knowledge or reason to believe that any Governmental Entity or other organization or entity is considering taking or would have reasonable grounds to take any such action.
- (ss) **Cannabis Operations.** Other than as disclosed to the Agents in the Due Diligence Responses or otherwise in writing, the Corporation and, to the knowledge of the Corporation, its Subsidiaries are engaged in the Business in Canada, the United States and Colombia in accordance with Applicable Laws.
- (tt) **Research and Development.** All product research and development activities, including quality assurance, quality control, clinical trial, testing, and research and analysis activities, conducted by the Corporation in connection with the Business have in all material respects been and are being conducted in accordance with Health Canada requirements and 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; 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.
- (uu) **Privacy Protection.** The Corporation and, to the knowledge of the Corporation, the Subsidiaries have security measures and safeguards in place consistent with generally accepted industry practice to protect the personal information they collect from illegal or unauthorized 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. To the knowledge of the Corporation, the Corporation and the Subsidiaries have complied, in all material respects, with all applicable privacy and consumer protection legislation and to its 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. The Corporation and, to the knowledge of the Corporation, the Subsidiaries have taken all reasonable steps consistent with generally accepted industry practice to protect personal information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse.

- (vv) **Intellectual Property.** The Corporation and, to the knowledge of the Corporation, the Subsidiaries, as applicable, own or possesses the right to use all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights necessary for the conduct of the Business and, other than as disclosed to the Agents in writing, the Corporation is not aware of any claim to the contrary or any challenge by any other person to the rights of the Corporation or any Subsidiary with respect to the foregoing. To the knowledge of the Corporation, the Business as now conducted does not, and as proposed to be conducted will not, infringe or conflict with in any material respect patents, trademarks, service marks, trade names, copyrights, licenses or other Intellectual Property or franchise right of any person. To the knowledge of the Corporation, no claim has been made against the Corporation or any Subsidiary alleging the infringement by the Corporation or any Subsidiary of any patent, trademark, service mark, trade name, copyright, trade secret, license in or other Intellectual Property right or franchise right of any person.
- (ww) **Environmental and Workplace Laws.** The Corporation and, to the knowledge of the Corporation, the Subsidiaries are currently in compliance in all material respects with all Environmental Laws (including, without limitation, with respect to the Business Assets), including all reporting and monitoring requirements thereunder, and there are no pending or, to the knowledge of the Corporation, any threatened, administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws. Neither the Corporation nor, to the knowledge of the Corporation, any Subsidiary have ever received any notice of any non-compliance in respect of Environmental Laws, to the knowledge of the Corporation there are no events or circumstances that might reasonably be expected to form the basis of an order for clean up or remediation under Environmental Laws or relating to any Hazardous Materials and there are no Authorizations required under Environmental Laws for the conduct of the Business. To the knowledge of the Corporation, the facilities and operations of the Corporation 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.

- (xx) **Insurance.** The Corporation and, to the knowledge of the Corporation, the Subsidiaries maintain insurance by insurers of recognized financial responsibility, against such losses, risks and damages to its Business Assets in such amounts that are: (i) customary for the business in which they are engaged, (ii) on a basis consistent with reasonably prudent persons in comparable businesses, and (iii) in compliance with the requirements contained in any Material Agreement or Debt Instrument; and all of the policies in respect of such insurance coverage, fidelity or surety bonds insuring the Corporation and the Subsidiaries and their directors, officers and employees, and the Business Assets, are in good standing and in full force and effect in all respects, and not in default. The Corporation and, to the knowledge of the Corporation, the Subsidiaries are in compliance with the terms of such policies and instruments in all material respects and there are no material claims by the Corporation or a Subsidiary under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; the Corporation has no reason to believe that it (or any Subsidiary, as applicable) will not be able to renew such existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that would not have a Material Adverse Effect, and the Corporation (or, to the knowledge of the Corporation, any Subsidiary, as applicable) has not failed to promptly give any notice of any material claim thereunder.

Employment Matters

- (yy) **Employment Laws.** The Corporation and, to the knowledge of the Corporation, 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. To the knowledge of the Corporation, 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.
- (zz) **Employee Plans.** Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Corporation and, to the knowledge of the Corporation, the Subsidiaries for the benefit of any current or former director, officer, employee or consultant of the Corporation and the Subsidiaries (the "**Employee Plans**") has in all material respects been maintained in compliance with its terms and with the requirements prescribed by any and all Applicable Laws to such Employee Plans.

- (aaa) **Record-Keeping.** 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 Corporation and, to the knowledge of the Corporation, the Subsidiaries.
- (bbb) **Labour Matters.** There is not currently any labour disruption, dispute, slowdown, stoppage, complaint or grievance outstanding or, to the knowledge of the Corporation, threatened or pending, against the Corporation or, to the knowledge of the Corporation, a Subsidiary which is adversely affecting or could adversely affect, in a material manner, the carrying on of the business of the Corporation or any Subsidiary and no union representation exists for the employees of the Corporation or any Subsidiary and no collective bargaining agreement is in place or being negotiated by the Corporation or any Subsidiary.

8. Representations and Warranties of the Agents.

The Agents hereby represent, warrant and covenant to the Corporation and acknowledge that the Corporation is relying upon such representations and warranties, that:

- (a) **Compliance with Applicable Securities Laws.** In respect of the offer and sale of the Special Warrants, the Agents have conducted their activities in connection with the Offering in compliance with all Applicable Securities Laws and the provisions of this Agreement.
- (b) **Duly Registered.** Each of the Agents are duly registered pursuant to the provisions of Applicable Securities Laws, and are duly registered or licensed as an investment dealer in those jurisdictions in which it is required to be so registered in order to perform the services contemplated by this Agreement, or if or where not so registered or licensed, the Agents will act only through Selling Group members who are so registered or licensed or are otherwise exempt.
- (c) **General Solicitation or Advertising.** The Agents have not engaged in or authorized any form of general solicitation or general advertising in connection with the offer and sale of the Special Warrants, including but not limited to, by causing the sale of the Special Warrants to be advertised in any newspaper, magazine, printed public media or similar medium of general and regular paid circulation or broadcast over radio, television or telecommunications, including electronic display, and have not conducted, any seminar or meeting in connection with the offer and sale of the Special Warrants whose attendees have been invited by general solicitation or general advertising.
- (d) **Documents Provided to Selling Group.** The only documents provided to the Selling Group with respect to the Offering are a term sheet and a corporate presentation of the Corporation distributed on September 12, 2018, as amended and restated by the Corporate Presentation.

- (e) **No Prospectus or Registration Requirement.** The Agents have not and will not solicit offers to purchase or sell the Special Warrants so as to require the filing of a prospectus, registration statement or offering memorandum with respect thereto.
- (f) **Related or Connected Issuer.** None of the Agents are a person or company in respect of which the Corporation is a "connected issuer" or a "related issuer" within the respective meanings of those terms in National Instrument 33-105 *Underwriting Conflicts*.
- (g) **Agents' Information.** The Agents' Information as provided by the Agents to be included in any Offering Document will be true and correct as of the date such information is provided to the Corporation and will contain no misrepresentation and will constitute, full, true and plain disclosure of all material facts relating to the purposes for which such information was provided.

9. Closing Deliveries.

The purchase and sale of the Special Warrants shall be completed at the Closing Time at the offices of Dentons Canada LLP in Toronto, Ontario or at such other place as the Agents and the Corporation may agree. At or prior to the Closing Time, the Corporation shall duly and validly deliver to the Agents one or more certificate(s) (whether in definitive form or electronic form and including electronic deposit of the Special Warrants to the Canadian Depository for Securities ("CDS") to be held by CDS as a non-certificated inventory in accordance with the rules and procedures of CDS) representing the Special Warrants and Compensation Options (excluding the Special Warrants issued to purchasers on the Strategic Investors' List), as the case may be, registered in such name or names as the Agents may notify the Corporation in writing not less than 24 hours prior to the Closing Time against payment by the Agents to the Corporation, at the direction of the Corporation, in lawful money of Canada by certified cheque or wire transfer, of an amount equal to the aggregate purchase price for the Special Warrants being issued and sold hereunder (excluding the Special Warrants issued to purchasers on the Strategic Investors' List), less the Cash Commission and all of the estimated out-of-pocket expenses of the Agents payable by the Corporation to the Agents in accordance with Section 13 hereof.

10. Closing Conditions.

The following are conditions precedent to the obligations of the Agents to complete the Closing and to purchase or arrange for the purchase of the Special Warrants at the Closing Time, and which conditions are to be satisfied by the Corporation at or before the Closing Time:

- (a) the Agents shall have received evidence, in a form acceptable to the Agents, that all actions have been taken, and requisite approvals, consents, acceptances or waivers of any third parties required to be obtained have been obtained, by the Corporation in order to complete the Offering;
- (b) the Agents shall have received the Strategic Investors' List, including the names of each purchaser on the Strategic Investors' List, together with the number of Special

Warrants to be subscribed for by each such purchaser, at least two Business Days prior to the Closing Date;

- (c) the Agents shall have received a certificate, dated the Closing Date, signed by appropriate officers of the Corporation addressed to the Agents and their counsel, in a form satisfactory to the Agents, certifying for and on behalf of the Corporation, that:
 - (i) the Corporation has complied with, in all material respects, 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) no order, ruling or determination having the effect of prohibiting the sale of the Special Warrants or any other securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for such purpose have been instituted or are pending or, to the knowledge of such officer signing the certificate, contemplated or threatened;
 - (iii) the representations and warranties of the Corporation contained in this Agreement and in any certificates of the Corporation delivered pursuant to or in connection with this Agreement are true and correct as at the Closing Time, with the same force and effect as if made on and as at the Closing Time; and
 - (iv) there have been no material changes to the Due Diligence Responses not disclosed to the Agents, in writing;
- (d) the Agents shall have received a certificate, dated the Closing Date, signed by appropriate officers of the Corporation addressed to the Agents and their counsel, in a form satisfactory to the Agents, with respect to:
 - (i) the constating documents of the Corporation and the Corporation's subsidiaries;
 - (ii) the resolutions of the board of directors (including committees of the board of directors) of the Corporation and, as applicable, shareholders of the Corporation relating to this Agreement and the other Transaction Documents and the Warrant Certificates and the transactions contemplated hereby;
 - (iii) the incumbency and specimen signatures of their signing officers in the form of a certificate of incumbency; and
 - (iv) such other matters as the Agents may reasonably request;

- (e) the Agents shall have received a certificate of status (or equivalent) with respect to the jurisdiction(s) in which the Corporation and each of its subsidiaries is incorporated;
- (f) the Agents shall have received favourable legal opinions addressed to the Agents and the Purchasers, in form and substance satisfactory to the Agents' counsel, dated the Closing Date, from Dentons Canada LLP, counsel to the Corporation, which counsel in turn may rely, as to matters of fact, on certificates of public officials and officers of the Corporation, with respect to the following matters:
 - (i) as to the incorporation and subsistence of the Corporation under the laws of the Province of Ontario and as to the Corporation having the requisite corporate power and capacity under the laws of the Province of Ontario to carry on its business as presently carried on and to own, lease and operate its properties and assets;
 - (ii) as to the authorized and issued capital of the Corporation;
 - (iii) as to the corporate power and capacity of the Corporation to own or lease its properties and assets, carry on its business as it is currently conducted, and to execute, deliver and perform its obligations under the Transaction Documents; and to create, issue and sell the Special Warrants, the Unit Shares, the Warrants, the Warrant Shares, the Compensation Options and the Compensation Warrant Shares, as applicable;
 - (iv) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery of the Transaction Documents and the Warrant Certificates and the performance of the Corporation's obligations hereunder and thereunder including the issuance of the Special Warrants, the Unit Shares, the Warrants, the Warrant Shares, the Compensation Options and the Compensation Warrant Shares, as applicable;
 - (v) each of the Transaction Documents has been duly authorized and executed and delivered by the Corporation and each such Transaction Document constitutes a valid and legally binding obligation of the Corporation enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable law;
 - (vi) the execution and delivery of the Transaction Documents and the Warrant Certificates (following the conversion of the Special Warrants) and the performance by the Corporation of its obligations hereunder and thereunder, and the sale or issuance of the Special Warrants, the Unit Shares, the

Warrants, the Warrant Shares, the Compensation Options and the Compensation Warrant Shares does not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with the constating documents of the Corporation, any resolutions of the shareholders or directors (including committees of the board of directors) of the Corporation or any applicable corporate laws or Applicable Securities Laws;

- (vii) the Special Warrants have been validly created, executed and authorized for issuance and when issued and delivered by the Corporation pursuant to this Agreement and the Special Warrant Certificates will be validly issued and will constitute valid and binding obligations of the Corporation enforceable against it with their terms;
- (viii) the Unit Shares have been duly allotted and validly authorized for issuance by the Corporation and, when issued in accordance with the terms of the Special Warrants, will be outstanding as fully paid and non-assessable Common Shares;
- (ix) the Warrants have been validly created and authorized for issuance and when issued in accordance with the terms of the Special Warrant Certificates will be validly issued and will constitute valid and binding obligations of the Corporation enforceable against it with their terms;
- (x) the Warrant Shares have been duly allotted and validly authorized for issuance and upon exercise in accordance with the terms and conditions of the Warrant Certificate, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
- (xi) the Compensation Options have been duly and validly created and authorized for issuance and when issued and delivered by the Corporation pursuant to this Agreement, the Compensation Options will be validly issued;
- (xii) the Compensation Shares and the Compensation Warrant Shares issuable on exercise of the Compensation Options and Compensation Warrants have been duly allotted and validly authorized for issuance and, upon exercise of the Compensation Options in accordance with the terms and conditions of the Compensation Option Certificate, the Compensation Warrant Shares issuable on exercise of the Compensation Warrants will be validly issued as fully paid and non-assessable Common Shares;
- (xiii) the issuance and sale by the Corporation of the Special Warrants to the Purchasers in the Selling Jurisdictions and the issuance of the Compensation Options to the Agents in accordance with the terms of this Agreement are exempt from the prospectus requirements of Applicable Securities Laws

and no documents are required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under Canadian Securities Laws to permit such issuance and sale; it being noted, however, that the Corporation is required to file or cause to be filed with the applicable Securities Regulators in Canada, a report on Form 45-106F1 prepared and executed pursuant to NI 45-106, together with the prescribed filing fee, within 10 days following the Closing Date;

- (xiv) no documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under Canadian Securities Laws in connection with the first trade of the Special Warrants by the holders thereof, provided that certain standard conditions under such Canadian Securities Laws have been satisfied;
 - (xv) no documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under the Canadian Securities Laws in the Selling Jurisdictions in Canada in connection with the first trade of the Unit Shares, the Warrants, the Warrant Shares, the Compensation Options, the Compensation Shares and the Compensation Warrant Shares by the holders thereof, as the case may be, provided that certain standard conditions under Canadian Securities Laws have been satisfied; and
 - (xvi) such other matters as the Agents or its counsel may reasonably request;
- (g) the Agents shall have received favourable legal opinions addressed to the Agents and the Purchasers, in form and substance satisfactory to the Agents' counsel, dated the Closing Date, from Dentons Cardenas & Cardenas Abogados S.A.S. ("**Dentons Colombia**"), Colombian counsel to the Corporation, which counsel in turn may rely, as to matters of fact, on certificates of public officials and officers of the Corporation and its Subsidiaries, as applicable, with respect to the following matters:
- (i) the licences held by the Corporation or its Subsidiaries, as applicable, are in force for a five (5) year term as of when they became enforceable and, to the knowledge of Dentons Colombia, no action has been initiated by any Colombian authority to revoke or annul them;
 - (ii) the performance of the corporate purpose of Sativa Nativa, as stated in its certificate of existence and legal representation and provided that Sativa Nativa meets the requirements of Colombian law for such performance, does not result in a violation of any present laws, decrees, resolutions or other regulations of Colombia, including any Colombian anti-money laundering laws;
 - (iii) the performance of the corporate purpose of Santa Marta Golden Hemp S.A.S. ("**Santa Marta**"), as stated in its certificate of existence and legal representation and provided that Santa Marta meets the requirements of

Colombian law for such performance, does not result in a violation of any present laws, decrees, resolutions or other regulations of Colombia, including any Colombian anti-money laundering laws;

- (iv) there are no restrictions on a change of the control (understood as the ownership of more than 50% of voting shares) that the Corporation exerts over Sativa Nativa. Notwithstanding, any new shareholder must comply with the requirements established in article 28 of the by-laws; and
- (v) are no restrictions on a change of the control (understood as the ownership of more than 50% of voting shares) that the Corporation exerts over Santa Marta.
- (h) the Agents shall have received from each director, officer and holder of greater than 10% of the Common Shares of the Corporation an agreement pursuant to which each of such individuals will agree not to sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of any securities of the Corporation if such transfer would result in such shareholder's ownership interest in the Corporation to be less than the number of securities of the Corporation currently owned by such shareholder, until the earlier of: (i) such time as the Common Shares are listed on the Exchange; or (ii) the date that is 30 days after the Qualification Date, in a form as agreed upon between the Agents and the Corporation, acting reasonably;
- (i) each of the Transaction Documents shall have been executed and delivered by the parties thereto in form and substance satisfactory to the Agents and their counsel;
- (j) the Agents shall have completed, to their satisfaction, their due diligence review of the Corporation and its business, operations and financial condition; and
- (k) the Agents shall have received at the Closing Time such further certificates, opinions of counsel and other documentation from the Corporation contemplated herein or requested by the Agents.

11. Rights of Termination.

The Agents shall be entitled, at their sole option, to terminate and cancel, without any liability on the part of the Agents and the Purchasers, all of their obligations (and those of the Purchasers) under this Agreement, by written notice to that effect given to the Corporation at or prior to the Closing Time, if at any time prior to the Closing:

- (a) **Due Diligence.** The due diligence investigations performed by the Agents or their representatives reveal any material information or fact, which, in the sole opinion of the Agents, is materially adverse to the Corporation or its business, or has a material adverse effect on the price or value of the Special Warrants;
- (b) **Material Adverse Change.** 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 or any amendment thereto, in each case, that has or would be expected to have, in the opinion of the Agents, acting reasonably, a Material Adverse Effect on the business or affairs of the Corporation or on the market price or the value of the securities of the Corporation;

- (c) **Disaster.** There should develop, occur or come into effect or existence any event, action, state, or condition of any nature (including without limitation, terrorism or accident) or major financial occurrence of national or international consequence, or a new or change in any law or regulation which, in the opinion of the Agents, acting reasonably, seriously adversely affects or involves or may seriously adversely affect or involve the financial markets or the business, operations or affairs of the Corporation and its subsidiaries taken as a whole, or the market price or value of the securities of the Corporation;
- (d) **Proceedings.** (i) Any inquiry, action, suit, proceeding or investigation (whether formal or informal) is commenced, announced or threatened in relation to the Corporation or any one of the officers or directors of the Corporation, where wrongdoing is alleged or any order is made by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, or securities commission which involves a finding of wrong-doing, or (ii) any order, action or proceeding which cease trades or otherwise operates to prevent or restrict the trading of the Common Shares or any other securities of the Corporation is made or threatened by a securities regulatory authority; or
- (e) **Breach.** The Corporation is in breach of a material term, condition or covenant of this Agreement or any representation or warranty given by the Corporation this Agreement becomes or is false in any material respect.

12. Exercise of Termination Right.

The rights of termination contained in Section 11 hereof are in addition to any other rights or remedies the Agents may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination by the Agents, there shall be no further liability on the part of the Agents, or on the part of the Corporation to the Agents, under this Agreement, except in respect of any liability which may have arisen prior to such termination or may arise after such termination in respect of acts or omissions by the Corporation prior to such termination or under Sections 13, 14, 15 and 16 hereof.

13. Expenses.

Whether or not the Offering is completed, the Corporation will pay all expenses and fees in connection with the Offering and the Listing, including, without limitation: (i) all expenses of or incidental to the creation, issue, sale or distribution of the Special Warrants and the Common Shares; (ii) the fees and expenses of the Corporation's legal counsel; (iii) all costs incurred in connection with the preparation of documentation relating to the Offering and the Listing; and (iv) all reasonable documented out-of-pocket expenses incurred by the Agents in connection with the

Offering and the Listing, including the completion of reasonable due diligence related to the Corporation and its business, and the reasonable fees and disbursements (exclusive of applicable taxes) of the Agents' legal counsel and local counsel, if any, (the "**Agents' Expenses**") provided that the Agents shall require the prior written approval of the Corporation for any expense (other than legal fees) in excess of \$2,000, such Agents' Expenses, including the aggregate fees of all legal and local counsel retained by the Agents, not to exceed \$120,000 plus applicable taxes and disbursements.

14. Survival of Representations and Warranties.

All warranties, representations, covenants and agreements of the Corporation herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Special Warrants and continue in full force and effect for the benefit of the Agents and the Purchasers until the second anniversary of the Closing Date. All warranties, representations, covenants and agreements of the Agents herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated shall survive the purchase and sale of the Special Warrants and continue in full force and effect for the benefit of the Corporation until the second anniversary of the Closing Date.

15. Indemnity.

- (a) The Corporation agrees to indemnify and hold harmless the Agents and their affiliates and each of their directors, officers, employees, partners, agents and legal counsel (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against any and all losses, claims (including shareholder actions, derivative or otherwise), actions, suits, proceedings, damages, liabilities or expenses of whatever nature or kind, whether joint or several, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees, expenses and taxes of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceedings, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "**Claims**") to which any Indemnified Party may become subject or otherwise involved in any capacity under any statute or common law or otherwise insofar as such Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the matters referred to in this Agreement (whether performed before or after the execution of this Agreement), and for greater certainty shall include, but is not limited to, any Claims arising from the execution by the Agents of the certificate attached to the Preliminary Qualification Prospectus or the Final Qualification Prospectus, and to reimburse each Indemnified Party forthwith, upon demand, for any legal or other expenses reasonably incurred by such Indemnified Party in connection with any Claim. In case any action, suit, proceeding or claim is brought against an Indemnified Party, or an Indemnified Party has received notice of the commencement of any investigation in respect of which indemnity may be sought against the Indemnified Party, the Indemnified Party will give the Corporation prompt written notice of any such action, suit, proceeding, claim or

investigation of which the Indemnified Party has knowledge and the Corporation will undertake the investigation and defence thereof on behalf of the Indemnified Party, including the prompt employment of counsel acceptable to the Indemnified Parties affected, acting reasonably, and the payment of all expenses. Failure by the Indemnified Party to so notify shall not relieve the indemnifying party of its obligation of indemnification hereunder unless (and only to the extent that) such failure results in forfeiture by the Corporation of substantive rights or defences.

- (a) No admission of liability and no settlement, compromise or termination of any action, suit, proceeding, claim or investigation shall be made without the consent of the Corporation and the consent of the Indemnified Parties affected, such consents not to be unreasonably withheld, delayed or conditioned. Notwithstanding that the Corporation will undertake the investigation and defence of any Claim, an Indemnified Party will have the right to employ separate counsel with respect to any Claim and participate in the defence thereof, but the fees and expenses of such counsel will be at the expense of the Indemnified Party, unless:
 - (i) employment of such counsel has been authorized in writing by the Corporation;
 - (ii) the Corporation has not assumed the defence of the action within a reasonable period of time after receiving notice of the Claim;
 - (iii) the named parties to any such Claim include both the Corporation and the Indemnified Party and the Indemnified Party shall have been advised by counsel to the Indemnified Party that there may be a conflict of interest between the Corporation and the Indemnified Party; or
 - (iv) there are one or more defences available to the Indemnified Party which are different from or in addition to those available to the Corporation such that there may be a conflict of interest between the Corporation and the Indemnified Party; in which case such fees and expenses of such counsel to the Indemnified Party will be for the account of the Corporation. The rights accorded to the Indemnified Parties hereunder shall be in addition to any rights an Indemnified Party may have at common law or otherwise.
- (b) The Corporation also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Corporation or any person asserting claims on behalf of or in right of the Corporation for or in connection with the matters referred to in this Agreement except to the extent that any losses, expenses, claims, actions, damages or liabilities incurred by the Corporation are determined by a court of competent jurisdiction in a final judgement that has become non-appealable to have resulted primarily from the negligence, fraud or willful misconduct of such Indemnified Party. The Corporation will not, without the Indemnified Party's prior written consent, such consent not to be unreasonably withheld, delayed or conditioned, settle, compromise, consent to the entry of any judgment in or otherwise seek to terminate any Claim in respect of

which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes a release of each Indemnified Party from any liabilities arising out of such Claim.

- (c) The foregoing indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable shall determine that such losses, expenses, claims, actions, damages or liabilities to which the Indemnified Party may be subject were primarily caused by the negligence, fraud or willful misconduct of the Indemnified Party.
- (d) The Corporation agrees to waive any right the Corporation may have of first requiring the Indemnified Party to proceed against or enforce any right, power, remedy or security or claim payment from any other person before claiming under this indemnity. If for any reason the foregoing indemnity is unavailable (other than in accordance with the terms hereof) to any Indemnified Party or is insufficient to hold any Indemnified Party harmless, the Corporation shall contribute to the amount paid or payable to the Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Corporation or its shareholders on the one hand and the Indemnified Party on the other hand but also the relative fault of the Corporation or any Indemnified Party as well as any relevant equitable considerations, provided that the Corporation shall in any event contribute to the amount paid or payable to an Indemnified Party as a result of such Claim any excess of such amount over the amount of the cash fees actually received by the Indemnified Party. Notwithstanding any other provision herein, the Agents shall not in any event be liable to contribute, in the aggregate, any amounts in excess of any cash fee actually received by the Agents and the Corporation shall be responsible for the balance, whether or not they have been sued.
- (e) The Corporation hereby constitutes Sprott as trustee for each of the other Indemnified Parties of the covenants of the Corporation under this indemnity with respect to such persons and Sprott agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.
- (f) The Corporation agrees that if any action, suit, proceeding or claim shall be brought against, or an investigation commenced in respect of, the Corporation, or the Corporation and any Indemnified Party, and any Indemnified Party or the personnel of any Indemnified Party shall be required to testify, participate or respond in respect of or in connection with the matters referred to in this Agreement, the Indemnified Party shall have the right to employ its own counsel in connection therewith and the Corporation will reimburse the Indemnified Party monthly for the time spent by the Indemnified Party and its personnel (as applicable) in connection therewith at their normal per diem rates together with such disbursements and reasonable out-of-pocket expenses as may be incurred, including fees and disbursements of the Indemnified Party and the Indemnified Party's counsel.

- (g) The indemnity and contribution obligations of the Corporation hereunder shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation, the Agents and any of the Personnel of the Agents. The foregoing provisions shall survive the completion of professional services rendered under this Agreement or any termination of this Agreement for a period of two years.

16. Confidentiality

Each of the Agents acknowledges that all information provided by the Corporation to the Agents pursuant to or in connection with this Agreement or any other agreement in connection with the Offering and/or the Listing (the "**Confidential Information**") is confidential and that such Confidential Information shall not be used other than in furtherance of the purposes of this Agreement, provided that this confidentiality obligation shall not apply to information now in the public domain or information which may subsequently become public (in each case, other than through breach by one or more members of the Agents or Selling Group or their respective representatives, including their respective affiliates, directors, officers, employees, advisors and consultants (hereinafter collectively referred to as "**representatives**") of their respective obligations hereunder), information disclosed to the Agents or Selling Group by third parties in respect of which such third parties are not under an obligation of confidentiality to the Corporation or information which is required by law or the policies of any regulatory authority having jurisdiction over the Agents or Selling Group to be disclosed. Each member of the Selling Group and their respective representative shall be made aware of this provision.

Each of the Agents acknowledges the confidential and proprietary nature of the Confidential Information of the Corporation and agrees that such Confidential Information (i) shall, subject to this Section 16, be kept confidential by such Agent; (ii) shall not be used for any reason or purpose other than to consummate the transactions contemplated hereby; and (iii) without limiting the foregoing, shall not be disclosed by such Agent to any person, except in each case as otherwise expressly permitted by the terms of this Agreement or with the prior written consent of the Corporation. An Agent may disclose the Confidential Information to its representatives and other members of the Agents or Selling Group who require such material for the purpose of evaluating and consummating the transactions contemplated by this Agreement and are informed by such Agent of the confidentiality obligations herein. Each such Agent, shall; (i) enforce the terms of this Section 16 as to its representatives (including any former representatives); (ii) take such action to the extent necessary to cause its representatives (including any former representatives) to comply with the terms and conditions of this Section 16; and (iii) be responsible and liable to the Corporation for any breach herein by it or any of its representatives (including any former representatives).

Following the completion of the Listing, Sprott may, at its option and expense, include the name and logo of the Corporation and a description of Sprott's role in connection with the Listing and/or the Offering in such newspapers, periodicals, annual reports and other public marketing materials as it may choose.

17. Notices.

Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

- (a) If to the Corporation, to:

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

Attention: Aras Azadian, Chief Executive Officer
Email: aras.azadian@avicanna.com

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

Dentons Canada LLP
77 King Street West, Suite 400
Toronto, Ontario
M5K 0A1

Attention: Michael Sabusco
Email: michael.sabusco@dentons.com

- (b) If to the Agents:

Sprott Capital Partners, a division of Sprott Private Wealth LP (on behalf of the other Agents)
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2600
Toronto, Ontario
M5J 2J1

Attention: Lisa Edwards, Chief Compliance Officer
Email: ledwards@sprottcapital.com

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

CC Corporate Counsel Professional Corporation
100 Bass Pro Mills Drive, No. 49
Vaughan, Ontario
L4K 5X1

Attention: Michael Bluestein
Email: mbluestein@corpcounsel.ca

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

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 first Business Day following the day on which it is sent.

18. Time of the Essence.

Time shall, in all respects, be of the essence hereof.

19. Canadian Dollars.

All references herein to dollar amounts are to lawful money of Canada.

20. Headings and Sections.

The headings contained herein are for convenience only and shall not affect the meaning or interpretation hereof. References herein to Sections, Subsections and Schedules are to sections and subsections of and schedules to this Agreement.

21. Schedules.

The following Schedules are attached to this Agreement and deemed to be a part of and hereby incorporated by reference in this Agreement:

- Schedule "A" - Subsidiaries of the Corporation
- Schedule "B" - Details of Outstanding Convertible Securities and Rights to Acquire Securities

22. Singular and Plural, etc.

Where the context so requires, words importing the singular number include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

23. Entire Agreement.

This Agreement constitutes the only agreement between the parties with respect to the subject matter hereof and shall supersede any and all prior negotiations and understandings. This Agreement may be amended or modified in any respect by written instrument only.

24. No Fiduciary Duty.

The Corporation hereby acknowledges that the Agents are acting as agents of the Corporation in seeking Purchasers of the Special Warrants on a "reasonable best efforts" basis without underwriter

liability. The Corporation agrees that it is solely responsible for making its own judgments in connection with the Offering (regardless of whether any of such Agents has advised or is currently advising the Corporation on related or other matters). The Corporation agrees that it will not claim that such Agents have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Corporation in connection with the offering and sale of Special Warrants or the process leading thereto.

25. Severability.

The invalidity or unenforceability of any particular provision of this Agreement shall not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

26. Successors and Assigns.

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the Corporation, the Agents and the Purchasers and their respective executors, heirs, successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement shall not be assignable by any party without the written consent of the others.

27. Further Assurances.

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.

28. Effective Date.

This Agreement is intended to and shall take effect as of the date first set forth above, notwithstanding its actual date of execution or delivery.

29. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

30. Language.

The parties hereby acknowledge that they have expressly required this Agreement and all notices, statements of account and other documents required or permitted to be given or entered into pursuant hereto to be drawn up in the English language only. Les parties reconnaissent avoir expressment demandées que la présente Convention ainsi que tout avis, tout état de compte et tout autre document à être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.

31. Counterparts.

This Agreement may be executed in any number of counterparts by original, facsimile, electronic or portable document file (.pdf) copy signature, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same agreement.

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If the Corporation is in agreement with the foregoing terms and conditions, please so indicate by executing a copy of this Agreement where indicated below and delivering the same to the Agents.

Yours very truly,

**SPROTT CAPITAL PARTNERS, A DIVISION
OF SPROTT PRIVATE WEALTH LP**

Per: (signed) "Tim Sorensen"

Name: Tim Sorensen

Title: Director

PARADIGM CAPITAL INC.

Per: (signed) "Jason Matheson"

Name: Jason Matheson

Title: Investment Banking

INTERWARD ASSET MANAGEMENT LTD.

Per: (signed) "Marc Sontrop"

Name: Marc Sontrop

Title: President, IAML

The foregoing is hereby accepted on the terms and conditions therein set forth.

Dated this 13th day of December, 2018.

AVICANNA INC.

Per: *(signed) "Setu Purohit"*

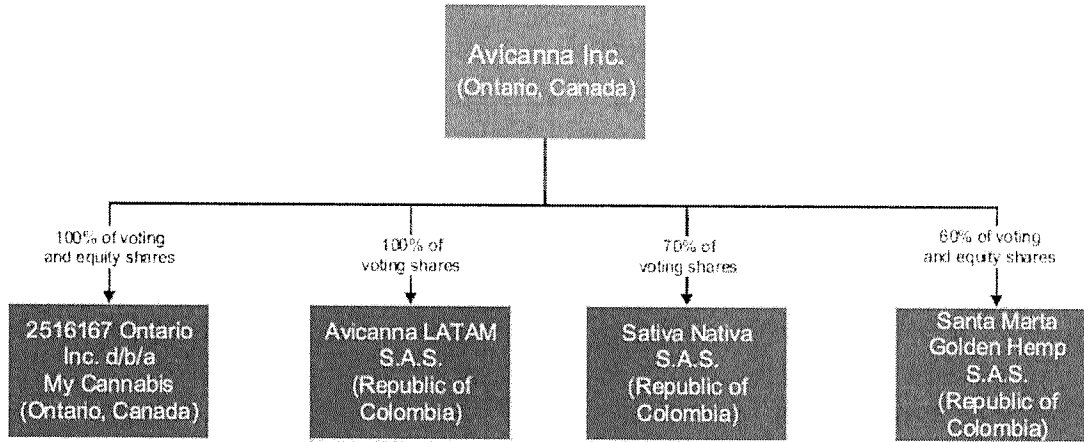
Name: Setu Purohit

Title: President

SCHEDULE "A"

SUBSIDIARIES OF THE CORPORATION

This is Schedule "A" to the agency agreement dated as of December 13, 2018 between Avicanna Inc., Sprott, Paradigm Capital Inc. and Interward Asset Management Inc.



SCHEDULE "B"

DETAILS OF OUTSTANDING CONVERTIBLE SECURITIES
AND RIGHTS TO ACQUIRE SECURITIES

[Redacted]