

AGENCY AGREEMENT

March 3, 2021

XS Financial Inc.
1901 Avenue of the Stars
Suite 120
Los Angeles, California, 90067

Attention: David Kivitz, Chief Executive Officer

Dear Sirs:

Gravitas Securities Inc. ("**GSI**") and Canaccord Genuity Corp. ("**Canaccord Genuity**", and together with GSI, the "**Agents**"), understand that XS Financial Inc. (the "**Company**") proposes to issue and sell up to 23,333,333 units of the Company (each, a "**Unit**" and collectively, the "**Units**") at a price of C\$0.30 per Unit (the "**Issue Price**") on a private placement basis to raise gross proceeds of up to C\$7,000,000 (the "**Offering**"). Each Unit will consist of one (1) subordinate voting share in the capital of the Company (each, a "**Unit Share**") and one (1) subordinate voting share purchase warrant of the Company (each, a "**Warrants**").

Each Warrant will entitle the holder thereof to acquire one (1) subordinate voting share (collectively, the "**Warrant Shares**") of the Company at a price of C\$0.45 (the "**Exercise Price**") per Warrant Share, subject to adjustment in certain events as set out in the Warrant Indenture (as hereinafter defined) governing the Warrants, at any time, up until the Expiration Date (as hereinafter defined). The Warrants will be duly and validly created and issued pursuant to a warrant indenture (the "**Warrant Indenture**") to be entered into on or before the Closing Date (as defined herein) between the Company and Odyssey Trust Company (the "**Warrant Agent**"), in its capacity as warrant agent thereunder. The description of the Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Warrants to be set forth in the Warrant Indenture. In case of any inconsistency between the description of the Warrants in this Agreement (as defined herein) and the terms of the Warrants as set forth in the Warrant Indenture, the provisions of Warrant Indenture will govern.

In addition, the Company hereby grants the Agents an option (the "**Agents' Option**"), to offer and sell as agents up to an additional 3,333,367 Units (the "**Additional Units**") at the Issue Price for additional gross proceeds of up to \$1,000,000 on the same terms and conditions as the Offering, exercisable, in whole or in part, in the Agents' sole direction and without obligation, at any time up to 48 hours prior to the Closing Date, by giving written notice to the Company.

Unless the context otherwise requires or unless otherwise specifically stated, all references in this Agreement to the Offered Securities (as defined herein), Units, Unit Shares, Warrants, Warrant Shares, Broker Warrants (as defined herein), Broker Shares (as defined herein), Underlying Broker Warrants (as defined herein), Underlying Broker Shares (as defined herein), CFF Shares (as defined herein), CFF Warrants (as defined herein) and CFF Warrant Shares (as defined herein) will include the Additional Units and the Unit Shares, Warrants, Warrant Shares, Broker Warrants, Broker Shares, Underlying Broker Warrants, Underlying Broker Shares, CFF Shares, CFF Warrants and CFF Warrant Shares issuable upon exercise of and in connection with the Agents' Option.

The Agent further acknowledges and understands that, concurrently with the Closing (as defined herein) of the Offering, the Company proposes to issue and sell: (a) 12,593,031 subordinate voting units of the Company (collectively, the “**Non-Brokered SVS Units**”); and (b) 5,251 proportionate voting units (collectively, the “**Non-Brokered PVS Units**”) at a price of \$300 per Non-Brokered PVS Unit, for additional gross proceeds of up to \$5,353,209.30 to purchasers who will settle directly with the Company (the “**Non-Brokered Private Placement**”). Each Non-Brokered SVS Unit is comprised of (1) XS Share (as hereinafter defined) and one (1) share purchase warrant entitling the holder thereof to purchase one (1) additional XS Share at the Exercise Price, subject to adjustment in certain events as set out in the Warrant Indenture, at any time, up until the Expiration Date. Each Non-Brokered PVS Unit is comprised of (1) PV Share (as defined herein) and one (1) share purchase warrant entitling the holder thereof to purchase one (1) additional PV Share at an exercise price of \$450.00, subject to adjustment in certain events as set out in the certificates representing such warrants, at any time, up until the Expiration Date.

Upon and subject to the terms and conditions set out in this Agreement, the Agents hereby agree to act, and upon acceptance hereof, the Company hereby appoints the Agents, as the Company’s exclusive agents to offer for sale, on a “commercially reasonable efforts” private placement basis, without underwriter liability, the Units and to arrange for Purchasers (as defined herein) resident in the Qualifying Jurisdictions (as defined herein) and any other jurisdictions outside of Canada as determined by the Agents and the Company where the Units may be lawfully offered and sold. The Company agrees and understands that the Agents will be permitted to appoint other registered dealers or other dealers qualified in their respective jurisdictions, including in Canada, the United States and other international jurisdictions for the purpose of arranging for purchasers of the Units. The Agents may determine the remuneration payable to any other dealers appointed by it, provided that such remuneration is payable by the Agents from, and not in addition to, the remuneration payable to the Agents pursuant to this Agreement. It is understood and agreed that the Agents are under no obligation to purchase any of the Units.

In consideration of the services to be rendered by the Agents in connection with the offering of the Units and all other matters in connection with the issue and sale of the Units, the Company will pay to the Agents compensation in accordance with the provisions of section 4. The obligation of the Company to pay the Commission (as defined herein) and to issue and deliver the Broker Warrants and the CFF Units (as defined herein) will arise at the Closing Time (as defined herein) and the Commission, the Broker Warrants and the CFF Units will be fully earned by the Agents upon the completion of the Offering. The offering of the Units is conditional upon and subject to the additional terms and conditions set forth below.

Offers and sales of Units, Unit Shares and Warrants in the United States (as defined below) and to U.S. Persons (as defined below) may only be made on a private placement basis in the following manner and in compliance with Schedule “A” to this Agreement. The Agents may, through one or more U.S. Affiliates (as defined below) offer the Units, Unit Shares and Warrants for sale by the Company to Qualified Institutional Buyers (as defined below) and U.S. Accredited Investors (as defined below) in the United States and to U.S. Persons on a private placement basis pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506(b) of Regulation D (as defined below), and pursuant to Schedule “A” attached hereto.

1. INTERPRETATION

1.1 In this Agreement and the Schedules hereto, in addition to the terms defined above, unless otherwise indicated or unless the context otherwise requires, the following terms will have the following meanings:

“**Additional Units**” has the meaning ascribed thereto on page 1 of this Agreement;

"**affiliate**", "**associate**", "**distribution**", "**insider**", "**material change**", "**material fact**" and "**misrepresentation**" will have the respective meanings ascribed thereto in the *Securities Act* (British Columbia);

“**Agents**” has the meaning ascribed thereto on page 1 of this Agreement;

“**Agents’ Expenses**” has the meaning ascribed thereto in section 11 of this Agreement;

“**Agents’ Option**” has the meaning ascribed thereto on page 1 of this Agreement;

“**Agreement**” means this agreement and includes the schedules hereto, as modified, amended or supplemented from time to time;

“**Alternative Proposal**” has the meaning ascribed thereto in section 20 of this Agreement;

“**Ancillary Documents**” means all agreements (including the Subscription Agreements and Warrant Indenture), certificates (including the certificates or other electronic means representing the Offered Securities) and other documents executed and delivered, or to be executed and delivered, by the Company in connection with the transactions contemplated by this Agreement;

“**Broker Shares**” has the meaning ascribed thereto in section 4 of this Agreement;

“**Broker Warrants**” has the meaning ascribed thereto in section 4 of this Agreement;

“**Business Day**” means a day which is not a Saturday, a Sunday or a statutory or civic holiday, or a day on which commercial banks are not open for business in Vancouver, British Columbia;

"**CA Licensed Lenders**" means CA Licensed Lenders LLC, a wholly owned subsidiary of Xtraction Services, incorporated under the laws of the state of California;

“**Canadian Securities Laws**” means all applicable securities laws in each of the Qualifying Jurisdictions and the respective rules and regulations made thereunder, together with applicable published policy statements, instruments, orders and rulings of the securities regulatory authorities in such provinces and the rules of the CSE;

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

“**CFF Shares**” has the meaning ascribed thereto in section 4 of this Agreement;

“**CFF Units**” has the meaning ascribed thereto in section 4 of this Agreement;

“**CFF Warrants**” has the meaning ascribed thereto in section 4 of this Agreement;

"CFF Warrant Shares" has the meaning ascribed thereto in section 4 of this Agreement;

"Claims" has the meaning ascribed thereto in subsection 15.1 of this Agreement;

"Closing" means the completion on a Closing Date of the issue and sale by the Company, and the purchase by the Purchasers, of Units pursuant to Subscription Agreements;

"Closing Date" means such date or dates as the Company and the Agents may agree on which the Closing shall occur, it being anticipated that the first Closing Date will occur on or about March 3, 2021;

"Closing Time" means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Company and the Agents may agree;

"Commission" has the meaning ascribed thereto in section 4 of this Agreement;

"Company" means XS Financial Inc., a corporation incorporated under the laws of the province of British Columbia;

"Confidential Information" has the meaning ascribed thereto in section 16 of this Agreement;

"Corporate Finance Fee" has the meaning ascribed thereto in section 4 of this Agreement;

"COVID-19 Outbreak" means the novel coronavirus disease outbreak;

"CSE" or **"Exchange"** means the Canadian Securities Exchange;

"CSI Princessa" means CSI Princessa Inc., a wholly owned subsidiary of the Company, incorporated under the laws of the province of Ontario;

"Debt Instrument" means any and all agreements, notes, loans, bonds, debentures, indentures, promissory notes, mortgages, guarantees, security agreements or other instruments evidencing indebtedness (demand or otherwise), but excluding accounts payable in the ordinary course, for borrowed money or other liability to which the Company is a party or to which its property or assets are otherwise bound and which is material to the Company on a consolidated basis;

"Disclosure Documents" means all information regarding the Company (and its predecessors and former Subsidiaries) that has been filed on SEDAR since August 28, 2019, including the Financial Statements, press releases, material change reports and information circulars;

"Disclosure Schedule" means the responses provided to the Agents by the Company in the Agents' legal due diligence request list, including documents uploaded by the Company to the data room created in connection with the Agents' due diligence review of the Company;

"Engagement Letter" means the engagement letter dated February 1, 2021, as amended on February 16, 2021, between the Company and the Agents;

"Exercise Price" has the meaning ascribed thereto on page 1 of this Agreement;

"Expiration Date" means March 3, 2023;

“Financial Statements” means, collectively: (i) the unaudited consolidated financial statements of the Company as at, and for the nine months ended September 30, 2020 and 2019; and (ii) the audited financial statements of the Company for the years ended December 31, 2019 and 2018, and the notes thereto, together with the report of McGovern Hurley LLP thereon filed on SEDAR;

“Governmental Authority” has the meaning ascribed thereto in section 10(a)(i) of this Agreement;

“IFRS” means International Financial Reporting Standards, as issued by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants of Canada in Part I of The Chartered Professional Accountants Canada Handbook – Accounting, as amended from time to time;

“Indemnified Parties” has the meaning ascribed thereto in section 15.1 of this Agreement;

“Infringe” has the meaning ascribed thereto in subsection 6(tt) of this Agreement;

“Intellectual Property” means intellectual property rights, including: (i) patents and inventions; (ii) trademarks, service marks, trade dress, trade names, corporate names, logos, slogans and Internet domain names, together with all goodwill associated with each of the foregoing; (iii) copyrights and copyrightable works in whatever form or medium; (iv) registrations, applications and renewals for any of the foregoing; (v) proprietary computer software (including but not limited to data, data bases and documentation); (vi) trade secrets, confidential information and know-how; and (vii) all licenses, agreements and other contracts and commitments relating to any of the foregoing;

“Investor Presentation” means the investor presentation of the Company, dated February 2021 in respect of the Offering;

“Issue Price” has the meaning ascribed thereto on page 1 of this Agreement;

“KushCo” means KushCo Holdings, Inc. a company incorporated under the laws of Nevada;

“KushCo Agreements” means, collectively, the stock purchase agreement, the strategic partnership and cooperation agreement and the shareholder’s agreement, each dated January 30, 2020 and between KushCo and the Company;

“KushCo Pre-Emptive Right” means the pre-emptive right of KushCo to participate and maintain its proportional ownership interest in the Company in respect of equity financings of the Company for as long as KushCo holds at least 10% of the issued and outstanding XS Shares (assuming conversion of all PV Shares), as granted pursuant to the shareholder’s agreement dated January 30, 2020 between KushCo and the Company;

“Lien” means any mortgage, charge, pledge, encumbrance, hypothec, security interest, prior claim or lien (statutory or otherwise), in each case, whether contingent or absolute;

“Losses” has the meaning ascribed thereto in section 15.1 of this Agreement;

“Material Adverse Effect” means any change, fact, or state of being that has a material and adverse effect (actual or anticipated, whether financial or otherwise) on the business, revenues, affairs, operations, properties, permits, assets, licenses, liabilities (contingent or otherwise), capital, results of operations or condition (financial or otherwise) of the Company and its Subsidiaries (taken as a whole)

after giving effect to this Agreement and the transactions contemplated hereby or that is reasonably likely to be materially adverse to the completion of the transactions contemplated by this Agreement;

“Material Agreement” means any and all contracts, commitments, agreements (written or oral), instruments, leases or other documents, including licences, sub-licenses, supply agreements, manufacturing agreements, distribution agreements, sales agreements, strategic partnership or alliance agreements or any other similar type agreements, to which the Company is a party or to which its business assets are otherwise bound, and which is material to the Company;

“Minimum Amount” means the issuance and sale up to the Units on a private placement basis for minimum gross proceeds of up to C\$2,500,000;

“Material Subsidiaries” means, collectively, Xtraction Services and CA Licensed Lenders, and **“Material Subsidiary”** means any one of them;

“NI 45-106” means National Instrument 45-106 – *Prospectus Exemptions* adopted by the Canadian Securities Administrators;

“Non-Brokered Private Placement” has the meaning ascribed thereto on page 2 of this Agreement;

“Non-Brokered Unit” has the meaning ascribed thereto on page 2 of this Agreement;

“Non-Brokered Warrant” has the meaning ascribed thereto on page 2 of this Agreement;

“notice” has the meaning ascribed thereto in section 21 of this Agreement;

“Offered Securities” means the Unit Shares, Warrants, Warrant Shares, Broker Warrants, Broker Shares, Underlying Broker Warrants, Underlying Broker Shares, CFF Shares, CFF Warrants and CFF Warrant Shares, including those issuable upon exercise of the Agents’ Option;

“Offering” means the offering of Units contemplated by this Agreement;

“OTCQB” means the OTCQB Venture Market;

“Permitted Liens” means such Liens in respect of the Company or any of its Subsidiaries as previously disclosed to the Agent in writing or otherwise incurred in the normal course of business which do not have a Material Adverse Effect;

“Person” means an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, an unincorporated organization, a joint venture, an investment club, a government or an agency or political subdivision thereof and every other form of legal or business entity of any nature or kind whatsoever;

“Personnel” has the meaning ascribed thereto in section 16 of this Agreement;

“Purchasers” means, collectively, each person who acquires Units offered and sold under the Offering and hereunder by duly completing, executing and delivering a Subscription Agreement and fulfilling its obligations hereunder;

“PV Shares” means proportionate voting shares in the capital of the Company;

“QIB” means a “qualified institutional buyer” as defined in Rule 144A under the U.S. Securities Act, that is also a U.S. Accredited Investor;

“Qualifying Jurisdictions” means the provinces of British Columbia, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador, in which the Units are sold, and any other Canadian jurisdictions which the Agents and the Company may agree;

“Regulation D” means Regulation D as promulgated under the U.S. Securities Act;

“Regulation S” means Regulation S as promulgated under the U.S. Securities Act;

“Right of First Opportunity” has the meaning ascribed thereto in section 14 of this Agreement;

“Right of First Opportunity Period” has the meaning ascribed thereto in section 14 of this Agreement;

“Securities Laws” means the Canadian Securities Laws and the applicable securities laws of any other international jurisdictions in which the Units are offered for sale;

“Selling Group” has the meaning ascribed thereto in Section 2.1 of this Agreement;

“Subscription Agreements” means the subscription agreements including all schedules thereto, in the form agreed upon by the Company and the Agents, pursuant to which Purchasers agree to subscribe for and purchase Units;

“Subsidiaries” means, collectively, Xtraction Services, CA Licensed Lenders, and CSI Princesa Inc., and **“Subsidiary”** means any one of them.

“Taxes” has the meaning ascribed thereto in section 6(nn) of this Agreement;

“Transaction Documents” means collectively, this Agreement and the Ancillary Documents;

“Transfer Agent” means Odyssey Trust Company;

“U.S. Accredited Investor” means an “accredited investor” as that term is defined in Rule 501(a) of Regulation D;

“U.S. Federal Cannabis Laws” means the U.S. federal laws, statutes and/or regulations applicable to the production, cultivation, trafficking, distribution, processing, extraction and sale of cannabis and cannabis-related substances and products, the provision of goods, services and/or financial support to businesses operating in those sectors or the use of proceeds derived from such businesses;

“U.S. Person” means a “U.S. person”, as such term is defined in Rule 902(k) of Regulation S;

“U.S. Securities Act” means the United States Securities Act of 1933, as amended;

“Underlying Broker Shares” has the meaning ascribed thereto in section 4 of this Agreement;

“Underlying Broker Warrants” has the meaning ascribed thereto in section 4 of this Agreement;

“**Unit Shares**” has the meaning ascribed thereto on page 1 of this Agreement;

“**United States**” 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 page 1 of this Agreement;

“**Warrant Agent**” has the meaning ascribed thereto on page 1 of this Agreement;

“**Warrant Indenture**” has the meaning ascribed thereto on page 1 of this Agreement;

“**Warrant Shares**” has the meaning ascribed thereto on page 1 of this Agreement;

“**Warrants**” has the meaning ascribed thereto on page 1 of this Agreement;

“**XS Shares**” means the subordinate voting shares in the capital of the Company; and

“**Xtraction Services**” means Xtraction Services Inc., a wholly owned subsidiary of the Company, incorporated under the laws of the state of Delaware.

1.2 Business Days. Where any action or step is to be taken or completed on or by a specified date, and such date is not a Business Day in the applicable jurisdiction, then such action or step may be taken or completed on the next following Business Day.

1.3 Plural and Gender. Whenever used in this Agreement, words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine gender and neuter.

1.4 Currency. All references to monetary amounts in this Agreement are to lawful currency of Canada unless otherwise specified.

1.5 Schedules. The following schedules are attached to this Agreement and are deemed to be a part of and incorporated into this Agreement:

Schedule	Title
A	- Compliance With United States Securities Laws and Form of Agent’s Certificate

2. TERMS AND CONDITIONS

2.1 Appointment of Agents. Subject to the terms and conditions of this Agreement, the Company hereby appoints the Agents as, and the Agents hereby agree to act as, the exclusive Agents of the Company to offer for sale on behalf of the Company the Units pursuant to the Offering on a commercially reasonable efforts private placement basis on the terms and conditions described herein. It is understood and agreed by the parties that the Agents will act as agents in respect of the Offering only and at no time will the Agents have any obligation whatsoever to purchase any Units. The Agents will have the right to form a selling group (the “**Selling Group**”) consisting of other securities dealers duly registered under Canadian Securities Laws and in other international jurisdictions, including, but not limited to the United States upon the terms and conditions set out in a Selling Group agreement to be entered into between the Agents and the members of the Selling Group and the Agents will have the right to determine such terms and conditions, provided that they are consistent with the terms and conditions of this Agreement, and further provided that the Agents alone will be responsible for the payment of any commissions or fees payable to such members of the Selling Group.

2.2 Sale of Units. The Company agrees that the Units issuable pursuant to the Offering will be offered for sale solely through the Agents in accordance with this Agreement, except those Units offered through members of the Selling Group acting as sub-Agent qualified to trade in the Units under the laws of the Qualifying Jurisdictions or other international jurisdictions, including, but not limited to the United States appointed as authorized by the Agents as provided herein.

2.3 Sale on Exempt Basis. The Agents and the Company covenant and agree not to, directly or indirectly, solicit offers to purchase or sell the Units or do anything in furtherance of a trade in such a manner as to require registration of the XS Shares or the filing of a prospectus (as such term is defined in Canadian Securities Laws) or similar document with respect to the XS Shares. The Agents will offer the Units for sale in the Qualifying Jurisdictions in accordance with National Instrument 45-106 *Prospectus Exemptions* (and, where applicable, the *Securities Act* (Ontario)) and to, or for the account or benefit of, persons in the United States and U.S. Persons that are U.S. Accredited Investors or QIBs, in accordance with Rule 506(b) of Regulation D, and persons in other international jurisdictions as permitted by applicable laws and agreed to by the Company provided that no prospectus filing or comparable obligation arises and the Company does not become subject to continuous disclosure obligations in such jurisdictions. Each Agent understands and represents and warrants to the Company that all offers to sell and sales of Units to, or for the account or benefit of, persons in the United States and U.S. Persons will occur in compliance with this Agreement including in compliance with Schedule “A” to this Agreement which is incorporated into and forms an integral part of this Agreement.

2.4 Legal Compliance. The Company undertakes to file or cause to be filed, within the time periods stipulated by applicable Canadian Securities Laws, all forms, undertakings and other documents required to be filed by the Company under applicable Canadian Securities Laws in connection with the offer and sale of the Unit Shares and Warrants, the grant of the Broker Warrants, the issue of the CFF Shares and the grant of the CFF Warrants, the issue of the Warrant Shares upon exercise of the Warrants, the issue of the Broker Shares and the grant of the Underlying Broker Warrants upon exercise of the Broker Warrants, the issue of the Underlying Broker Shares upon exercise of the Underlying Broker Warrants and the issue of the CFF Warrant Shares upon exercise of the CFF Warrants, so that the distribution of the Offered Securities may lawfully occur without the necessity of filing a prospectus or similar document in Canada. All filing fees required to be paid under Securities Laws in connection with the Offering will be at the sole expense of the Company. The Company further agrees to comply with all

applicable Securities Laws and stock exchange requirements (including those of the CSE) in connection with the distribution of the Offered Securities.

2.5 Restrictions on Sales Outside the Qualifying Jurisdictions. The Agents agree not to solicit offers to purchase or sell the Units or do anything in furtherance of a trade of Units in such a manner as to require its registration or the filing of a prospectus or any similar document under the laws of any jurisdiction outside the Qualifying Jurisdictions. The Agents will be permitted to offer the Units outside of Canada: (i) to, or for the account or benefit of, persons in the United States and U.S. Persons that are U.S. Accredited Investors or QIBs, as applicable; and (ii) to persons in international jurisdictions as permitted by applicable laws and in accordance with the provisions of this Agreement provided that no such action on the part of the Agents or the Selling Group will in any way oblige the Company to register any XS Shares in any other jurisdiction outside of Canada and provided that no prospectus, registration statement or similar document is required to be filed in any such jurisdiction; and in each case provided that no such action on the part of the Agents or the Selling Group will in any way require the Company to comply with the continuous disclosure, reporting, filing or similar requirements under the laws of any jurisdiction, and otherwise as the Agents determine appropriate. Any agreements between the Agents and the members of any Selling Group will contain restrictions which are substantially the same as those contained in this section 2.5.

2.6 No Media. Subject to section 17, neither the Company nor the Agents will engage in any form of general solicitation or general advertising in connection with the offer and sale of the Units, including causing the sale of the Units to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Units whose attendees have been invited by general solicitation or advertising.

2.7 Securities Laws. The Agents covenant and agree with the Company that they will conduct, and will cause their respective affiliates and any member of the Selling Group to conduct, and will require members of the Selling Group to conduct, activities in connection with arranging for the sale of the Units in compliance with applicable Securities Laws.

3. DUE DILIGENCE

- (a) Upon reasonable request, the Company will make available to the Agents all corporate and operating records, legal information related to its corporate activities normally required by a prudent and diligent investor, all financial information and key officers in order to permit the Agents to conduct such due diligence investigation of the business and affairs of the Company as the Agents would deem appropriate, acting reasonably and upon reasonable notice.
- (b) Senior management of the Company will make themselves available to provide such assistance in marketing the Offering as the Agents may request.
- (c) The Agents, their counsel and their other professional advisors will have the right to conduct such due diligence with respect to the Company (to the extent the Company has the legal right to grant access) as the Agents and their counsel may reasonably determine, including, without limitation, meeting with the senior management, counsel and independent auditors, and/or consultants of the Company as the Agents may deem

appropriate in their sole discretion during regular business hours upon reasonable advance notice, prior to the Closing. The Company will also ensure that any of the advisors and/or consultants of the Company, are able to attend in person or by phone at due diligence sessions to be held by the Agents, as the Agents may reasonably request, subject to applicable professional standards, for which the Agents or their counsel will distribute a list of written questions to be answered at such due diligence sessions. In addition to any due diligence meetings, the Company agrees to make its senior management personnel available to meet with potential institutional investors if reasonably requested by the Agents. It will be a condition of closing of the Offering that the Agents are satisfied, in their sole discretion, with their due diligence review of the Company and the Offering.

4. AGENTS' COMPENSATION

In consideration of the Agents' services to be rendered to the Company in connection herewith, including soliciting offers to purchase Units, and performing administrative work in connection therewith, and all other services arising out of this Agreement, the Company will, at the Closing Time:

- (a) pay or cause to be paid in cash to the Agents a cash commission equal to eight percent (8%) of the aggregate gross proceeds of the Offering, including any proceeds received pursuant to any exercise of the Agents' Option (the "**Commission**");
- (b) issue and deliver to the Agents that number of broker warrants (the "**Broker Warrants**") equal to eight percent (8%) of the aggregate number of Units sold pursuant to the Offering, including any Additional Units sold pursuant to any exercise of the Agents' Option. Each Broker Warrant will entitle the holder thereof to acquire, at the Issue Price, at any time until the Expiration Date, one (1) XS Share (each, a "**Broker Share**") and one (1) XS Share purchase warrant of the Company (each, an "**Underlying Broker Warrant**"). Each whole Underlying Broker Warrant will be exercisable at the Exercise Price at any time until the Expiration Date to acquire one (1) XS Share (each, an "**Underlying Broker Share**"), and will be governed pursuant to the terms of the Warrant Indenture; and
- (c) pay to the Agents a corporate finance fee (the "**Corporate Finance Fee**") equal to five percent (5%) of the aggregate gross proceeds of the Offering, including any Additional Units issued pursuant to any exercise of the Agents' Option, payable by way of issuing units of the Company (the "**CFF Units**") at a deemed price of \$0.30 per CFF Unit. Each CFF Unit will consist of one XS Share (each, a "**CFF Share**") and one XS Share Purchase Warrant (each, a "**CFF Warrant**"). Each CFF Warrant will be exercisable at the Exercise Price at any time until the Expiration Date to acquire one (1) XS Share (each, a "**CFF Warrant Share**").

The obligation of the Company to pay the Commission and to execute and deliver the certificates governing the Broker Warrants, CFF Shares and CFF Warrants will arise at the Closing Time.

The Agents understand that as a material inducement to the Company to issue the Broker Warrants, Broker Shares, Underlying Broker Warrants, Underlying Broker Shares, CFF Shares, CFF Warrants and CFF Warrant Shares, each Agent represents and warrants to the Company that: (i) it is acquiring such securities as principal for its own account and not for the benefit of any other person, and is an "accredited investor" as defined in NI 45-106; (ii) it is not a U.S. Person and it is not acquiring the Broker

Warrants, Broker Shares, Underlying Broker Warrants, Underlying Broker Shares, CFF Units, CFF Shares, CFF Warrants or CFF Warrant Shares in the United States, or on behalf of a U.S. Person or a person located in the United States; and (iii) the Agency Agreement was executed and delivered outside the United States. Each Agent acknowledges and agrees that the Broker Warrants, Underlying Broker Warrants and CFF Warrants may not be exercised in the United States or by or on behalf or for the benefit of a U.S. Person or a person in the United States, unless such exercise is exempt from registration under the U.S. Securities Act and the applicable securities laws of any state of the United States. Each Agent agrees that it will not engage in any Directed Selling Efforts (as defined in Schedule "A") with respect to any Broker Warrants, Broker Shares, Underlying Broker Warrants, Underlying Broker Shares, CFF Units, CFF Shares, CFF Warrants or CFF Warrant Shares.

5. COVENANTS OF THE COMPANY

In addition to the covenants of the Company set out in the other sections of this Agreement, the Company hereby covenants to and for the benefit of the Agents and the Purchasers that:

- (a) it shall allow the Agents and their respective representatives to conduct all due diligence which the Agents reasonably require to be conducted prior to the Closing Date in order to fulfill their obligations as Agents;
- (b) commencing on the date hereof and continuing until the date that is 24 months following the Closing Date, use commercially reasonable efforts to maintain its status as a "reporting issuer" under the Securities Laws of the Provinces of Ontario, Alberta and British Columbia not in default of any requirement of such Securities Laws, provided that this covenant will not prevent the Company from completing any transaction which would result in the Company ceasing to be a "reporting issuer" so long as the holders of XS Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States or cash, or the holders of the XS Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the Exchange (or such other applicable stock exchange upon which the XS Shares are listed or quoted);
- (c) commencing on the date hereof and continuing until the date that is 24 months following the Closing Date, use commercially reasonable efforts to maintain the listing of the XS Shares on the Exchange or other recognized stock exchange or quotation system, provided that this covenant will not prevent the Company from completing any transaction which would result in the XS Shares ceasing to be listed so long as the holders of XS Shares receive securities of an entity which is listed on a stock exchange in Canada or the United States or cash, or the holders of the XS Shares have approved the transaction in accordance with the requirements of applicable corporate laws and the policies of the Exchange (or such other applicable stock exchange upon which the XS Shares are listed or quoted);
- (d) upon and contingent upon Closing of the Minimum Amount, the Company will not, directly or indirectly, for a period commencing on the date of this Agreement and ending 120 days after the Closing Date, without the prior written consent of the Agents (such consent not to be unreasonably withheld), issue, sell, offer, grant an option or right in respect of (or agree to or publicly announce an intention to do any of the

foregoing) any additional XS Shares or any securities convertible into, exercisable for, or exchangeable into XS Shares, other than in conjunction with: (i) securities compensation awards to be granted to service providers of the Company; (ii) existing director or employee stock option plans, bonus or purchase plans or similar share compensation arrangements, as detailed in the Company's most recently filed management discussion and analysis and or management information circular; (iii) the exercise of convertible securities, share purchase warrants or options outstanding prior to the Closing Date; (iv) any debt financings undertaken by the Company; (v) previously scheduled payments and/or other corporate acquisitions; or (vi) the Non-Brokered Private Placement;

- (e) the Company will use its best efforts to fulfill each of the conditions set out in section 9;
- (f) the Company will duly execute and deliver the Subscription Agreements (which have been accepted by the Company and duly completed and executed by the Purchasers), and the Transaction Documents at the Closing Time and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Company;
- (g) the net proceeds of the Offering will be used by the Company for general working capital purposes;
- (h) where and if applicable, the Company and each of the Subsidiaries will deliver to the Agents copies of all correspondence and other written communications between the Company and the securities regulatory authorities of the Qualifying Jurisdictions and authorities of other jurisdictions relating to the Offering and will keep the Agents apprised of the status of, including all developments relating to, the Offering and the Company, generally at all times up to the Closing Time;
- (i) the Company and each of the Subsidiaries will use its best efforts to obtain, to the extent not already obtained, all consents and approvals from the securities regulatory authorities of the Qualifying Jurisdictions related to the Offering that are necessary, such consents and approvals to be on such terms as are mutually acceptable to the Company and the Agents, and will make all necessary filings and give any required notices and use its best efforts to obtain all other necessary governmental, regulatory and other consents and approvals required in connection with the Offering contemplated by this Agreement;
- (j) the Company will fulfill all legal requirements to permit the creation, issuance, grant, offering and sale of the Offered Securities, all as contemplated by the Transaction Documents, and file or cause to be filed all forms, notices, documents, applications, undertakings or certificates required to be filed by the Company in connection with the Offering so that the distribution of such securities may lawfully occur without the necessity of filing a prospectus in Canada or a registration statement in the United States or similar document in any other jurisdiction;
- (k) the Company will ensure that at the Closing Time the Unit Shares have been duly and validly authorized and issued as fully paid and non-assessable XS Shares, and will have the attributes corresponding to the description thereof set forth in this Agreement and the Subscription Agreements;

- (l) the Company will ensure that at the Closing Time the Warrants partially comprising the Units and issuable upon conversion of the Units are duly and validly created, authorized and issued and will have the attributes corresponding to the description thereof as set forth in this Agreement and the Warrant Indenture;
- (m) the Company will ensure, at all times up to and including the Expiration Date, that sufficient Warrant Shares are authorized and allotted for issuance upon due and proper exercise of the Warrants, and upon issuance in accordance with the terms of the Warrant Indenture, the Warrant Shares will be validly issued as fully paid and non-assessable XS Shares;
- (n) the Company will ensure that at the Closing Time the Broker Warrants are duly and validly created, authorized and issued;
- (o) the Company ensure that at all times prior to the expiry of the Broker Warrants, a sufficient number of Broker Shares and Underlying Broker Warrants are allotted and reserved for issuance upon the due exercise of the Broker Warrants, and that at all times prior to the expiry of the Underlying Broker Warrants, a sufficient number of Underlying Broker Shares are allotted and reserved for issuance upon the due exercise of the Underlying Broker Warrants, all in accordance with their respective terms;
- (p) the Company will ensure that upon due exercise of the Broker Warrants and Underlying Broker Warrants in accordance with their respective terms, the Broker Shares and the Underlying Broker Warrant Shares, respectively, will be duly issued as fully paid and non-assessable XS Shares on payment of the exercise price therefor;
- (q) the Company will ensure that at the Closing Time, the CFF Shares have been duly and validly authorized and issued as fully paid and non-assessable XS Shares, and will have the attributes corresponding to the description thereof set forth in this Agreement;
- (r) the Company will ensure that at the Closing Time the CFF Warrants are duly and validly created, authorized and issued and will have the attributes corresponding to the description thereof as set forth in this Agreement and the Warrant Indenture;
- (s) the Company will ensure, at all times up to and including the Expiration Date, that sufficient CFF Warrant Shares are authorized and allotted for issuance upon due and proper exercise of the CFF Warrants, and upon issuance in accordance with the terms of the Warrant Indenture, the CFF Warrant Shares will be validly issued as fully paid and non-assessable XS Shares;
- (t) the Company will duly appoint the Warrant Agent as the agent under the Warrant Indenture at or prior to the Closing Time;
- (u) the Company will use its commercially reasonable efforts to cause the Unit Shares, CFF Shares, Warrant Shares, Broker Shares, Underlying Broker Shares and CFF Warrant Shares, if and when issued, to be listed and posted for trading on the CSE from and after the Closing Date;

- (v) the Company will file all forms, notices and certificates required to be filed by the Company in accordance with the applicable Securities Laws, the policies of the CSE and the securities laws of any other jurisdiction in which the Units are offered for sale, including, for greater certainty, Form 45-106F1 of NI 45-106 and any other forms, notices and certificates set forth in the opinions delivered to the Agent pursuant to the closing conditions set forth in section 9 hereof, as are required to be filed by the Company;
- (w) the Company will, subject to applicable law, obtain the prior approval of the Agents, acting reasonably, as to the content and form of any press release relating to the Offering, provided that this provision shall not be interpreted so as to prohibit the Company from complying with its continuous disclosure obligations under applicable law or the regulations of the Exchange;
- (x) at all times prior to the Closing Date, the Company and each of the Material Subsidiaries will continue to operate its business in the ordinary course, in compliance in all material respects with all applicable laws (including, without limitation, those of the Qualifying Jurisdictions) and prior to the completion of the distribution of the Units, will notify the Agents of any material changes or changes of material fact, in both cases, actual, contemplated, or threatened in the respective businesses, affairs, operations, assets, properties, permits, licenses, prospects, financial condition, capital or liabilities (contingent or otherwise) of the Company; and
- (y) the Company will advise the Agents promptly of any material change or change in a material fact actual, anticipated, contemplated, or threatened (financial or otherwise) in the affairs of the Company or any of the Material Subsidiaries or in any information provided to the Agents concerning the Company, the Offered Securities, or the Offering. Unless so advised otherwise, the Agents will be entitled to assume that there has been no material change or change in a material fact in such information and will be entitled to rely thereon. The Company will notify the Agents promptly of any notice by any judicial or regulatory authority or any stock exchange (including the CSE) requesting any information, meeting or hearing relating to the Company, the Offering or any other event or state of affairs that may be material to the Agents, the Company, or the security holders of the Company.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to, and covenants with, the Agents and the Purchasers, and acknowledges that each of them is relying upon such representations and warranties and covenants in completing the Closing, that as of the Closing Time or as of such other time as is contemplated by any representation, warranty or covenant set forth below:

- (a) the Company has been duly incorporated and is validly existing under the laws of the province of British Columbia and has all requisite corporate power, capacity and authority to (i) own, lease and operate its properties and assets, conduct its business as currently conducted or proposed to be conducted, execute, deliver and carry out its obligations under the Transaction Documents and to do all acts and things as well as execute and deliver all documents required pursuant to this Agreement and in

furtherance of the Offering; and (ii) create, offer, issue, grant and sell, as applicable, the Offered Securities in accordance with the provisions of this Agreement and the Warrant Indenture;

- (b) the Company has no direct subsidiaries, other than Xtraction Services and CSI Princesa, all of the outstanding securities of which are wholly-owned by the Company and each of which has been duly incorporated and is validly existing under the laws of its jurisdiction of incorporation and has all requisite corporate power, capacity and authority to own, lease and operate its assets and conduct its business as currently conducted or proposed to be conducted;
- (c) the Company, directly or indirectly, controls all of the issued and outstanding shares of the Subsidiaries free and clear of all Encumbrances, claims or demands whatsoever and no person has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Company or the Subsidiaries of any interest in any of the shares in the capital of the Subsidiaries. All of the issued and outstanding shares of each of the Subsidiaries are outstanding as fully paid and non-assessable shares;
- (d) Xtraction Services has no subsidiaries, other than CA Licensed Lenders, which is wholly-owned by Xtraction Services and has been duly incorporated and is validly existing under the laws of its jurisdiction of incorporation and has all requisite corporate power, capacity and authority to own, lease and operate its assets and conduct its business as currently conducted or proposed to be conducted;
- (e) except with respect to KushCo and other than the Subsidiaries, the Company has no direct or indirect subsidiaries or any investment or proposed investment in any person;
- (f) the authorized capital of the Company consists of: (i) an unlimited number of XS Shares, of which as of the date hereof, 32,337,725 XS Shares are issued and outstanding as fully paid and non-assessable; and (ii) an unlimited number of PV Shares, of which as of the date hereof, 23,107,598 PV Shares are issued and outstanding as fully paid and non-assessable.
- (g) as of the date hereof no Person has any agreement, option right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any securities of any of the Subsidiaries;
- (h) except for the KushCo Agreements, there are no, and at the Closing Time, there will be no agreements to which the Company, or any of the Subsidiaries, is a party, and to the best knowledge of the Company there are no, and at the Closing Time there will be no, pooling agreements, voting trusts or other similar agreements, in each case with respect to the ownership or voting of any of the securities of the Company or any of the Subsidiaries;
- (i) no Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any securities of the Company or the

Subsidiaries, other than: (a) 693,728 outstanding incentive stock options, each such option exercisable to acquire one XS Share; (b) 10,761.311 outstanding proportionate voting shares, with each exercisable to acquire 1,000 XS Shares; and (c) the KushCo Pre-Emptive Right;

- (j) the Company has taken all necessary corporate action to authorize the execution, delivery and performance of the Transaction Documents and to observe and perform the provisions of the Transaction Documents in accordance with the provisions hereof and thereof;
- (k) each of the Transaction Documents has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with the terms hereof or thereof, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law;
- (l) none of the: (i) offering, issuance, sale, creation, grant and delivery of the Offered Securities; (ii) execution and delivery of the Transaction Documents; (iii) compliance by the Company with the provisions of the Transaction Documents or the consummation of the transactions contemplated herein and therein, do or will: (A) require the consent, approval, or authorization, order or agreement of, or registration or qualification with, any Governmental Authority, court, stock exchange, securities regulatory authority, any class or classes of the securityholders of the Company or other Person, except: (x) such as have already been obtained; or (y) such as may be required under applicable Securities Laws and will be obtained in compliance with the requirements of Securities Laws and the CSE; or (B) conflict with or result in any breach or violation of any of the provisions of, or constitute a default under, whether after notice or lapse of time or both: (w) any statute, rule or regulation applicable to the Company including, without limitation, applicable legislation; (x) the constating documents, articles or resolutions of directors (including of committees thereof) or shareholders of the Company which are in effect at the date hereof; (y) any agreement, Debt Instrument, lease or other document to which the Company is a party or by which it is bound; or (z) any judgment, decree or order binding the Company or the property or assets of the Company;
- (m) all necessary action will have been taken by the Company to validly issue the Unit Shares and the CFF Shares as fully paid and non-assessable XS Shares;
- (n) all necessary action will have been taken by the Company to validly authorize, create and issue the Warrants, the Broker Warrants and the CFF Warrants;
- (o) all necessary action will have been taken by the Company to validly allot for issuance the Warrant Shares issuable upon exercise of the Warrants, the Broker Shares issuable upon exercise of the Broker Warrants, the Underlying Broker Shares issuable upon exercise of the Underlying Broker Warrants and the CFF Warrant Shares issuable upon exercise of the CFF Warrants as fully paid and non-assessable XS Shares;

- (p) all necessary action will have been taken by the Company to validly allot for issuance the Underlying Broker Warrants issuable upon exercise of the Broker Warrants;
- (q) the Unit Shares, Warrants and the Warrant Shares issuable upon exercise of the Warrants are qualified investments at the Closing Time and will be qualified investments at the date of issuance thereof, as applicable, for a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, or a tax-free savings account;
- (r) the Transfer Agent, at its principal office in Toronto, Ontario, has been duly appointed as the registrar and transfer agent in respect of the XS Shares;
- (s) the Warrant Agent, at its principal office in Calgary, Alberta has been duly appointed as the registrar and transfer agent in respect of the Warrants;
- (t) all information which has been prepared by the Company any of the Subsidiaries relating to the Company, the Subsidiaries and their business, properties and liabilities and made available to the Agent was, as of the date of such information and is as of the date hereof, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
- (u) other than in respect of U.S. Federal Cannabis Laws, as applicable the Company and each of the Subsidiaries is conducting its business in compliance with all applicable laws of each jurisdiction in which its business is carried on and is duly registered, licensed, permitted and qualified to carry on business in the jurisdictions in which it carries on business (now as conducted or, proposed to be conducted) or owns property where so required by the laws of that jurisdiction and is not otherwise precluded from carrying on business or owning property in such jurisdictions by any other commitment, agreement or document and it is not subject, or anticipated to be subject to any unfavourable decision, order, ruling or finding, that could reasonably be expected to result in a Material Adverse Effect;
- (v) each of the Company and its Subsidiaries is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material properties and assets thereof, free and clear of any Liens, except for Permitted Liens, and no other property or assets are necessary for the conduct of the business of the Company and its Subsidiaries as currently conducted. Any and all of the agreements and other documents and instruments pursuant to which each of the Company and its Subsidiaries holds the property and assets thereof are valid and subsisting agreements, documents and instruments in full force and effect, enforceable in accordance with the terms thereof, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, and all material leases, licenses and other agreements pursuant to which the Company or any of its Subsidiaries derives the interests thereof in such property are in good standing. The Company does not know of any claim or the basis for any claim that might or could materially and adversely affect the right of the Company or any of its Subsidiaries to use, transfer or otherwise exploit their respective assets, and neither the Company nor any of its

Subsidiaries has any responsibility or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the property and assets thereof;

- (w) the assets of the Company and each of the Subsidiaries and the business and operations thereof are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in a comparable business in comparable circumstances, such coverage is in full force and effect and the Company or Subsidiary, as applicable, has not failed to promptly give any notice or present any material claim thereunder;
- (x) other than as set forth in the Disclosure Documents, no insider of the Company , or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Company which, as the case may be, materially affects, is material to or will materially affect the Company;
- (y) all Material Agreements have been disclosed in Disclosure Documents, and each is valid, subsisting, in good standing and in full force and effect, enforceable in accordance with the terms thereof. The Company and each of its Subsidiaries has performed all obligations (including payment obligations) in a timely manner in all material respects under, and is in material compliance with all terms and conditions contained in each Material Agreement. Neither the Company nor any of the Subsidiaries are in violation, breach or default nor has received any notification from any party claiming that the Company or the respective Subsidiary, as applicable, is in violation, breach or default under any Material Agreement and to the knowledge of the Company, no other party, is in breach, violation or default of any term under any Material Agreement and each other party to any Material Agreement is in compliance, with the terms of each Material Agreement;
- (z) other than in respect of U.S. Federal Cannabis Laws, as applicable, (A) each of the Company and the Subsidiaries is duly qualified and possesses all such permits, certificates, licences, approvals, consents and other authorizations (collectively, the "**Government Licences**") issued by the appropriate Governmental Authority necessary to conduct the business as now operated by the Company and the Subsidiaries, except where the failure to hold such Government Licenses would not have a Material Adverse Effect; (B) each of the Company and the Subsidiaries is in compliance with the terms and conditions of all such Governmental Licences, except where the failure to comply with such Government Licenses would not have a Material Adverse Effect; (C) all of the material Governmental Licences are valid and in full force and effect; and (D) the Company has not received any notice relating to the revocation or modification of any such material Governmental Licences;
- (aa) neither the Company nor any of the Subsidiaries is in violation of its constating documents or is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its property or assets may be bound in any material respect, in any case which would have a Material Adverse Effect;

- (bb) to the knowledge of the Company upon due inquiry, no legal or governmental proceedings are pending to which the Company or any of the Subsidiaries is a party or to which their property or assets are subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now owned or operated by the Company or any of the Subsidiaries which, if the subject of an unfavourable decision, ruling or finding would reasonably be expected to materially impact the business or operations of the Company, the Subsidiaries or their property or assets and, to the knowledge of the Company, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Company, the Subsidiaries or their property or assets;
- (cc) other than with respect to the KushCo Agreements, neither the Company nor any of its Subsidiaries is a party to, bound by or, to the knowledge of the Company, affected by any commitment, agreement or document containing any covenant which expressly and materially limits the freedom of the Company or any of its Subsidiaries to compete in any line of business, transfer or move any of its respective assets or operations or which would reasonably be expected to result in a Material Adverse Effect;
- (dd) there are no actions, suits, judgments, investigations, inquiries or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Company or the Subsidiaries), or, to the knowledge of the Company, pending or threatened against or affecting the Company, the Subsidiaries or any of their respective directors or officers, at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the knowledge of the Company, there is no basis therefor and neither the Company nor any of the Subsidiaries is subject to any judgment, order, writ, injunction, decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, would have a Material Adverse Effect on the Company, the Subsidiaries or their property or assets or could have a Material Adverse Effect on the ability of the Company to perform its obligations under this Agreement;
- (ee) there has not occurred any material change in the assets, liabilities, capital, affairs, prospects, business, operations or condition of the Company and its Subsidiaries taken as a whole which has not been generally publicly disclosed in a Disclosure Document;
- (ff) the Company and each of the Subsidiaries are in compliance with all laws and regulations respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance could not reasonably be expected to result in a Material Adverse Effect;
- (gg) there has been no closure, suspension or material disruption to the operations of the Company or any of the Subsidiaries as a result of the COVID-19 Outbreak. The Company and each of the Subsidiaries have put reasonable measures in place to ensure the safety of its employees as they continue to operate during the COVID-19 Outbreak;
- (hh) the Company and each of the Subsidiaries (i) has not committed an act of bankruptcy and is not insolvent; (ii) has not proposed a compromise or arrangement to its creditors generally; (iii) has not, had a petition or a receiving order in bankruptcy filed against it;

- (iv) has not made a voluntary assignment in bankruptcy; (v) has not taken any proceedings with respect to a compromise or arrangement; (vi) has not taken any proceedings to have itself declared bankrupt or wound-up; (vii) has not taken any proceedings to have a receiver appointed for any of its property; and (viii) has not had any execution or distress become enforceable or become levied upon any of its property;
- (ii) since September 30, 2020, the Company and each of the Subsidiaries:
 - (i) has not paid or declared any dividend or incurred any material capital expenditure or made any commitment therefor; and
 - (ii) has not incurred any obligation or liability, direct or indirect, contingent or otherwise, except in the ordinary course of business and which is not, and which in the aggregate are not, material;
- (jj) since September 30, 2020, neither the Company nor the Subsidiaries have approved or entered into any agreement in respect of, and does not have any knowledge in respect of:
 - (i) the purchase of any real property, permit or material assets or any interest therein;
 - (ii) the sale, transfer or other disposition of any real property, permit or material assets or any interest therein currently owned, directly or indirectly, by the Company whether by asset sale, transfer of shares or otherwise;
 - (iii) the change of control (by sale or transfer of shares or sale of all or substantially all of the properties, permits, licenses and assets of the Company or otherwise) of the Company; or
 - (iv) a proposed or planned disposition of shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding XS Shares or PV Shares;
- (kk) except as disclosed in the Disclosure Documents and other than in the ordinary course of the Company's business, there are no material liabilities of the Company or the Subsidiaries, whether direct, indirect, absolute, contingent or otherwise, and the Company has not made any loans to or guaranteed the obligations of any Person;
- (ll) the Financial Statements and the notes thereto, present fairly, in all material respects, the financial position of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flow of the Company as at the dates and for the periods specified in such Financial Statements, and have been prepared in conformity with IFRS applied on a consistent basis throughout the periods involved, and there has been no material change in accounting policies or practices of the Company since September 30, 2020;
- (mm) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with

management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in Canada 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 material differences;

- (nn) 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 Company and the Subsidiaries have been paid. All tax returns, declarations, remittances and filings required to be filed by the Company and the Subsidiaries 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. No examination of any tax return of the Company or any of the Subsidiaries 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 Company or the Subsidiaries, except where such examinations, issues or disputes, individually or collectively, would not have a Material Adverse Effect;
- (oo) the Company is a reporting issuer or the equivalent thereof in the Provinces of British Columbia, Alberta and Ontario and is not in default of any of its obligations under the securities laws of such Provinces. The Company is not required to file reports with the United States Securities and Exchange Commission pursuant to Section 13(a) or Section 15(d) of the U.S. Exchange Act;
- (pp) the XS Shares are listed on the CSE and the OTCQB, and the Company is in material compliance with all rules, regulations and policies of the CSE and the OTCQB;
- (qq) the Company has filed with all applicable regulatory authorities all documents required under applicable Securities Laws. The Disclosure Documents complied in all material respects with Securities Laws at the time they were filed. There is no material fact known to the Company which the Company has not disclosed to, or which the Company has withheld from, the Agents and which has or may reasonably be expected to have a Material Adverse Effect or which materially adversely affects or which may reasonably be expected to materially adversely affect the ability of the Company to perform its obligations under the Transaction Documents;
- (rr) no order preventing, ceasing or suspending trading in any securities of the Company or prohibiting the issue and sale of securities by the Company has been issued and no proceedings for either of such purposes have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened;
- (ss) other than the Agents or a member of the Selling Group and except as may be consented to by the Agents, there is no Person acting or purporting to act at the request

of the Company, who is entitled to any brokerage, underwriting, finder's, advisory or agency fee in connection with the Offering;

- (tt) the Company and each of the Subsidiaries owns or has the valid rights to use all of the Intellectual Property. The Company and each of the Subsidiaries have a valid and enforceable right to use all third party Intellectual Property used or held for use in the business of the Company. To the Company's knowledge, the conduct of the Company's business and the business of each of the Subsidiaries as currently conducted does not infringe or otherwise impair or conflict with (collectively, "**Infringe**") any Intellectual Property rights of any third party or any confidentiality obligation owed to a third party, and the Intellectual Property of the Company and each of the Subsidiaries, as applicable, which is material to the conduct of the business of the Company as currently conducted or as currently proposed to be conducted is not, to the Company's knowledge, being Infringed by any third party.
- (uu) the Company and each of the Subsidiaries have security measures and safeguards in place, consistent with generally accepted industry practice and applicable laws, to protect all personal information and data it may collect and that is also created, obtained or kept by any Person receiving access to any of such client information and data from the Company or the Subsidiaries, or permitted by the Company or the Subsidiaries to use, sell, handle or in any way deal with, including, but not limited to, subcontractors and bodies corporate, from illegal or unauthorized access or use by them, their personnel or third parties, or access or use by them, their personnel or third parties in a manner that violates the privacy rights of such parties. The Company and each of the Subsidiaries have complied, in all material respects, with all privacy legislation under applicable laws, and has not collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by applicable privacy legislation, whether collected directly or from third parties, in an unlawful manner. The Company and each of the Subsidiaries have taken all reasonable steps to protect personal information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse;
- (vv) neither the Company nor to the best knowledge of the Company, any of the Company or any of the Subsidiaries' directors, officers, employees, consultants, representatives or agents, has (i) violated any anti-bribery or anti-corruption laws applicable to the Company, including but not limited to the *Corruption of Foreign Public Officials Act* (Canada), or (ii) 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: (X) 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 Company or any of the Subsidiaries in obtaining or retaining business for or with, or directing business to, any Person; or (Y) 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 Company nor to the best knowledge of the Company, any of the Company or its Subsidiaries' directors, officers, employees, consultants, representatives or agents (i) conducted or initiated any review, audit, or internal investigation that concluded the Company, any of its Subsidiaries, or any of its directors, officers, employees, consultants, representatives or agents 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; and

- (ww) the Company or, to the best knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or any of the Subsidiaries has not been or is not currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department and the Company will not directly or indirectly use any proceeds of the distribution of the Units or lend, contribute or otherwise make available such proceeds to the Company or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person targeted by any of the sanctions of the United States.

7. REPRESENTATIONS AND WARRANTIES OF THE AGENTS

Each of the Agents represents and warrants to, and covenants with, the Company, and acknowledges that the Company is relying upon such representations and warranties and covenants in completing the Closing, that as of the Closing Time or as of such other time as is contemplated by any representation, warranty or covenant set forth below:

- (a) each Agent (or each of its duly appointed members of the Selling Group, as applicable) is duly qualified and registered to carry on business as a dealer in each of the Qualifying Jurisdictions where the sale of the Units requires such qualification and/or registration in a manner that permits the sale of the Units on the basis described in section 2.2;
- (b) each Agent will, if appointing members of the Selling Group to assist in the distribution of the Units to Purchasers, agree to (and will require member of the Selling Group to agree to) comply with the Securities Laws in connection with the Offering, and will only offer the Units for sale to Purchasers on a "private placement" basis directly;
- (c) each Agent has all requisite corporate power and authority to enter into, deliver and carry out its obligations under this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein;
- (d) each Agent will (and will require members of the Selling Group to agree to) offer and solicit offers for the purchase of the Units on a commercially reasonable efforts private placement basis, and, in each case, in compliance with applicable Securities Laws and only from such persons and in such manner that, pursuant to applicable Securities Laws, no prospectus, registration statement or similar document need be delivered or filed, other than any prescribed reports of the issue and sale of the Units and, in the case of

any jurisdiction other than the Qualifying Jurisdictions, no filing or other continuous disclosure obligations will be created;

- (e) each Agent will (and will require members of the Selling Group to agree to) only make offers or sales of Units in accordance with the terms of this Agreement and the Subscription Agreements and has not made, and will not make, any representations or warranties about the Company and/or the Units other than as set out in the Subscription Agreements and the Investor Presentation;
- (f) each Agent will not (and will require members of the Selling Group to agree not to) engage in any form of general solicitation or general advertising within the meaning of Canadian Securities Laws in connection with the offer and sale of the Units, including but not limited to, causing the sale of the Units to be advertised in any newspaper, magazine, printed public media, printed media or similar medium of general and regular paid circulation, broadcast over radio, television or telecommunications, including electronic display, or conduct any seminar or meeting relating to the offer and sale of the Units whose attendees have been invited by general solicitation or advertising, in either case in violation of Canadian Securities Laws;
- (g) other than the Investor Presentation, the Agents will not (and will require members of the Selling Group to agree not to) provide prospective purchasers of the Units any document or other material or information that would constitute an offering memorandum within the meaning of Canadian Securities Laws, and will not make use of any greensheet or other internal marketing document, without the consent of the Company;
- (h) each Agent will (and will require members of the Selling Group to agree to) obtain from each Purchaser resident in the Qualifying Jurisdictions an executed Subscription Agreement in a form reasonably acceptable to the Company relating to the Offering, together with all documentation (including documents required by the CSE, if any) as may be necessary in connection with subscriptions for Units; and
- (i) each Agent will (and will require members of the Selling Group to agree to) provide the Company on the Closing Date with all necessary information in respect of the Agent and the Purchasers to allow the Company to file with the Securities Commissions reports of the distribution of the Offered Securities in accordance with Canadian Securities Laws and the required time frames.

8. CLOSING

The purchase and sale of the Units will be completed electronically or represented by one or more certificates at the Closing Time. At or prior to the Closing Time, the Company will issue duly and validly deliver to the Agents, on behalf of the Agents the Units, registered as directed by the Agents, on behalf of the Agents, in writing, against payment to the Company, in lawful money of Canada, of an amount, subject to Section 11, equal to the aggregate proceeds for all the Units being issued and sold hereunder, less the Commission and the Agents' Expenses and the Broker Warrant Certificates and CFF Units registered in such name or names as the Agents may notify the Company not less than 24 hours prior to the Closing Time.

9. CLOSING CONDITIONS

In addition to the deliveries contemplated by section 8, each Purchaser's subscription to purchase the Units and the Agents' obligation to close the purchase of Units from the Company at the Closing Time will also be conditional upon the fulfilment at or before the Closing Time of the following conditions:

- (a) the Company will provide evidence to the Agents, to their satisfaction, confirming the Closing of the Offering;
- (b) the Agents will have received: (i) a certificate of status (or similar document), where issuable under applicable law, in respect of the Company and each of the Material Subsidiaries; (ii) satisfactory evidence that the Company is not in default under Canadian Securities Laws of the jurisdictions in which the Company is a reporting issuer; and (iii) a certificate from the Company's registrar and transfer agent dated the Closing Date as to the number of XS Shares issued and outstanding as at the Business Day prior to the Closing Date;
- (c) the Company will have made and/or obtained the necessary filings, approvals, consents and acceptances under Canadian Securities Laws required to be made or obtained by the Company prior to the Closing Time in connection with the Offering, on terms which are acceptable to the Agents;
- (d) Odyssey Trust Company will have been duly appointed as the Transfer Agent and the Warrant Agent of the Company;
- (e) the Agents will have received certificates dated the Closing Date, signed by appropriate officers of the Company addressed to the Agents and counsel to the Agents, with respect to (i) the constating documents of the Company; (ii) all resolutions of the Company's board of directors relating to the Transaction Documents, the creation, issuance, grant, sale, reservation and allotment, as applicable, of the Offered Securities, and the consummation of the respective transactions contemplated herein and therein; (iii) the incumbency and specimen signatures of signing officers; and (iv) such other matters as the Agents may reasonably request;
- (f) the Agents will have received a certificate dated the Closing Date and signed by the Chief Executive Officer and the Chief Financial Officer or such other senior officer(s) of the Company as may be acceptable to the Agents, certifying for and on behalf of the Company, after having made due enquiries, that:
 - (i) the representations and warranties of the Company contained in this Agreement are true and correct as of the relevant Closing Time with the same force and effect as if made at and as of the relevant Closing Time after giving effect to the transactions contemplated by this Agreement (other than with regard to changes in the issued and outstanding securities of the Company as a result of the Closing);
 - (ii) the Company has duly complied with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the relevant Closing Time;

- (iii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending, contemplated or threatened by any regulatory authority; and
- (iv) since September 30, 2020, A) there has been no Material Adverse Change, that has not been generally disclosed, and (B) no material transactions have been entered into by the Company or any of the Subsidiaries other than in the ordinary course of business which have not been publicly disclosed.
- (g) the Company's board of directors will have authorized and approved the Transaction Documents, Subscription Agreements and any other agreements pursuant to which the Offered Securities are created, issued, granted, sold, reserved and allotted, as applicable, and all matters relating to the foregoing;
- (h) the Transaction Documents will have been executed and delivered by the Company in form and substance satisfactory to the Agents, acting reasonably;
- (i) the Warrant Indenture will have been executed and delivered by the Company and the Warrant Agent in form and substance satisfactory to the Agents and their counsel, acting reasonably;
- (j) the Agent will have received at the Closing Time certificates representing the Agent's Warrants, CFF Shares and CFF Warrants registered in accordance with its instructions;
- (k) the Agents will have received favourable legal opinions addressed to the Purchasers and the Agents, in form and substance satisfactory to the Agents and its legal counsel, dated the Closing Date from Fogler Rubinoff LLP, and other applicable local counsel for the Company, as to the laws of Canada and of the Qualifying Jurisdictions in which Purchasers are resident at the Closing Time; provided, which counsel may rely, as to factual matters only, on certificates of the Company's registrar and transfer agent, public and stock exchange officials and officers of the Company, which opinions will address such matters as the Agent may reasonably request;
- (l) the Agents will have received at the Closing Time favourable legal opinions addressed to the Agents and the Purchasers, in form and substance satisfactory to counsel to the Agents, acting reasonably, dated as of the Closing Date, from counsel to the Company in the jurisdictions of existence of the Material Subsidiaries, which counsel in turn may rely, as to matters of fact, on certificates of public officials and officers of the Subsidiaries, as appropriate, and all of which opinions may be rendered subject to reasonable and customary qualifications, assumptions and limitations, including but not limited to qualifications, assumptions or limitations pertaining to U.S. Federal Cannabis Laws, with respect to the following matters: (a) each such Material Subsidiary is duly organized and validly existing under the laws of the jurisdiction in which it exists, and has all requisite corporate power and authority to conduct any lawful business activity under the applicable laws of its jurisdiction; (b) as to the issued and outstanding shares

of each Material Subsidiary controlled, directly or indirectly, by the Company; and (c) as to the issued and outstanding capital of each Material Subsidiary;

- (m) if any of the Units are being sold to, or for the account or benefit of, persons in the United States or U.S. Persons pursuant to Schedule "A" to this Agreement, the Agents will have received an opinion from United States legal counsel to the Company, addressed to the Agents, in form and substance satisfactory to the Agents, to the effect that registration under the U.S. Securities Act is not required in connection with the offer and sale of the Units, provided that such offers and sales are made in compliance with Schedule "A" to this Agreement and it being understood that no opinion will be required as to any resale of any Units, Unit Shares, Warrants or Warrant Shares;
- (n) the Company will have fulfilled in all material respects to the satisfaction of the Agents all covenants set forth in section 3 that are required to be satisfied by it on or prior to the Closing Time;
- (o) the Agents will have received such other customary closing certificates, agreements or documents as the Agents may reasonable request; and
- (p) the Agents will, in their sole discretion, be satisfied with their due diligence review and investigations with respect to the business, assets, financial condition, affairs and prospects of the Company and its subsidiaries.

10. RIGHTS OF TERMINATION

- (a) The Agents (on their own behalf and on behalf of the Purchasers) will be entitled, at their discretion, to terminate and cancel, without any liability on their part (or on the part of the Purchasers), the obligations of the Purchasers under this Agreement or the Subscription Agreements to purchase the Units, by notice in writing to that effect delivered to the Company prior to or at the Closing Time if:
 - (i) the Agents are not satisfied, in their sole discretion, with the due diligence investigations performed by the Agents or their representatives; or
 - (ii) all regulatory approvals required to be obtained are not obtained by the Company on a timely basis; or
 - (iii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is instituted, announced or threatened or any order is issued by any federal, provincial, state, municipal, local or other governmental or body, domestic or foreign, any subdivision or authority of any of the foregoing or any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above (collectively, "**Governmental Authority**") in respect of the Company or any of its directors or officers (other than an inquiry, investigation, proceeding or order based upon the activities or alleged activities of the Agents); or there is any change of law, or the interpretation or administration thereof; or any order to cease trading (including communication with persons in order to obtain expressions of interest) in the securities of the

Company is made by a Governmental Authority and that order is still in effect, which in the reasonable opinion of such Agent operates to prevent or restrict the trading in the securities of the Company or the distribution of the Units or which in the reasonable opinion of such Agent, acting in good faith, could be expected to have a material adverse effect on the market price or value of the securities of the Company; or

- (iv) there is any change of law, or the interpretation or administration thereof or any order to cease trading (including communicating with persons in order to obtain expressions of interest) in the securities of the Company is made by a Governmental Authority and that order is still in effect, which in the opinion of the Agents operates to prevent or restrict the trading in the Offered Securities or the distribution of the Offered Securities or which in the opinion of the Agents, could be expected to have an adverse effect on the market price or value of the Offered Securities; or
- (v) there should develop, occur or come into effect or existence any occurrence, event, action, state or condition of any nature, including without limitation, accident, natural disaster, act of terrorism, public protest, any declared pandemic of a serious contagious disease (including the COVID-19 Outbreak, to the extent there is any material adverse development related thereto), acts of hostilities or escalation thereof or other calamity or crisis, governmental, law or regulation, or financial or economic occurrence, of national or international consequence, which in the sole opinion of the Agents, adversely affects or involves, or may adversely affect or involve, the national or international financial markets or the properties, operations, business, affairs, profitability, financial condition or assets of the Company or the market price or value or marketability of the securities of the Company; or
- (vi) there is, in the sole opinion of the Agents, any material change in relation to the Company (including its business, financial condition, assets, liabilities (contingent or otherwise), results of operations or prospects), or if there should be discovered, whether as a result of the Agents' continuing due diligence or otherwise, any previously undisclosed material fact, or if there should occur a change in any material fact or a new material fact should arise, which in any case, in the opinion of the Agents: (A) is, or may be, of such a nature as to render the public information record untrue, false or misleading in a material respect or result in a misrepresentation (other than a change or fact related solely to the Agents); (B) has or could be expected to result in a Material Adverse Effect; or (C) result in an adverse effect on the market price or value of the securities of the Company; or
- (vii) the Company is in breach of a material term, condition or covenant of this Agreement required to be fulfilled at or prior to the Closing Time (the Company agreeing that all terms and conditions in this Agreement to be fulfilled at or prior to the Closing Time will be construed as conditions and complied with so far as the same relate to acts to be performed or caused to be performed by it, that it will use best efforts to cause such conditions to be complied with, and

that the Agents may waive, in whole or in part, or extend the time for compliance with, any terms and conditions of this Agreement without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension will be binding upon the Agents only if the same is in writing); or

- (viii) there should develop, occur or come into effect or existence any occurrence in any financial market, including the Canadian, United States or any international financial market(s), which, in the sole opinion of the Agents, acting reasonably, adversely affects or may adversely affect the marketability of the Offered Securities such that, in the sole opinion of the Agents, acting reasonably, the Offered Securities cannot be profitably marketed; or
 - (ix) the Company is in breach of any material term of any Ancillary Document or if any of the representations or warranties made by the Company in this Agreement or in any Ancillary Document delivered by the Company in connection with the Offering is false or has become false in any material respect; or
 - (x) any condition precedent set out in section 9 remains outstanding and uncompleted at the Closing Time.
- (b) The rights of termination contained in section 10 may be exercised by the Agents and 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 Company in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there will be no further liability on the part of the Agents to the Company or on the part of the Company to the Agents except in respect of any liability which may have arisen or arises after such termination under sections 11, 12 and 16.
- (c) The Agents will make commercially reasonable efforts to give the notice to the Company as contemplated by section 10(a) of the occurrence of any of the events or circumstances referred to therein, provided that neither the giving nor the failure to give such notice will in any way affect the Agents' entitlement to exercise their rights contained in section 10(a) at any time through to the Closing Time.

11. EXPENSES

Whether or not the issuance and sale of the Units will be completed, all reasonable expenses incidental to the Offering and the transactions herein set out will be borne by the Company including, without limitation, all private placement fees required under Securities Laws or in other jurisdiction, all filing fees in connection therewith, the fees and expenses of counsel to the Company and all local counsel (including United States counsel, if applicable), all expenses of or incidental to the creation, issue and sale or distribution of the Units, and all costs incurred in connection with the preparation of documents relating to the Offering. The Company will further be responsible for all reasonable "out of pocket" expenses of the Agents and all disbursements, fees and expenses of legal counsel to the Agents (including applicable taxes thereon) in all jurisdictions (which legal expenses will not exceed \$50,000, exclusive of disbursements and taxes) ("**Agents' Expenses**"). Agents' Expenses will be payable by the

Company in addition to any other fees payable to the Agents under this Agreement and will be netted out of the gross proceeds of the Offering. The Company acknowledges that the \$25,000 retainer advanced by the Company may be applied towards such fees, disbursements and taxes without the prior written consent of the Company. In the event that the Offering is not completed for any reason whatsoever, or the Agents have terminated this Agreement pursuant to section 10, the Company will be responsible for the payment of the Agents' Expenses otherwise payable by the Company under this section. All or part of any of the Commission, the Broker Warrants, the Corporate Finance Fee, the Agents' Expenses and any other fees payable to the Agents under this Agreement may be subject to applicable taxes in which event a corresponding additional amount will be payable by the Company to the Agents. Notwithstanding any other provision of this Agreement, the Agents will obtain the prior written approval of the Company for any expenses (other than legal expenses) in excess of \$2,500.

12. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All warranties, representations, covenants and agreements herein contained or contained in any documents delivered pursuant to this Agreement and in connection with the transactions herein contemplated will survive the issuance and sale of the Units, the grant of the Broker Warrants and the CFF Units and as applicable, the issuance and grant of securities thereunder, and continue in full force and effect for the benefit of the Agents and the Purchasers and will not be limited or prejudiced by any investigation made by or on behalf of the Agents or the Purchasers with respect thereto. All representations, warranties, covenants and agreements provided herein will survive the Closing Date until two (2) years from the Closing Date. Notwithstanding the foregoing, (i) the Right of First Opportunity will continue in full force and effect in accordance with the terms thereof, as set forth in section 14 hereof and (ii) the Indemnity provided in section 15 hereof, will not be limited to or otherwise affected by any other indemnity obtained from any other Person and will continue in full force and effect, indefinitely, with all possible liability arising directly or indirectly from the transactions and actions contemplated by this Agreement, subject only to applicable limitation period prescribed by law.

13. COMMERCIALY REASONABLE EFFORTS

The Agents and the Company agree that nothing herein will be deemed to constitute: (a) an offer, binding commitment or undertaking on the part of the Agents or any member of the Selling Group who may participate in the Offering and does not ensure the successful arrangement or completion of the Offering or any portion thereof; or (b) a binding commitment by the Company to proceed with the Offering. The Agents and the Selling Group will use commercially reasonable efforts to complete the Offering.

14. RIGHT OF FIRST OPPORTUNITY

Upon and contingent upon closing of the Minimum Amount, until a period that is one (1) year from the initial Closing Date (the "**Right of First Opportunity Period**"), the Agents will be entitled to a right of first opportunity to act as co-lead agents and joint bookrunners for any offering of securities of the Company to be issued and sold in Canada (or any Canadian component of a transaction conducted primarily outside of Canada) by private placement or public offering or to provide professional, sponsorship or advisory services performed (or normally performed) by a broker or investment dealer (the "**Right of First Opportunity**"). If the Company is intending to proceed with any such issuance or if the Company receives an offer from a third party at any time during the Right of First Opportunity Period, in

connection with which such third party proposes to serve as a financial advisor, lead, co-lead manager or placement agency in connection with a financing, the Company will provide in writing to the Agents written notice of the proposed terms thereof, including, if the Company received an offer from a third party, the terms upon which such third party has proposed to act in such capacity (including the commission payable to such third party). The Agents will be entitled to exercise their Right of First Opportunity to act in such capacity as proposed by such third party by notifying the Company within five (5) Business Days following the Agents' receipt of such written notice (or 24 hours in the case of an overnight marketed offering). If the Agents elect, in their sole discretion, to accept the engagement, then the parties will negotiate in good faith a separate agreement which will be consistent with then-prevailing industry practice, including as to fees and reimbursement of expenses which cannot be less favourable to the Company than the compensation set out by the third party financial advisor in its proposal to the Company. If the Agents fail to respond within such five (5) Business Day or twenty-four (24) hour period, as applicable, or decline, in writing, the Company may proceed with such offering or advisory engagement through another agent, advisor or underwriter, provided the arrangements with such agent, advisor or underwriter are no less favourable to the Company than as set forth in the notice to the Agents and are entered into within thirty (30) days thereafter. The rights of participation provided by this section will not terminate in the event that the Agents decline to act as agent, advisor or underwriter, as the case may be.

15. INDEMNITY

15.1 The Company agrees to severally indemnify and save harmless the Agents, their affiliates and their respective directors, officers, employees, partners, agents, advisors and shareholders (collectively, the "**Indemnified Parties**" and individually, an "**Indemnified Party**") from and against any and all losses (other than loss of profit), expenses, claims, actions, suits, proceedings, damages, liabilities or expenses of whatsoever nature or kind, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees, disbursements and taxes of their counsel (collectively, "**Losses**") in connection with any action, suit, proceeding, investigation or claim (including, without limitation, security holder or derivative actions, arbitration proceedings or otherwise) that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "**Claims**") to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly:

- (a) any untrue statement or alleged untrue statement of material fact contained in the information (whether written or oral) supplied to any prospective investor by or on behalf of the Company or any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, or
- (b) the Offering,

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.

15.2 The Company agrees to waive any right that the Company may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or claim payment from any other person before claiming under this Indemnity. The Company also agree that no

Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any person asserting Claims on behalf of or in right of the Company for or in connection with either paragraph 15.1(a) or 15.1(b) above, except, in the case of 15.1(b) above only, to the extent any Losses suffered by the Company are determined by a court of competent jurisdiction in a final judgment that has become non-appealable to have resulted primarily from the gross negligence, illegal act or willful misconduct of such Indemnified Party.

15.3 The Company shall not, without the Agents' prior written consent, 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 the Company has acknowledged in writing that the Indemnified Parties are entitled to be indemnified in respect of such Claim and such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from any liabilities arising out of such Claim without any admission of gross negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.

15.4 Promptly after receiving notice of a Claim against the Agents or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Company, the Agents or any such other Indemnified Party shall notify the Company in writing of the particulars thereof, provided that the omission so to notify the Company shall not relieve the Company of any liability which the Company may have to the Agents or any other Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required prejudices the defense of such Claim or results in any material increase in the liability which the Company may have under this Indemnity. The Company shall have fourteen (14) calendar days after receipt of the notice to undertake, conduct and control, through counsel of its own choosing and at its own sole expense, the settlement or defense of the Claim. If the Company undertakes, conducts and controls the settlement or defense of the Claim, the relevant Indemnified Parties shall have the right to participate in the settlement or defense of the Claim.

15.5 The foregoing indemnity shall not apply, with respect to paragraph 15.1(b) above only, to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Losses to which the Indemnified Party may be subject were primarily caused by the gross negligence or willful misconduct of an Agent or the Indemnified Party.

15.6 If for any reason the foregoing indemnity is unavailable (other than in accordance with the terms hereof) to the Agents or any other Indemnified Party or insufficient to hold the Agents or any other Indemnified Party harmless in respect of a Claim, the Company shall contribute to the amount paid or payable by the Agents or the other Indemnified Party as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Company on the one hand and the Agents or any other Indemnified Party on the other hand but also the relative fault of the Company, the Agents or any other Indemnified Party as well as any relevant equitable considerations; provided that the Company shall in any event contribute to the amount paid or payable by the Agents or any other Indemnified Party as a result of such Claim any excess of such amount over the amount of the fees received the Agents hereunder.

15.7 The Company hereby constitutes the Agents as trustees for each of the other Indemnified Parties of the Company's covenants under this indemnity with respect to those persons and

the Agents agree to accept that trust and to hold and enforce those covenants on behalf of those persons.

15.8 Each Agent may retain counsel to separately represent themselves in the defense of a Claim and the Company shall pay the reasonable fees and disbursements of such counsel if: (a) the Company does not promptly assume the defense of the Claim no later than fourteen (14) calendar days after receiving actual notice of the Claim; (b) the Company agrees to separate representation in writing; or (c) the Agent is advised in writing by counsel that there is an actual or potential conflict in the Company's and the Agent's respective interests, or additional defenses are available to the Agents which makes representation by the same counsel inappropriate.

15.9 The obligations of the Company hereunder are in addition to any liabilities which the Company may otherwise have to the Agents or any other Indemnified Party.

16. CONFIDENTIAL INFORMATION

The Agents agree, and each of the Agents' respective subsidiaries and affiliates agree, and each of their directors, officers, employees and members of the Selling Group ("**Personnel**") agree, subject to any applicable laws and regulations which may require disclosure, to take all commercially reasonable steps to keep all financial, operating, technical, and other information and materials concerning the Company ("**Confidential Information**") furnished to the Agents or the Personnel or to the Agents' accounting and legal advisors by the Company or any director, officer, employee, financial or accounting advisor, legal advisor, representative or other agent of the Company confidential and not use the Confidential Information except to the extent necessary for the Offering. The Agents and the Personnel will ensure that Confidential Information is only disclosed to those persons who need to know the Confidential Information for the purpose of the Offering and will ensure that such persons are aware of the obligations of confidentiality in relation to such Confidential Information. If the Agents or Personnel are required to disclose Confidential Information as a legal requirement or as part of a legal or regulatory process, the Agents will provide the Company with prompt notice of such request so that the Company may seek an appropriate remedy.

The Company will keep confidential all advice and opinions provided by the Agents, except as provided herein or as required to be disclosed by applicable law or in connection with legal or regulatory proceedings. If the Company is requested to disclose any such advice or opinions as a legal requirement or as part of a legal or regulatory process, the Company will provide the Agents with prompt written notice of such request so that the Agents may accommodate such request.

For greater certainty, the term "Confidential Information" does not include information which: (a) is or becomes generally available to the public other than as a result of a disclosure by the Agents not permitted hereunder; (b) was available to the Agents on a non-confidential basis prior to its disclosure to the Agents by the Company; (c) becomes available to the Agents on a non-confidential basis from a source other than the Company, provided that such source is not to the knowledge of the Agents bound by a confidentiality agreement with, or other confidentiality obligation to the Company; or (d) is independently developed by the Agents without reference to any Confidential Information.

Notwithstanding section 12, the obligations of the Agents in this section 16 will continue notwithstanding the completion of the Offering or termination of this Agreement.

17. ADVERTISEMENTS

Except as may be otherwise provided in Schedule "A" hereof, the Agents will have the right, at their own expense, to place such advertisement or advertisements or press releases relating to and following the completion of the sale of the Units contemplated herein as the Agents may consider desirable or appropriate and as may be permitted by applicable law; provided, the Agents first obtain the Company's prior written consent. The Company and each Agent agrees that it will not make or publish any advertisement or press release in any media whatsoever relating to, or otherwise publicizing, the transaction provided for herein so as to result in any exemption from the prospectus and registration requirements of applicable securities legislation in Canada or the United States, or of any province, territory, possession, administrative district or state thereof, being unavailable in respect of the sale of the Units to prospective purchasers. Subject to compliance with applicable law, any press release or advertisement of the Company or the Agents relating to the Offering or which uses the Company's logo will be provided in advance to the Agents and the Company respectively, and will require the prior written consent of the Company or the Agents, as applicable, not to be unreasonably withheld, prior to the release thereof.

The Agents agree that subject to compliance with applicable law, following the completion of the Offering the Company may make public the completion of the Offering, provided that if requested by the Agents, the Company will include a mutually acceptable reference to the Agents in any press release or other public announcement made by the Company regarding the matters described in this Agreement.

The parties agree and acknowledge that nothing in this Section 17 shall be interpreted so as to prohibit the Company from complying with its continuous disclosure obligations under applicable law and the regulations of the Exchange.

18. USE OF ADVICE

None of (a) the name of the Agents, (b) the written or verbal advice, opinions or conclusions of the Agents, including, but not limited to, any background or supporting materials or analysis, or (c) any communication, fee or other arrangements with the Agents in connection with the services performed by the Agents pursuant to this Agreement, will be publicly disclosed, reproduced or referred to or provided to any third party by the Company, without the prior written consent of the applicable Agents in each specific instance, such consent not to be unreasonably withheld. Each of the Agents expressly disclaims any liability or responsibility by reason of any unauthorized use, publication, distribution of or reference to any written or verbal advice or opinions or materials provided by the Agents, individually or collectively, or any unauthorized reference to the Agents or this engagement. This Agreement and the terms thereof are confidential and may not be publicly disclosed, referred to or provided to any third party by the Company without the prior written consent of the Agents in each specific instance or unless required by applicable law in which case the Company will provide the Agents with prior written notice so that the applicable Agent may seek a protective order, injunction or other appropriate remedy.

19. DIRECTION OF INQUIRIES

The Company agrees to direct all enquiries from any person or entity, expressing an interest in participating in the Offering to the Agents.

20. ALTERNATIVE PROPOSAL

The Company agrees that until completion of the Offering, none of its, nor any of its Subsidiaries', respective directors, officers, agents, accountants, or financial advisors will (and the Company will direct and use best efforts to cause its and its subsidiaries' employees who are not officers or directors not to), directly or indirectly: (i) initiate, solicit, knowingly encourage (including by providing information or assistance) or knowingly facilitate any inquiries, proposals or offers with respect to, or the making or completion of, any proposal that constitutes, or would reasonably be expected to lead to, an alternative financing proposal (an "**Alternative Proposal**"); (ii) provide or cause to be provided any non-public information or data relating to the Company or any of its subsidiaries in connection with, or have any discussions with, any person or its representatives (other than the Company and its representatives) relating to or in connection with an actual or proposed Alternative Proposal; (iii) engage in any discussions or negotiations with any person (other than the Company and its representatives) concerning an actual or proposed Alternative Proposal; (iv) approve, endorse or recommend, agree to or accept any actual or proposed Alternative Proposal; (v) approve, endorse or recommend, agree to or accept or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement related to any actual or proposed Alternative Proposal; or (vi) agree to do any of the foregoing. Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this section by the Company, or any affiliate or representative of the Company, will constitute a breach of this Agreement by the Company and will result in the immediate payment of an amount equal to the Commission assuming the Offering was fully completed, such amount representing a termination fee from the Company to the Agents. Notwithstanding the foregoing, the parties agree and acknowledge that the Company may pursue the following activities:

- (a) debt financing; and
- (b) the issuance of units comprised of PV Shares and warrants to acquire underlying PV Shares, upon the same terms and conditions as the Offering, subject to adjustment as are necessary to reflect the ratio of one (1) PV Share for every 1,000 XS Shares,

and any such activities will not be deemed to be a breach of this section 20.

21. NOTICES

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

If to the Company, at:

XS Financial Inc.
1901 Avenue of the Stars
Suite 120
Los Angeles, California, 90067

Attention: David Kivitz, Chief Executive Officer
Email: dkivitz@xsfinancial.com

and, in respect of any notice given to the Company, with a copy to (which will not constitute delivery):

Fogler Rubinoff LLP
77 King Street West
Suite 3000, P.O. Box 95
TD Centre North Tower
Toronto, ON M5K 1G8

Attention: Jennifer Campbell, Partner
Email: jcampbell@fogler.com

If to the Agents, at:

Gravitas Securities Inc.
Suite 1700, 333 Bay Street
Toronto, ON
M5H 2R2

Attention: Blayne Creed
Email: BCreed@gravitassecurities.com

and

Canaccord Genuity Corp.
161 Bay Street, Suite 3000
Toronto, Ontario M5J 2S1

Attention: Graham Saunders, Vice Chairman
Email: gsaunders@cgf.com

and, in respect of any notice given to any Agent, with a copy to (which will not constitute delivery):

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC
V6C 2T5

Attention: Justin Kates, Partner
Email: jkates@dumoulinblack.com

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

Each notice will be personally delivered to the addressee or sent by electronic transmission to the addressee and a notice which is personally delivered will, if delivered on a Business Day, be deemed to be given and received on that day and, a notice which is sent by electronic transmission will be deemed to be given and received on the first Business Day following the day on which it is sent.

22. GENERAL

22.1 Time of the Essence. Time will, in all respects, be of the essence hereof.

22.2 Headings. The headings contained herein are for convenience only and will not affect the meaning or interpretation hereof.

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

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

22.5 Obligations of the Agents. In performing their respective obligations under this Agreement, the Agents will be acting severally and neither jointly nor jointly and severally. Nothing in this Agreement is intended to create any relationship in the nature of a partnership, or joint venture among any of the Agents. The Agents' respective obligations and rights and benefits hereunder will be as to the following percentages:

Gravitas Securities Inc.	-	50%
Canaccord Genuity Inc.	-	50%

22.6 Agents' Authority. The Company will be entitled to and will act on any notice, request, direction, consent, waiver, extension and other communication given or agreement entered into by or on behalf of the Agents.

22.7 Absence of Fiduciary Relationship. The Company acknowledges and agrees that: (a) the Agents have not assumed and will not assume a fiduciary responsibility in favour of the Company with respect to the Offering contemplated hereby or the process leading thereto and the Agents do not have any obligation to the Company with respect to the Offering contemplated hereby except the obligations expressly set forth in this Agreement; (b) the Agents and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company; and (c) the Agents have not provided any legal, accounting, regulatory or tax advice with respect to the Offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

22.8 Successors and Assigns. The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Company, the Agents and the Purchasers and their respective successors and permitted assigns; provided that, except as provided herein or in the Subscription Agreements, this Agreement will not be assignable by either party without the prior written consent of the other.

22.9 Further Assurances. Each of the parties hereto will do or cause to be done all such acts and things and will 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.

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

22.11 Counterparts and Electronic Copies. This Agreement may be executed by the parties in counterparts and the counterparts may be executed and delivered by electronic means, with all counterparts together constituting one agreement

22.12 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereto attorn to the non-exclusive jurisdiction of the courts of such province in connection with all matters arising hereunder

22.13 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 a être ou pouvant être donné ou conclu en vertu des dispositions des présentes, soient rédigés en langue anglaise seulement.*

[Signatures on following page]

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

Yours truly,

GRAVITAS SECURITIES INC.



By: Blayne Creed
Title: Chief Executive Officer

CANACCORD GENUITY INC.



By: Graham Saunders
Title: Vice Chairman

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

DATED as of the _____ day of March, 2021.

XS FINANCIAL INC.

By: David Kivitz
Title: Chief Executive Officer

SCHEDULE "A"

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

A. Definitions

Capitalized terms used in this Schedule "A" and not defined herein will have the meanings ascribed thereto in the Agreement to which this Schedule is attached, and the following terms will have the meanings indicated:

- (a) **"Dealer Covered Person"** has the meaning set forth below;
- (b) **"Directed Selling Efforts"** means "directed selling efforts" as that term is defined in Rule 902(c) of Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule "A", it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Securities and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of any of such securities;
- (c) **"Disqualification Event"** has the meaning set forth below;
- (d) **"Foreign Issuer"** means a "foreign issuer" as that term is defined in Rule 902(e) of Regulation S;
- (e) **"Non-Brokered Securities"** means the Non-Brokered Units issued in the Non-Brokered Private Placement, the XS Shares and the Non-Brokered Warrants comprising the Non-Brokered Units, and the XS Shares issuable upon exercise of the Non-Brokered Warrants;
- (f) **"Offshore Transaction"** means an "offshore transaction" as defined in Rule 902(h) of Regulation S;
- (g) **"Regulation D Securities"** has the meaning set forth below;
- (h) **"Rule 144A"** means Rule 144A under the U.S. Securities Act;
- (i) **"Securities"** means the Units, the Unit Shares, the Warrants and the Warrant Shares;
- (j) **"Substantial U.S. Market Interest"** means a "substantial U.S. market interest" as that term is defined in Rule 902(j) of Regulation S; and
- (k) **"U.S. Affiliate"** means any duly registered United States broker-dealer affiliate of an Agent.

B. Representations, Warranties and Covenants of the Agents

Each Agent acknowledges and agrees that the Units have not been and will not be registered under the U.S. Securities Act or any state securities laws, and the Securities may be offered and sold only in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. Accordingly, each Agent represents, warrants and covenants to and with the Company, as at the date hereof and as at the Closing Date, that:

1. None of the Agent, its affiliates (including, without limitation, any U.S. Affiliate), or any person acting on any of their behalf (including, without limitation, any Selling Group member appointed by the Agent), has offered or will offer any Units except: (a) in an Offshore Transaction in accordance with Rule 903 of Regulation S; or (b) to, or for the account or benefit of, persons in the United States or U.S. Persons that are U.S. Accredited Investors or QIBs purchasing pursuant to the exemption from the registration requirements of the U.S. Securities Act under Rule 506(b) of Regulation D and in compliance with similar exemptions under applicable state securities laws as provided in sections 2 through 12 below. Accordingly, none of the Agent, its affiliates (including, without limitation, any U.S. Affiliate), or any person acting on any of their behalf (including, without limitation, any Selling Group member appointed by the Agent), has made or will make (except as permitted in sections 2 through 12 below): (i) any offer to sell, or any solicitation of an offer to buy, any Units to, or for the account or benefit of, any person in the United States or any U.S. Person; (ii) any sale of Units to any Purchaser unless, at the time the buy order was or is originated, the Purchaser was outside the United States, not a U.S. Person and not acting for the account or benefit of a person in the United States or a U.S. Person, or the Agent, its affiliates (including, without limitation, any U.S. Affiliate), or any person acting on any of their behalf (including, without limitation, any Selling Group member appointed by the Agent) reasonably believed that such Purchaser was outside the United States, not a U.S. Person and not acting for the account or benefit of a person in the United States or a U.S. Person; or (iii) any Directed Selling Efforts.
2. It has not entered and will not enter into any contractual arrangement with respect to the offer and sale of the Units, except with any U.S. Affiliate, a member of the Selling Group appointed by it or with the prior written consent of the Company. It will require any U.S. Affiliate and such Selling Group member to agree in writing, for the benefit of the Company, to comply with, and will use its best efforts to ensure that any U.S. Affiliate and such Selling Group complies with, the same provisions of this Schedule "A" as apply to such Agent as if such provisions applied to the U.S. Affiliate and the Selling Group member.
3. All offers and sales of the Units to, or for the account or benefit of, persons in the United States and U.S. Persons, have been and will be made only by its U.S. Affiliate (or the Selling Group member appointed by it), which is registered pursuant to Section 15(b) of the U.S. Exchange Act and under the securities laws of each state in which offers and sales were or will be made (unless exempted from the respective state's broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc., in compliance with all applicable U.S. federal and state broker-dealer requirements.
4. Offers of Units to, or for the account or benefit of, persons in the United States and U.S. Persons have not been made and will not be made: (i) by any form of "general solicitation" or "general advertising" (as those terms are used in Rule 502(c) of Regulation D), including, without

limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or on the internet, or broadcast over radio, television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising or (ii) or has taken or will take any action that would constitute a public offering of the Units in the United States within the meaning of Section 4(a)(2) of the U.S. Securities Act.

5. Any offer or solicitation of an offer to buy Units to, or for the account or benefit of, a person in the United States or a U.S. Person has been made or will be made to U.S. Accredited Investors or QIBs with which the Agent or its U.S. Affiliate had a pre-existing relationship and, immediately prior to soliciting such offerees, the Agent and its U.S. Affiliate had reasonable grounds to believe and did believe that each offeree was either a QIB or a U.S. Accredited Investor and at the time of completion of each sale by the Company to such offeree, the Agent and its U.S. Affiliate will have reasonable grounds to believe and will believe, that each such offeree purchasing the Units is either a QIB or a U.S. Accredited Investor.
6. Prior to the completion of any sale by the Company of the Units or to, or for the account or benefit of, persons in the United States or U.S. Persons, each such purchaser that is a QIB or a U.S. Accredited Investor will be required to execute Schedule F or Schedule G, respectively, in the Subscription Agreement (the "**U.S. Certificate**").
7. Prior to the Closing Date, the Agent will provide the Company and the transfer agent of the Company with a list of all purchasers of the Units in the United States who are U.S. Persons, who are purchasing for the account or benefit of persons in the United States or U.S. Persons or who were offered Units in the United States ("**U.S. Purchasers**"). Prior to the Closing Date, the Agent will provide the Company with copies of all Subscription Agreements including the applicable U.S. Certificates, duly executed by such U.S. Purchasers for acceptance by the Company.
8. At Closing, the Agent and the U.S. Affiliate will provide a certificate, substantially in the form of Exhibit 1 to this Schedule "A", relating to the manner of the offer and sale of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons or the Agent will be deemed to have represented and warranted that no offers or sales of the Units were made by it or its U.S. Affiliate (or anyone acting on either of their behalf) to, or for the account or benefit of, persons in the United States or U.S. Persons.
9. None of the Agent, its affiliates (including, without limitation, any U.S. Affiliate), or any person acting on any of their behalf (including, without limitation, any Selling Group member appointed by the Agent) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act with respect to the offer or sale of the Units in the Offering.
10. With respect to Units to be offered and sold hereunder in reliance on Rule 506(b) of Regulation D (the "**Regulation D Securities**"), the Agent represents that none of (i) the Agent or any affiliate, (ii) the Agent or any affiliate's general partners or managing members, (iii) any of the Agent's or any affiliate's directors, executive officers or other officers participating in the offering of the Regulation D Securities, (iv) any of the Agent's or any affiliate's general partners' or managing members' directors, executive officers or other officers participating in the offering of the Regulation D Securities or (v) any other person associated with any of the above persons, including any member of the Selling Group and any such persons related to such Selling Group

member, that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with sale of Regulation D Securities (each, a “**Dealer Covered Person**”), is subject to any of the “Bad Actor” disqualifications described in Rule 506(d)(1) under Regulation D (a “**Disqualification Event**”), except for a Disqualification Event contemplated by Rule 506(d)(2) of Regulation D and a description of which has been furnished in writing to the Company prior to the date hereof. It will notify the Company in writing, prior to the Closing Date of (a) any Disqualification Event relating to any Dealer Covered Person not previously disclosed to the Company hereunder, any (b) any event that would, with the passage of time, become a Disqualification Event relating to any Dealer Covered Person.

11. The Agent is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities. It will notify the Company, prior to the Closing Date, of any agreement entered into between it and any such person in connection with such sale.
12. The Agent understands that all Securities issued to U.S. Purchasers in the Offering that are U.S. Accredited Investors will be issued in definitive physical form and will bear a restrictive legend substantially in the form set forth Schedule G to the Subscription Agreement.
13. None of the Agent, its affiliates (including, without limitation, any U.S. Affiliate), or any person acting on any of their behalf has made or will make any offers or sales of Non-Brokered Securities in the Non-Brokered Private Placement.

C. Representations, Warranties and Covenants of the Company

The Company represents, warrants, covenants and agrees that, as of the date hereof and the Closing Date, as applicable:

1. The Company is a Foreign Issuer, and reasonably believes that there is no Substantial U.S. Market Interest in the XS Shares.
2. The Company is not, and as a result of the sale of the Securities and the application of the proceeds thereof will not be, an “investment company”, as defined in the United States Investment Company Act of 1940, as amended, registered or required to registered under such Act.
3. During the period in which the Units are offered for sale, none of it, its affiliates, or any person acting on any of their behalf (other than the Agents, their affiliates (including the U.S. Affiliates), or any person acting on any of any of their behalf (including any member of the Selling Group), in respect of which no representation, warranty, covenant or agreement is made): (i) has made or will make any Directed Selling Efforts; or (ii) has engaged in or will engage in any form of “general solicitation” or “general advertising” (as those terms are used in Rule 502(c) of Regulation D) with respect to offers or sales of Units to, or for the account or benefit of, persons in the United States or U.S. Persons, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio, television or the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising or has taken or will take any action that would constitute a public offering of the Units in the United States within the meaning of Section 4(a)(2) of the U.S. Securities Act.

4. None of it, its affiliates or any person acting any of their behalf (other than the Agents, their affiliates (including the U.S. Affiliates), or any person acting on any of any of their behalf (including any member of the Selling Group), in respect of which no representation, warranty, covenant or agreement is made), for a period beginning six months prior to the commencement of the Offering, has sold, offered for sale or solicited any offer to buy, and during and for a period of six months following completion of the Offering, will not sell, offer for sale or solicit any offer to buy, any of the Company's securities in a manner that would be integrated with the offer and sale of the Securities and would cause the exemption from registration set forth in Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Securities to, or for the account or benefit of, persons in the United States and U.S. Persons.
5. During the period in which the Units are offered for sale, none of the Company, its affiliates, or any person acting on any of their behalf (other than the Agents, their affiliates (including the U.S. Affiliates), or any person acting on any of their behalf (including any member of the Selling Group), in respect of which no representation, warranty, covenant or agreement is made) has taken or will take any action that would cause the exemption afforded by Rule 506(b) of Regulation D to be unavailable for offers and sales of the Securities to, or for the account or benefit of, persons in the United States or U.S. Persons in accordance with the Agreement, or the exclusion from registration afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Securities outside the United States to non-U.S. Persons in accordance with the Agreement.
6. The Company will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act and applicable state securities laws in connection with the Offering.
7. Neither the Company nor any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction, temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.
8. Except with respect to offers and sales of Securities in the Offering and offers and sales of Non-Brokered Securities in the Non-Brokered Private Place in accordance with this Agreement (including this Schedule "A") to, or for the account or benefit of, persons in the United States or U.S. Persons that are QIBs or U.S. Accredited Investors in reliance upon the exemption from registration set forth in Rule 506(b) of Regulation D, none of the Company, its affiliates, or any person acting on any of their behalf (other than the Agents, their affiliates (including the U.S. Affiliates), or any person acting on any of their behalf (including any member of the Selling Group), in respect of which no representation, warranty, covenant or agreement is made), has made or will make: (A) any offer to sell, or any solicitation of an offer to buy, any Units to, or for the account or benefit of, persons in the United States or U.S. Persons; or (B) any sale of Units unless, at the time the buy order was or will have been originated, the purchaser is (i) outside the United States, not a U.S. Person and not acting for the account or benefit of a person in the United States or a U.S. Person or (ii) the Company, its affiliates, and any person acting on their behalf reasonably believes that the purchaser is outside the United States, not a U.S. Person and not acting for the account or benefit of a person in the United States or a U.S. Person.
9. With respect to the offer and sale of the Regulation D Securities, none of the Company, any of its predecessors, any "affiliated" (as such term is defined in Rule 501(b) of Regulation D) issuer,

any director, executive officer or other officer of the Company participating in the offering of the Regulation D Securities, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, or any promoter (as that term is defined in Rule 405 under the U.S. Securities Act) connected with the Company in any capacity at the time of sale of the Regulation D Securities (other than any Dealer Covered Person, as to whom no representation, warranty, acknowledgement, covenant or agreement is made) is subject to any Disqualification Event.

10. As of the Closing Date, the Company is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities.
11. Neither the Company, nor its affiliates, nor any person acting on any of their behalf (other than the Agents, their affiliates (including the U.S. Affiliates), or any person acting on any of their behalf (including any member of the Selling Group), in respect of which no representation, warranty, covenant or agreement is made) has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Units.
12. All offers or sales of Non-Brokered Securities in the Non-Brokered Private Placement have been made by the Company either (i) in Offshore Transactions in compliance with Rule 903 of Regulation S, or (ii) to, or for the account or benefit of, persons in the United States or U.S. Persons that are U.S. Accredited Investors or QIBs, as applicable, in compliance with Rule 506(b) of Regulation D.

SCHEDULE 1 TO SCHEDULE B**AGENT'S CERTIFICATE**

In connection with the private placement to, or for the account or benefit of, persons in the United States or U.S. Persons of the Units of XS Financial Inc. (the "**Company**") pursuant to the agency agreement dated March 3, 2021 by and between the Company and the Agents (the "**Agreement**"), the undersigned do hereby certify as follows:

1. [● (the "**U.S. Selling Group Member**")/ ● (the "**U.S. Affiliate**")] was on the date of each offer and sale of Units to, or for the account or benefit of, persons in the United States or U.S. Persons, and is on the date hereof, a duly registered broker-dealer with the United States Securities and Exchange Commission and under the securities laws of each state in which such offers and sales were made (unless exempted from the respective state's broker-dealer registration requirements) and a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc.
2. All offers and sales of the Units to, or for the account or benefit of, persons in the United States and U.S. Persons have been conducted by us through the [U.S. Selling Group Member / U.S. Affiliate] and in accordance with the terms of the Agency Agreement (including Schedule "A" thereto) and all applicable U.S. federal and state broker-dealers requirements.
3. Immediately prior to offering the Units to each prospective purchaser who was, or was acting for the account or benefit of, a person in the United States or a U.S. Person (each, a "**U.S. Offeree**"), we had reasonable grounds to believe and did believe that each such U.S. Offeree was either a QIB or a U.S. Accredited Investor, as applicable, and, on the date hereof, we continue to believe that each U.S. Purchaser purchasing the Units from the Company is either a QIB or a U.S. Accredited Investor, as applicable.
4. Each U.S. Offeree of Units was provided with a copy of the Subscription Agreement, in the form agreed to by the Company and the Agents, and each U.S. Purchaser of Units was provided with a copy of the Subscription Agreement, and no other written material, other than the Investor Presentation, was used in connection with the offer and sale of the Units to, or for the account or benefit of, persons in the United States or U.S. Persons;
5. No form of "general solicitation" or "general advertising" (as those terms are used in Rule 502(c) of Regulation D) was used by us, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet or broadcast over radio, television or the internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer and sale of the Units to, or for the account or benefit of, persons in the United States and U.S. Persons.

6. Prior to any sale of Units to a U.S. Purchaser, we caused each such U.S. Purchaser who is either a QIB or an U.S. Accredited Investor to execute a U.S. Certificate in the form of Schedule F or Schedule G, respectively, to the Subscription Agreement.
7. Neither we nor any of our affiliates have taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act with respect to the offer or sale of the Units.
8. None of (i) the undersigned, (ii) the undersigned's general partners or managing members, (iii) any of the undersigned's directors, executive officers or other officers participating in the offering of the Regulation D Securities, (iv) any of the undersigned's general partners' or managing members' directors, executive officers or other officers participating in the offering of the Regulation D Securities or (v) any other person associated with any of the above persons, including any of the Selling Member and any such persons related to such Selling Member, that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with sale of Regulation D Securities (each, a **"Dealer Covered Person"**), is subject to any to any of the **"Bad Actor"** disqualifications described in Rule 506(d)(1) under Regulation D (a **"Disqualification Event"**), except for a Disqualification Event contemplated by Rule 506(d)(2) of the U.S. Securities Act and a description of which has been furnished in writing to the Company prior to the date hereof.
9. The undersigned is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities.
10. The offering of the Units to, or for the account or benefit of, persons in the United States and U.S. Persons has been conducted by us in accordance with the terms of the Agreement, including Schedule "A" thereto.

Capitalized terms used in this certificate have the meanings given to them in the Agreement, including Schedule "A" attached thereto, unless otherwise defined herein.

DATED this _____ day of _____, 2021.

[CANADIAN AGENT]

[U.S. SELLING GROUP MEMBER]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____