

AMENDING AGREEMENT

THIS AMENDING AGREEMENT (the “**Amending Agreement**”) is made as of March 5, 2021.

BETWEEN:

IONIC BRANDS CORP., a company existing under the laws of the Province of British Columbia

(the “**Purchaser**”)

— and —

GREEN STAR BIOSCIENCES INC., a corporation existing under the laws of the Province of Alberta

(the “**Seller**”)

WHEREAS the Purchaser and the Company entered into an asset purchase agreement (the “**Purchase Agreement**”) dated as of February 22, 2021 which contemplates the sale to the Purchaser of certain assets of the Seller on the terms and conditions set out therein;

AND WHEREAS the Purchaser and the Company wish to amend the terms of the Purchase Agreement on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the foregoing and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Defined Terms.** All capitalized terms used but not otherwise defined in this Amending Agreement shall have the respective meanings ascribed to them in the Purchase Agreement.
2. **Amendments to Purchase Agreement.** The Purchase Agreement is hereby amended as follows:
 - (a) The reference to “Jolly Rodger” in Schedule 1.1.30 of the Purchase Agreement is hereby deleted and replaced with “Jolly Roger”, and the reference to “Wyatt Herb” in Schedule 1.1.30 of the Purchase Agreement is hereby deleted and replaced with “Wyatt Herb’s Private Stash”.
 - (b) Schedule “6.1.2 [*Encumbrances*]” is hereby amended by adding the following in numerical order:
 - “5. *Such qualifications and limitations as may be contained in the “Transaction Documents” (as such term is defined in the asset purchase agreement and bill of sale by and among, the Seller and the other parties thereto, in form and substance satisfactory to the Purchaser).*

6. *The Parties acknowledge that the trademarks and intellectual property described in Schedule 1.1.30 [Intellectual Property] are not registered, and the Seller has not undertaken any independent investigation of any potential use of such trademarks and intellectual property by third parties, and the Parties acknowledge that the name “Jolly Roger” is in use by other parties, including in the cannabis industry.”*
- (c) Schedule “3.1.2(a)” *[Terms and Attributes of Preferred Shares]* is hereby deleted in its entirety and replaced with Schedule “3.1.2(a)” attached hereto.
- (d) Section 5.4 of the Purchase Agreement is deleted in its entirety and replaced with the following:

*“5.4 **Debenture.** The Purchaser will convert, within 60 days following the Closing Date, at least 90% of the principal amount of the outstanding Debentures into Series D Voting Preferred Shares of the Purchaser, resulting in obligations outstanding under the Debentures (including principal and accrued interest, if any) of no more than \$1,800,000 as at the date of conversion, and the Purchaser will provide such evidence to the Seller of its compliance with this covenant as may be reasonably be requested from time to time by the Seller. This covenant shall survive the Closing.”*

- (e) Section 7.1.3(b) of the Purchase Agreement is deleted in its entirety and replaced with the following:

“(b) [Intentionally Deleted]”.

- (f) Section 2.4 of the Purchase Agreement is deleted in its entirety and replaced with the following:

“2.4 [Intentionally Deleted]”

- (g) Article 5 is amended by adding a new Section 5.9 as follows:

*“5.9 **Covenant re Board Composition.** On the earlier of the date (such date referred to as the “**Appointment Date**”) that is 60 days following the Closing Date and the date on which NewGen Asset Management Ltd. appoints a director nominee to the board of directors of the Purchaser (the “**Purchaser Board**”):*

- (a) *the Purchaser shall cause the maximum number of directors on the Purchaser Board to be increased to seven (7) and set the number of directors at seven (7);*
- (b) *the Seller shall be entitled to designate two (2) individuals (the “**Seller Nominees**”) to be nominated to serve as a member of the Purchaser Board for a term expiring not earlier than the Purchaser’s next annual meeting of holders of Purchaser Shares at which directors of the Purchaser are to be elected and provided the Seller Nominees consent in writing to serve as a director and is eligible under applicable law and the rules of any stock exchange on which the Purchaser Shares are then listed to serve as a director, and the Purchaser shall take all steps as may be necessary to appoint such Seller Nominees to the Purchaser Board effective as of*

the Appointment Date, in between any meeting of holders of Purchaser Shares and, forthwith following any meeting of holders of Purchaser Shares at which such Seller Nominees were nominated to act as a director but was not so elected by the holders of Purchaser Shares, including pursuant to the power of the Purchaser Board to appoint additional directors between meetings of holders of Purchaser Shares or to fill a vacancy on the Purchaser Board;

- (c) at each meeting of holders of Purchaser Shares thereafter at which directors are to be elected, the Purchaser shall cause the Seller Nominees to be included in the slate of nominees proposed by the Purchaser to the holders of Purchaser Shares for election as directors;*
- (d) The Purchaser shall use commercially reasonable efforts to cause the election of the Seller Nominees, it being acknowledged that the Purchaser shall not be required to solicit proxies in favour of the election of the Seller Nominees, however, if the Purchaser intends to solicit any such proxies in connection with a meeting of holders of Purchaser Shares, it shall also solicit proxies in favour of the Seller Nominees;*
- (e) the Purchaser shall notify the Seller in writing promptly upon determining the date of any meeting of the holders of Purchaser Shares at which directors of the Purchaser are to be elected, and the Seller shall advise the Purchaser and the Purchaser Board of the name of any Seller Nominee within five (5) business days after receiving such notice. A Seller Nominee must meet all statutory and stock exchange requirements for membership on the Purchaser Board, and must promptly complete and return all filings required by any applicable stock exchange on which the Purchaser Shares are then listed;*
- (f) if the Seller does not advise the Purchaser and the Purchaser Board of the Seller Nominees within the time set forth in Section 5.9(e) above, then the Seller will be deemed to have designated its incumbent nominee or nominees, as applicable, for nomination for election at the relevant meeting of holders of Purchaser Shares;*
- (g) if any of the Seller Nominees cease to hold office as a director of the Purchaser for any reason, the Seller shall be entitled to nominate an individual to replace him or her, subject to compliance with applicable laws the requirements of any stock exchange on which the Purchaser Shares are then listed, and the Purchaser shall promptly take all steps as may be necessary to appoint such individual to the Purchaser Board to replace a Seller Nominee who has ceased to hold office.*

This Section 5.9 shall survive the Closing.

3. **Confirmation of Purchase Agreement.** Except for the foregoing amendments, the parties acknowledge and confirm that the Purchase Agreement shall remain in full force and effect, unamended, and, upon the execution of this Amending Agreement, the Purchase Agreement and this Amending Agreement shall be deemed to constitute the entire Purchase Agreement.

4. **Enurement and Governing Law.** This Amending Agreement shall be binding upon and enure to the benefit of the parties and their respective legal representatives, successors and permitted assigns. This Amending Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
5. **Counterparts and Electronic Transmission.** This Amending Agreement may be executed in any number of counterparts (including counterparts by facsimile or any other form of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Amending Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first above written.

IONIC BRANDS CORP.

By: “John Gorst”
Name: John Gorst
Title: Chief Executive Officer

GREEN STAR BIOSCIENCES INC.

By: “Philip J. Young”
Name: Philip J. Young
Title: Chief Executive Officer

Schedule 3.1.2(a)

TERMS AND ATTRIBUTES OF PREFERRED SHARES

(see attached)

Series D Voting Preferred Shares

The special rights and restrictions attached to the Series D Voting Preferred Shares (the “**Series D Preferred Shares**”) are as follows:

1. Definitions

Where used herein, the following terms shall have the following respective meanings:

- (a) “10% Insider Restriction” means the maximum number of Common Shares that can be issued upon the conversion of Series D Preferred Shares to any particular Series D Holder without resulting in such Series D Holder becoming, following the completion of the conversion of Series D Preferred Shares, a reporting insider of the Corporation by virtue of post-conversion beneficial ownership of securities of the Corporation pursuant to NI 55-104.
- (b) “Annual Dividend” has the meaning ascribed to such term in Section 3;
- (c) “Averaging Period” has the meaning ascribed to such term in Section 8(d);
- (d) “Board of Directors” means the board of directors of the Corporation;
- (e) “Capital Reorganization” has the meaning ascribed to such term in Section 8(e);
- (f) “Capital Stock” of any person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such person;
- (g) “Change of Control” means, collectively, (i) any transaction (whether by purchase, merger or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Corporation, more than 50% of the votes that may be ordinarily cast at a general meeting; (ii) the Corporation’s amalgamation, consolidation or merger with or into any other person, any merger of another person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Corporation’s and the Corporation’s subsidiaries’ assets and properties, taken as a whole, to another arm’s length person;
- (h) “Closing Share Price” means the closing market price of the Common Shares on the CSE (or the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available, the fair market value of a Common Share as reasonably determined by the Board of Directors) on the trading day preceding the applicable date.
- (i) “Common Shares” means the common shares in the capital of the Corporation as currently constituted, or as such shares may be changed from time to time;

- (j) “Conversion Rate” has the meaning ascribed to such term in Section 5.1;
- (k) “Corporation” means IONIC Brands Corp.;
- (l) “CSE” means the Canadian Securities Exchange;
- (m) “Debentures” means the 10.0% secured convertible debentures of the Purchaser due May 16, 2022 governed by the Indenture;
- (n) “Effective Date” means the first date on which the Common Shares trade on the CSE, reflecting the relevant share split or share combination, as applicable;
- (o) “Ex-Date” when used with respect to any issuance, dividend or distribution, means the first date on which the Common Shares (or other applicable security) trade on the applicable exchange or in the applicable market, without the right to receive such issuance, dividend or distribution in question from the Corporation or, if applicable, from the seller or the Common Shares (or other applicable security) on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market;
- (p) “Forced Conversion” has the meaning ascribed to such term in Section 7.1;
- (q) “Forced Conversion Date” has the meaning ascribed to such term in Section 7.1;
- (r) “Indenture” means the amended and restated indenture dated December 20, 2019, as supplemented, between the Corporation and Odyssey Trust Company, as trustee;
- (s) “Initial Amount” means the aggregate amount of outstanding principal amount and accrued and unpaid interest of the Debentures which were converted into Series D Preferred Shares pursuant to the Indenture;
- (t) “Liquidation Distribution” means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (u) “Liquidation Preference” has the meaning ascribed to such term in Section 4;
- (v) “NI 55-104” means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;
- (w) “Original Issuance Date” means [*insert date that the Series D Preferred Shares are issued*];
- (x) “person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof;
- (y) “Record Date” means, when used with respect to any dividend, distribution or other transaction or event in which the holders of the Common Shares (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) are exchanged for or converted into any

combination of cash, securities or other property, the date fixed for determination of holders of the Common Shares (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise);

- (z) “Retraction Cash Amount” has the meaning ascribed to such term in Section 6.1;
- (aa) “Retraction Conversion Time” has the meaning ascribed to such term in Section 6.1;
- (bb) “Retraction Date” means the date that is four years from the issuance date;
- (cc) “reporting insider” has the meaning given to such term in NI 55-104;
- (dd) “Series D Holder” means a holder of Series D Preferred Shares;
- (ee) “Series E Preferred Shares” has the meaning ascribed to such term in Section 4;
- (ff) “Spin-Off” means the Corporation makes a dividend or distribution to all or substantially all holders of Common Shares consisting of Capital Stock of, or similar equity interests in, or relating to, a subsidiary or other business unit of the Corporation that, upon issuance, will be traded on a U.S. or Canadian national securities exchange;
- (gg) “Tender Offer Expiration Date” has the meaning ascribed to such term in Section 8(d);
- (hh) “trading day” means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business;
- (ii) “Transfer Agent” means the transfer agent appointed by the Corporation for the Series D Preferred Shares and, in the event that no such person is appointed, “Transfer Agent” means the Corporation;
- (jj) “Valuation Period” has the meaning ascribed to such term in Section 8(c); and
- (kk) “VWAP” means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other recognized stock exchange as the Common Shares are then traded).

2. Meetings and Voting Rights

Subject to the provisions of the *Business Corporations Act* (British Columbia), the holders of the Series D Preferred Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation. At each such meeting, each Series D Preferred Share shall entitle the holder thereof to one (1) vote per number of Common Shares into which each Series D Preferred Share is convertible at the applicable time.

3. Dividends

For the first two (2) years following the issuance of the Series D Preferred Shares, Series D Holders shall be entitled to receive an annual, cumulative, preferential dividend equal to thirteen percent (13%) of the

Initial Amount (the “Annual Dividend”), accrued daily and paid annually or, if earlier, on the date of conversion of the Series D Preferred Shares, as the case may be. On the date that is two (2) years following the date of the issuance of the Series D Preferred Shares, the Annual Dividend shall increase to fourteen percent (14%). On the fourth anniversary date of the issuance of the Series D Preferred Shares, the Annual Dividend shall expire and Series D Holders shall be entitled to dividend if and when declared by the Board of Directors and at a rate determined by the Board of Directors. The dividend may be settled with cash or Common Shares at the option of the Corporation. Common Shares shall be issued at the Closing Share Price. Dividends shall be declared and paid for so long as any Series D Preferred Shares are issued and outstanding.

4. Rights on Liquidation, Dissolution, or Winding-Up

In the event of any Liquidation Distribution, Series D Holders shall be entitled to receive from the assets of the Corporation, in preference and priority to the Common Shares and all other classes or series of shares of the Corporation, except for the Series E Non-Voting Preferred Shares (the “Series E Preferred Shares”) which rank pari passu with the Series D Preferred Shares on the distribution of the assets of the Corporation, a sum equivalent to one hundred percent (100%) of the Initial Amount plus any accrued and unpaid dividends thereon (the “Liquidation Preference”) (calculated cumulative with all prior distributions in respect of the Liquidation Preference). Upon a sale of less than substantially all of the assets of the Corporation (other than ordinary course and *de minimis* transactions), each Series D Holder shall be entitled to share in the distributable cash or assets of the Corporation in preference and priority to the Common Shares and all other classes or series of shares of the Corporation, except for the Series E Preferred Shares which rank pari passu with the Series D Preferred Shares, in an amount up to one hundred percent (100%) of the Liquidation Preference (calculated cumulatively with all prior distributions in respect of the Liquidation Preference). If the remaining property and assets of the Corporation are not sufficient to provide for payment in full to the Series D Holders of the amounts provided above, and to the holders of any Series E Preferred Shares, then such remaining property and assets of the Corporation shall be allocated to the holders of the Series D Preferred Shares and Series E Preferred Shares on a pro rata basis without preference or distinction.

5. Conversion

5.1 Each issued Series D Preferred Share may at any time on or before the Retraction Date be converted, at the option of the Series D Holder and subject to complying with the 10% Insider Restriction, into one (1) Common Shares, subject to adjustments set out herein) (the “Conversion Rate”), and such Series D Preferred Shares may not be reissued by the Corporation.

5.2 The conversion privilege provided for in Section 5.1 may be exercised by notice in writing given by a Series D Holder to the Transfer Agent for the Series D Preferred Shares, through the book based registration system in a manner acceptable to the Transfer Agent, or accompanied by the certificate or certificates representing the Series D Preferred Shares (or, if such Holder indicates that such a certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of such lost, stolen or destroyed certificate) in respect of which the Series D Holder desires to exercise such right of conversion and such notice will specify the number of Series D Preferred Shares which the Series D Holder desires to have converted. Upon receipt of such notice, the Transfer Agent or the Corporation will issue either through the book based registration system or a certificate representing fully paid Common Shares upon the basis above prescribed and in accordance with the provisions hereof to the Series D Holder. If less than all of the Series D Preferred Shares represented by any certificate are to be converted, the Series D Holder will be entitled to receive a new certificate for the Series D Preferred

Shares representing the shares comprised in the original certificate which are not to be converted. Such converted Series D Preferred Shares shall be retired and cancelled and may not be reissued, and the Corporation may thereafter take such appropriate action as may be necessary to reduce the authorized number of Series D Preferred Shares accordingly.

6. Retraction

- 6.1 On the Retraction Date (i) any outstanding Series D Preferred Shares shall automatically be converted into Common Shares at the Conversion Rate or (ii) the Corporation may choose to redeem all of the outstanding Series D Preferred Shares at a price of CAD\$0.35 per Series D Preferred Share plus the payment in cash of any accrued and unpaid dividends (the “Retraction Cash Amount”). If the Corporation chooses to convert the Series D Preferred Shares on the Retraction Date, the time of conversion shall be deemed to be 12:00 a.m. on the Retraction Date (the “Retraction Conversion Time”). The Corporation shall not elect to convert Series D Preferred Shares in respect of any holder above an amount which would exceed the 10% Insider Restriction without the written consent of such Series D Holder.
- 6.2 No less than 30 days prior to the Retraction Date, the Corporation shall announce by way of dissemination of a press release, whether it elects to convert the Series D Preferred Shares into Common Shares (including notice of the Conversion Rate applicable at the time) or redeem the Series D Preferred Shares for cash on the Retraction Date, in accordance with Section 6.1.
- 6.3 If the Corporation chooses to convert the outstanding Series D Preferred Shares on the Retraction Date, on the Retraction Date any Series D Preferred Shares held through the book entry registration system shall be converted or exchanged for fully-paid Common Shares at the Conversion Ratio, and, in respect of any Series D Preferred Shares held in physically certificated form, as soon as practicable after the Retraction Conversion Time and the surrender of the certificate or certificates (or lost certificate affidavit) for Series D Preferred Shares, the Corporation shall issue and deliver to such Series D Holder, or to his, her or its nominees, a certificate or certificates for the number of fully paid Common Shares issuable on such conversion in accordance with the provisions hereof (rounded down in the case of any fractional shares). Such converted Series D Preferred Shares shall be retired and cancelled.
- 6.4 If the Corporation chooses to redeem the outstanding Series D Preferred Shares for cash on the Retraction Date, the Corporation shall on the Retraction Date redeem such Series D Preferred Shares by paying to each Series D Holder the Retraction Cash Amount for each such Series D Preferred Share being redeemed. Such payment shall be made through CDS Clearing and Depository Services Inc. (if Series D Preferred Shares are held through the book entry registration system) or by cheque payable at par at any branch of the Corporation’s bankers for the time being in Canada or any other form of payment acceptable to the Series D Holders. The said Series D Preferred Shares shall be redeemed on the Retraction Date and from and after the Retraction Date the Series D Holders shall not be entitled to exercise any of the rights of a Series D Holder in respect thereof unless payment of the Retraction Cash Amount is not made on the Retraction Date, in which event the rights of the Series D Holders shall remain unaffected.

7. Forced Conversion

- 7.1 If prior to the Retraction Date, there is a Change of Control or the VWAP for the preceding 20 consecutive days exceeds CAD\$0.40 (subject to adjustment in accordance with the principals set

out in Section 8, below), the Corporation shall have the right to convert all the outstanding Series D Preferred Shares, including any accrued and unpaid dividend, into Common Shares (the “Forced Conversion”) by providing notice to the Series D Holders by disseminating a news release. The news release shall indicate the conversion date (the “Forced Conversion Date”), which shall be no fewer than 30 days following the date of the news release, and shall indicate the Conversion Rate applicable at the time. The Corporation shall not elect to convert Series D Preferred Shares in respect of any holder above an amount which would exceed the 10% Insider Restriction, without the written consent of such Series D Holder.

7.2 The Forced Conversion shall follow the procedures set out in Section 6.3, above.

8. Adjustments to Conversion

- (a) *Adjustments for issuances of common shares, share splits and share combinations.* If the Corporation shall, at any time and from time to time while any Series D Preferred Shares are outstanding, issue Common Shares as a dividend or distribution to all or substantially all holders of its Common Shares or the Corporation shall effect a share split or share combination of the Common Shares into a greater or lesser number of Common Shares (in each case excluding an issuance solely pursuant to a Capital Reorganization, as to which Section 8(e) will apply), then the then-applicable Conversion Rate will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times OS_0 / OS_1$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution or immediately prior to the open of business on the Effective Date for such share split or share combination, as the case may be;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date or immediately after the open of business on such Effective Date, as the case may be;

OS_0 = the number of Common Shares outstanding immediately prior to the close of business on such Record Date or immediately prior to the open of business on such Effective Date, as the case may be (in either case, prior to giving effect to such event); and

OS_1 = the number of Common Shares that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

Any adjustment to the Conversion Rate made pursuant to this Section 8(a) shall become effective immediately after the close of business on the Record Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 8(a) is declared but not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to make such dividend or distribution, to such Conversion Rate that would be in effect if such dividend or distribution had not been declared.

- (b) *Adjustments for certain rights, options and warrants.* If the Corporation shall, at any time or from time to time, while any Series D Preferred Shares are outstanding, issue to all or substantially all holders of Common Shares rights, options or warrants (other than rights issued pursuant to a Spin-Off, as to which Section 8(c) will apply) entitling such holders, for a period of up to 45 calendar days from the date of issuance of such rights, options or warrants, to subscribe for or purchase Common Shares at a price per

share less than the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, then the then-applicable Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_0 + Y) / (OS_0 + X)$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the opening of business on the Record Date for such issuance;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date;

OS_0 = the number of Common Shares outstanding immediately prior to the close of business on such Record Date;

X = the total number of Common Shares issuable pursuant to such rights, options or warrants; and

Y = the total number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance.

Any adjustment to the Conversion Rate made pursuant to this Section 8(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the Record Date for such issuance. In the event that such rights, options or warrants described in this Section 8(b) are not so issued, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights, options or warrants, to such Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, the Conversion Rate shall be readjusted, effective as of the date of such expiration or the date it is determined such shares will not be delivered, as the case may be, to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered.

(c) *Adjustments for Spin-Offs.* In a Spin-Off, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times MP_0 / (FMV_0 + MP_0)$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Date for the Spin-Off;

CR_1 = the Conversion Rate in effect immediately after the open of business on the Ex-Date for the Spin-Off;

FMV_0 = the VWAP (as if references to “Common Shares” therein were references to such shares or similar equity interest distributed to holders of Common Shares) of the shares or similar equity interests so distributed applicable to one Common Share for the 10 consecutive trading day period commencing on, and including, the Ex-Date for the Spin-Off (the “Valuation Period”); and

MP_0 = the VWAP for the Valuation Period.

Any adjustment made pursuant to this Section 8(c) will be calculated immediately after the close of business on the last trading day of the Valuation Period but shall be given effect as of immediately after the open of business on the Ex-Date for the Spin-Off; provided that, if any conversion of the Series D Preferred Shares occurs during the Valuation Period, the Corporation shall, to the extent necessary, delay any settlement of such conversion until the second Business Day after the last day of the Valuation Period. In the event that such distribution described in this Section 8(c) is not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Rate that would then be in effect if such distribution had not been announced.

- (d) *Tender Offers or Exchange Offers.* If the Corporation or any of its subsidiaries successfully completes a tender offer or exchange offer for Common Shares (other than a normal course issuer bid under applicable Canadian securities laws) where the cash and the value of any other consideration included in the payment per Common Share validly tendered or exchanged exceeds the VWAP for the 10 consecutive trading day period (the “Averaging Period”) commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer (the “Tender Offer Expiration Date”), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (SP_0 \times OS_0) / (AC + (SP_0 \times OS_1))$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Tender Offer Expiration Date;

CR_1 = the Conversion Rate in effect immediately after the close of business on the Tender Offer Expiration Date;

SP_0 = the VWAP over the Averaging Period;

OS_0 = the number of Common Shares outstanding immediately prior to the Tender Offer Expiration Date, prior to giving effect to the purchase of any shares accepted for purchase or exchange in such tender offer or exchange offer;

AC = the aggregate value of all cash and the fair market value (as determined by the Board of Directors) on the Tender Offer Expiration Date of any other consideration paid or payable for Common Shares acquired pursuant to such tender offer or exchange offer; and

OS_1 = the number of Common Shares outstanding immediately after the Tender Offer Expiration Date, after giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer.

The Conversion Price will in no event be adjusted up pursuant to this Section 8(d), except to the extent provided in the last sentence of this paragraph. Any adjustment to the Conversion Rate pursuant to this Section 8(d) will be calculated as of the close of business on the last trading day of the Averaging Period, but shall be given effect immediately after the close of business on the Tender Offer Expiration Date; provided that, if any conversion of the Series D Preferred Shares occurs during the Averaging Period, the Corporation shall, if necessary, delay any settlement of such conversion until the second

business day after the last day of the Averaging Period. If the Corporation or one of its subsidiaries is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(e) *Capital Reorganization Events.* In the case of:

- (i) any consolidation, amalgamation or merger of the Corporation with or into another person (other than a merger, amalgamation or consolidation in which the Corporation is the continuing or surviving corporation and in which the Common Shares outstanding immediately prior to the merger, amalgamation or consolidation are not exchanged for cash, securities or other property of the Corporation or another person);
- (ii) any direct or indirect sale, lease, assignment, transfer or conveyance or all or substantially all of the Corporation's consolidated property or assets;
- (iii) any reclassification of Common Shares into securities, including securities other than the Common Shares (other than changes in par value, if any, or resulting from a subdivision or combination); or
- (iv) any statutory exchange of securities of the Corporation with another person (other than in connection with a merger or acquisition);

in each case, as a result of which the Common Shares would be converted into, or exchanged for, securities, cash or other property (each, a "Capital Reorganization"), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series D Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, cash, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the amount of Common Shares such Series D Holder is entitled to immediately prior to such Capital Reorganization would have owned or been entitled to receive upon such Capital Reorganization (such shares, securities or other property or assets, the "Reference Property", with each unit of Reference Property being the kind and amount of Reference Property that a holder of one Common Share would have received in such Capital Reorganization).

Prior to or at the effective time of such Capital Reorganization, the Corporation or the successor or purchasing person, as the case may be, shall execute and deliver such supplemental instruments, if any, as the Corporation reasonably determines are necessary or desirable to (x) provide for subsequent adjustments to the Conversion Rate pursuant to Section 8 in a manner consistent with this Section 8(e); and (y) give effect to such other provisions, if any, as the Corporation reasonably determines are appropriate to preserve the economic interests of the holders. If the Reference Property includes shares of stock or other securities or assets of a person other than such successor person, then such other person will also execute such supplemental instrument(s) and such supplemental instrument(s) will contain such additional provisions, if any, that the Corporation reasonably determines are appropriate to preserve the economic interests of holders.

In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series D Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of

consideration received by the holders of Common Shares. The Corporation shall notify the Series D Holders of such weighted average as soon as practicable after such determination is made.

None of the foregoing provisions shall affect (x) the right of a Series D Holder to convert its Series D Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 5, or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the obligation of the Corporation to automatically convert the Series D Preferred Shares in connection with such transaction pursuant to Section 7.

The provisions of this Section 8(e) shall similarly apply to successive Capital Reorganization events. This Section 8(e) shall not apply to any share split or combination to which Section 8(a) is applicable or to a liquidation event.

- (f) *Minimum Adjustment.* The adjustments provided for in this Section 8 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 8, provided that, notwithstanding any other provision of this Section 8, no adjustment of the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided however, that any adjustments which by reason of this Section 8(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (g) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Rate need be made: (A) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in Common Shares under any plan; (B) upon the issuance of any Common Shares or rights, options, restricted share units, warrants or similar securities to purchase those shares pursuant to any present or future employee, director or consultant benefit or incentive plan or program of or assumed by the Corporation or any of its subsidiaries; (C) upon the repurchase of any Common Shares pursuant to an open market share repurchase program or other buy-back transaction, including structured or derivative transactions, that is not a tender offer or exchange offer of the nature described in Section 8(d); (D) for the sale or issuance of Common Shares, or securities convertible into or exercisable for Common Shares, for cash, including at a price per share less than the fair market value thereof or otherwise or in an acquisition, except as described in one of Section 8(a) through Section (d) above; (E) for a third-party tender offer; (F) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Original Issuance Date; or (G) for any other issuance of Common Shares or any securities convertible into or exchangeable for Common Shares or the right to purchase Common Shares or such convertible or exchangeable securities, except as described above.
- (h) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent. Except as explicitly provided herein, the number of Common Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares. The Corporation shall not be required to issue fractional Common Shares upon the conversion of Series D Preferred Shares. Any fractional Common Share shall be rounded down to the nearest whole number.
- (i) *Waiver.* Notwithstanding anything in this Section 8 to the contrary, no adjustment need be made to the Conversion Rate for any event with respect to which an adjustment would otherwise be required pursuant to this Section 8 if the Corporation receives, prior to the effective time of the adjustment to the Conversion Rate, written notice from the holders representing at least a majority of the then outstanding Series D Preferred Shares that no adjustment is to be made as the result of a particular

issuance of Common Shares or other dividend or other distribution on Common Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or other dividend or other distribution on Common Shares or any other event not specifically provided for in such notice.

- (j) *Reservation of Shares.* For the purpose of effecting the conversion of Series D Preferred Shares, the Corporation shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Common Shares the full number of Common Shares deliverable upon the conversion of all outstanding Series D Preferred Shares after taking into account any adjustments to the Conversion Rate from time to time pursuant to the terms of this Section 8 and any increases to the Liquidation Preference from time to time and assuming for the purposes of this calculation that all outstanding Series D Preferred Shares are held by one holder. All Common Shares delivered upon conversion of Series D Preferred Shares shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the holders) and free of preemptive rights.

The special rights and restrictions attached to the Series E Nonvoting Preferred Shares (the “**Series E Preferred Shares**”) are as follows:

1. Definitions

Where used herein, the following terms shall have the following respective meanings:

- (a) “10% Insider Restriction” means the maximum number of Common Shares that can be issued upon the conversion of Series E Preferred Shares to any particular Series E Holder without resulting in such Series E Holder becoming, following completion of the conversion of Series E Preferred Shares, a reporting insider of the Corporation by virtue of post-conversion beneficial ownership of securities of the Corporation pursuant to NI 55-104;
- (b) “Board of Directors” means the board of directors of the Corporation;
- (c) “Capital Stock” of any person means any and all shares of, interests in, rights to purchase, warrants or options for, participations in, or other equivalents of, in each case however designated, the equity of such person;
- (d) “Change of Control” means, collectively, (i) any transaction (whether by purchase, merger or otherwise) whereby a person or persons acting jointly or in concert directly or indirectly acquire(s) the right to cast, at a general meeting of shareholders of the Corporation, more than 50% of the votes that may be ordinarily cast at a general meeting; (ii) the Corporation’s amalgamation, consolidation or merger with or into any other person, any merger of another person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 50% or more of the voting control or direction in the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, sale lease or other disposition of all or substantially all of the Corporation’s and the Corporation’s subsidiaries’ assets and properties, taken as a whole, to another arm’s length person;
- (e) “Closing Share Price” means the closing market price of the Common Shares on the CSE (or the principal securities exchange or market on which the Common Shares are listed or quoted or if no such prices are available, the fair market value of a Common Share as reasonably determined by the Board of Directors) on the trading day preceding the applicable date.
- (f) “Common Shares” means the common shares in the capital of the Corporation as currently constituted, or as such shares may be changed from time to time;
- (g) “Conversion Rate” has the meaning ascribed to such term in Section 5;
- (h) “Corporation” means IONIC Brands Corp.;
- (i) “CSE” means the Canadian Securities Exchange;

- (j) “Effective Date” means the first date on which the Common Shares trade on the CSE, reflecting the relevant share split or share combination, as applicable;
- (k) “Ex-Date” when used with respect to any issuance, dividend or distribution, means the first date on which the Common Shares (or other applicable security) trade on the applicable exchange or in the applicable market, without the right to receive such issuance, dividend or distribution in question from the Corporation or, if applicable, from the seller or the Common Shares (or other applicable security) on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market;
- (l) “Initial Amount” means the issuance of price of \$0.30;
- (m) “Liquidation Distribution” means the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs;
- (n) “Liquidation Preference” has the meaning ascribed to such term in Section 4;
- (o) “NI 55-104” means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;
- (p) “Original Issuance Date” means March 5, 2021;
- (q) “person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government, any agency or political subdivisions thereof;
- (r) “Record Date” means, when used with respect to any dividend, distribution or other transaction or event in which the holders of the Common Shares (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) are exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Shares (or other applicable security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise);
- (s) “Retraction Date” means the date that is four years from the issuance date;
- (t) “Series E Holder” means a holder of Series E Preferred Shares;
- (u) “Spin-Off” means the Corporation makes a dividend or distribution to all or substantially all holders of Common Shares consisting of Capital Stock of, or similar equity interests in, or relating to, a subsidiary or other business unit of the Corporation that, upon issuance, will be traded on a U.S. or Canadian national securities exchange;
- (v) “trading day” means with respect to a stock exchange, market or over-the-counter market means a day on which such stock exchange or over-the-counter market is open for business;

- (w) “Transfer Agent” means the transfer agent appointed by the Corporation for the Series E Preferred Shares and, in the event that no such person is appointed, “Transfer Agent” means the Corporation;
- (x) “Valuation Period” has the meaning ascribed to such term in Section 8(c);
- (y) “VWAP” means the per share volume weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the CSE (or if the Common Shares are no longer traded on the CSE, on such other recognized stock exchange as the Common Shares are then traded); and
- (z) “Yearly Dividend” has the meaning ascribed to such term in Section 3.

2. Meetings and Voting Rights

Subject to the provisions of the *Business Corporations Act* (British Columbia), Series E Holders shall not be entitled, as such to receive notice of or to attend or vote at any meetings of shareholders of the Corporation, other than a meeting of Series E Holders.

3. Dividends

For the first two (2) years following the issuance of the Series E Preferred Shares, the Series E Holders shall be entitled to receive an annual, cumulative, preferential dividend equal to thirteen percent (13%) of the Initial Amount per Series E Preferred Share (the “Yearly Dividend”), accrued daily and paid annually, or on the date of conversion of the Series E Preferred Shares, as the case may be, and payable in Common Shares at the Closing Share Price on the applicable payment date. Any accumulation of dividends on the Series E Preferred Shares shall not bear interest. Such dividends shall accrue from and including the date of issue of the Series E Preferred Shares, and, subject as hereinafter provided, shall be payable on the 31st day of December in each year. The first dividend payment date shall be December 31, 2021. After two (2) years following the date of the issuance of the Series E Preferred Shares, the Yearly Dividend will cease. Subject to the *Business Corporations Act* (British Columbia), the Board of Directors may from time to time declare and authorize payment of dividends as they may deem advisable. The dividend may be settled with cash or Common Shares at the option of the Corporation. Common Shares shall be issued at the Closing Share Price.

4. Rights on Liquidation, Dissolution, or Winding-Up

In the event of any Liquidation Distribution, each Series E Holder shall be entitled to receive one hundred percent (100%) of distributable cash on a priority basis ahead of all Common Shares and any other shares of the Corporation ranking junior to the Series E Preferred Shares (and, for greater certainty, the Series D Voting Preferred Shares of the Corporation shall rank *pari passu* with the Series E Preferred Shares), in an amount up to one hundred percent (100%) of the Initial Amount (the “Liquidation Preference”) (calculated cumulative with all prior distributions in respect of the Liquidation Preference). Upon a sale of less than substantially all of the assets of the Corporation (other than ordinary course and *de minimis* transactions), each Series E Holder shall be entitled to share in the distributable cash on a priority basis ahead of all Common Shares and any other shares of the Corporation ranking junior to the Series E Preferred Shares (and, for greater certainty, the Series D Voting Preferred Shares of the Corporation shall rank *pari passu* with the Series E Preferred Shares) in an amount up to one hundred percent (100%) of the Liquidation Preference (calculated cumulatively with all prior distributions in respect of the Liquidation Preference). If the remaining property and assets

of the Corporation are not sufficient to provide for payment in full to the Series E Holders of the amounts provided above, and to the holders of any Series D Voting Preferred Shares of the Corporation, then such remaining property and assets of the Corporation shall be allocated to the holders of the Series E Preferred Shares and Series D Voting Preferred Shares of the Corporation on a *pro rata* basis without preference or distinction.

5. Conversion

At such time as the Series E Holders may direct, each Series E Preferred Share may be converted into one Common Share (as the same may be adjusted from time to time pursuant to Section 8 below, (the “Conversion Rate”) and any accrued and unpaid dividend shall be paid in Common Shares at the Closing Share Price at the time of conversion and such Series E Preferred Shares so converted may not be reissued by the Corporation. At no time, shall a Series E holder convert Series E Preferred Shares into Common Shares if such conversion would result in such Series E Holder owning or controlling, directly or indirectly Common Shares that would exceed the 10% Insider Restriction on a post-conversion basis.

6. Retraction

On or after the Retraction Date, any outstanding Series E Preferred Shares shall automatically be converted into Common Shares at the Conversion Rate and any accrued and unpaid dividends shall be converted into Common Shares at the Closing Share Price; provided that, in the event a conversion of Series E Preferred Shares hereunder would result in a Series E Holder exceeding the 10% Insider Restriction on a post-conversion basis, the effectiveness of such conversion will be conditional upon the Corporation obtaining the prior written consent of such Series E Holder.

7. Forced Conversion

If prior to the Retraction Date, there is a Change of Control, the Corporation shall have the right to convert all the outstanding Series E Preferred Shares into Common Shares at one Common Share for each Series E Preferred Share and any accrued and unpaid dividend, into Common Shares at the Closing Share Price by providing notice to the holders of the Series E Preferred Shares by disseminating a news release; provided that, in the event a conversion of Series E Preferred Shares hereunder would result in a Series E Holder exceeding the 10% Insider Restriction on a post-conversion basis, the effectiveness of such conversion will be conditional upon the Corporation obtaining the prior written consent of such Series E Holder.

8. Adjustments to Conversion

(a) *Adjustments for issuances of common shares, share splits and share combinations.* If the Corporation shall, at any time and from time to time while any Series E Preferred Shares are outstanding, issue Common Shares as a dividend or distribution to all or substantially all holders of its Common Shares or the Corporation shall effect a share split or share combination of the Common Shares into a greater or lesser number of Common Shares (in each case excluding an issuance solely pursuant to a Capital Reorganization, as to which Section 8(e) will apply), then the then-applicable Conversion Rate will be adjusted in accordance with the following formula:

$$CR_1 = CR_0 \times OS_0 / OS_1$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Record Date for such dividend or distribution or immediately prior to the open of business on the Effective Date for such share split or share combination, as the case may be;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date or immediately after the open of business on such Effective Date, as the case may be;

OS_0 = the number of Common Shares outstanding immediately prior to the close of business on such Record Date or immediately prior to the open of business on such Effective Date, as the case may be (in either case, prior to giving effect to such event); and

OS_1 = the number of Common Shares that would be outstanding immediately after, and solely as a result of, such dividend, distribution, share split or share combination.

Any adjustment to the Conversion Rate made pursuant to this Section 8(a) shall become effective immediately after the close of business on the Record Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this Section 8(a) is declared but not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to make such dividend or distribution, to such Conversion Rate that would be in effect if such dividend or distribution had not been declared.

- (b) *Adjustments for certain rights, options and warrants.* If the Corporation shall, at any time or from time to time, while any Series E Preferred Shares are outstanding, issue to all or substantially all holders of Common Shares rights, options or warrants (other than rights issued pursuant to a Spin-Off, as to which Section 8(c) will apply) entitling such holders, for a period of up to 45 calendar days from the date of issuance of such rights, options or warrants, to subscribe for or purchase Common Shares at a price per share less than the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance, then the then-applicable Conversion Rate shall be adjusted based on the following formula:

$$CR_1 = CR_0 \times (OS_0 + Y) / (OS_0 + X)$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the opening of business on the Record Date for such issuance;

CR_1 = the Conversion Rate in effect immediately after the close of business on such Record Date;

OS_0 = the number of Common Shares outstanding immediately prior to the close of business on such Record Date;

X = the total number of Common Shares issuable pursuant to such rights, options or warrants;
and

Y = the total number of Common Shares equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the VWAP for the 10 consecutive trading day period ending on, and including, the trading day immediately preceding the date of announcement of such issuance.

Any adjustment to the Conversion Rate made pursuant to this Section 8(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the close of business on the Record Date for such issuance. In the event that such rights, options or warrants described in this Section 8(b) are not so issued, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to issue such rights, options or warrants, to such Conversion Rate that would then be in effect if such issuance had not been declared. To the extent that such rights, options or warrants are not exercised prior to their expiration or Common Shares are otherwise not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, the Conversion Rate shall be readjusted, effective as of the date of such expiration or the date it is determined such shares will not be delivered, as the case may be, to such Conversion Rate that would then be in effect had the adjustment made upon the issuance of such rights, options or warrants been made on the basis of the delivery of only the number of Common Shares actually delivered.

- (c) *Adjustments for Spin-Offs.* In a Spin-Off, the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times MP_0 / (FMV_0 + MP_0)$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Date for the Spin-Off;

CR_1 = the Conversion Rate in effect immediately after the open of business on the Ex-Date for the Spin-Off;

FMV_0 = the VWAP (as if references to “Common Shares” therein were references to such shares or similar equity interest distributed to holders of Common Shares) of the shares or similar equity interests so distributed applicable to one Common Share for the 10 consecutive trading day period commencing on, and including, the Ex-Date for the Spin-Off (the “Valuation Period”); and

MP_0 = the VWAP for the Valuation Period.

Any adjustment made pursuant to this Section 8(c) will be calculated immediately after the close of business on the last trading day of the Valuation Period but shall be given effect as of immediately after the open of business on the Ex-Date for the Spin-Off; provided that, if any conversion of the Series E Preferred Shares occurs during the Valuation Period, the Corporation shall, to the extent necessary, delay any settlement of such conversion until the second Business Day after the last day of the Valuation Period. In the event that such distribution described in this Section 8(c) is not so paid or made, the Conversion Rate shall be readjusted, effective as of the date the Board of Directors publicly announces its decision not to pay or make such distribution, to the Conversion Rate that would then be in effect if such distribution had not been announced.

- (d) *Tender Offers or Exchange Offers.* If the Corporation or any of its subsidiaries successfully completes a tender offer or exchange offer for Common Shares (other than a normal course issuer bid under applicable Canadian securities laws) where the cash and the value of any other consideration included in the payment per Common Share validly tendered or exchanged exceeds the VWAP for the 10 consecutive trading day period (the “Averaging Period”) commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be

made pursuant to such tender offer or exchange offer (the “Tender Offer Expiration Date”), then the Conversion Rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times (SP_0 \times OS_0) / (AC + (SP_0 \times OS_1))$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the Tender Offer Expiration Date;

CR_1 = the Conversion Rate in effect immediately after the close of business on the Tender Offer Expiration Date;

SP_0 = the VWAP over the Averaging Period;

OS_0 = the number of Common Shares outstanding immediately prior to the Tender Offer Expiration Date, prior to giving effect to the purchase of any shares accepted for purchase or exchange in such tender offer or exchange offer;

AC = the aggregate value of all cash and the fair market value (as determined by the Board of Directors) on the Tender Offer Expiration Date of any other consideration paid or payable for Common Shares acquired pursuant to such tender offer or exchange offer; and

OS_1 = the number of Common Shares outstanding immediately after the Tender Offer Expiration Date, after giving effect to the purchase of all shares accepted for purchase or exchange in such tender offer or exchange offer.

The Conversion Price will in no event be adjusted up pursuant to this Section 8(d), except to the extent provided in the last sentence of this paragraph. Any adjustment to the Conversion Rate pursuant to this Section 8(d) will be calculated as of the close of business on the last trading day of the Averaging Period, but shall be given effect immediately after the close of business on the Tender Offer Expiration Date; provided that, if any conversion of the Series E Preferred Shares occurs during the Averaging Period, the Corporation shall, if necessary, delay any settlement of such conversion until the second business day after the last day of the Averaging Period. If the Corporation or one of its subsidiaries is obligated to purchase Common Shares pursuant to any such tender or exchange offer, but the Corporation or such subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Conversion Rate shall be readjusted to be such Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(e) *Capital Reorganization Events.* In the case of:

- (v) any consolidation, amalgamation or merger of the Corporation with or into another person (other than a merger, amalgamation or consolidation in which the Corporation is the continuing or surviving corporation and in which the Common Shares outstanding immediately prior to the merger, amalgamation or consolidation are not exchanged for cash, securities or other property of the Corporation or another person);
- (vi) any direct or indirect sale, lease, assignment, transfer or conveyance or all or substantially all of the Corporation’s consolidated property or assets;

- (vii) any reclassification of Common Shares into securities, including securities other than the Common Shares (other than changes in par value, if any, or resulting from a subdivision or combination); or
- (viii) any statutory exchange of securities of the Corporation with another person (other than in connection with a merger or acquisition);

in each case, as a result of which the Common Shares would be converted into, or exchanged for, securities, cash or other property (each, a “Capital Reorganization”), then, at and after the effective time of such Capital Reorganization, the right to exchange each Series E Preferred Share shall be changed into a right to exchange such share into the kind and amount of shares, cash, other securities or other property or assets (or any combination thereof) that a holder of a number of Common Shares equal to the amount of Common Shares such Series E Holder is entitled to immediately prior to such Capital Reorganization would have owned or been entitled to receive upon such Capital Reorganization (such shares, securities or other property or assets, the “Reference Property”, with each unit of Reference Property being the kind and amount of Reference Property that a holder of one Common Share would have received in such Capital Reorganization).

Prior to or at the effective time of such Capital Reorganization, the Corporation or the successor or purchasing person, as the case may be, shall execute and deliver such supplemental instruments, if any, as the Corporation reasonably determines are necessary or desirable to (x) provide for subsequent adjustments to the Conversion Rate pursuant to Section 8 in a manner consistent with this Section 8(e); and (y) give effect to such other provisions, if any, as the Corporation reasonably determines are appropriate to preserve the economic interests of the holders. If the Reference Property includes shares of stock or other securities or assets of a person other than such successor person, then such other person will also execute such supplemental instrument(s) and such supplemental instrument(s) will contain such additional provisions, if any, that the Corporation reasonably determines are appropriate to preserve the economic interests of holders.

In each case, if a Capital Reorganization causes the Common Shares to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the Reference Property into which the Series E Preferred Shares will be exchangeable shall be deemed to be the weighted average of the types and amounts of consideration received by the holders of Common Shares. The Corporation shall notify the Series E Holders of such weighted average as soon as practicable after such determination is made.

None of the foregoing provisions shall affect (x) the right of a Series E Holder to convert its Series E Preferred Shares (1) into Common Shares prior to the effective time of such Capital Reorganization or (2) into Common Shares or Reference Property, as applicable, following the effective time of such Capital Reorganization, in any case pursuant to Section 5, or, (y) if the event constituting a Capital Reorganization is also a Change of Control, the obligation of the Corporation to automatically convert the Series E Preferred Shares in connection with such transaction pursuant to Section 7.

The provisions of this Section 8(e) shall similarly apply to successive Capital Reorganization events. This Section 8(e) shall not apply to any share split or combination to which Section 8(a) is applicable or to a liquidation event.

- (f) *Minimum Adjustment.* The adjustments provided for in this Section 8 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 8, provided that, notwithstanding any other provision of this Section 8, no adjustment of the Conversion Rate shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Rate then in effect; provided however, that any adjustments which by reason of this Section 8(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (g) *When No Adjustment Required.* Notwithstanding anything herein to the contrary, no adjustment to the Conversion Rate need be made: (A) upon the issuance of any Common Shares pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in Common Shares under any plan; (B) upon the issuance of any Common Shares or rights, options, restricted share units, warrants or similar securities to purchase those shares pursuant to any present or future employee, director or consultant benefit or incentive plan or program of or assumed by the Corporation or any of its subsidiaries; (C) upon the repurchase of any Common Shares pursuant to an open market share repurchase program or other buy-back transaction, including structured or derivative transactions, that is not a tender offer or exchange offer of the nature described in Section 8(d); (D) for the sale or issuance of Common Shares, or securities convertible into or exercisable for Common Shares, for cash, including at a price per share less than the fair market value thereof or otherwise or in an acquisition, except as described in one of Section 8(a) through Section (d) above; (E) for a third-party tender offer; (H) upon the issuance of any Common Shares pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the Original Issuance Date; or (F) for any other issuance of Common Shares or any securities convertible into or exchangeable for Common Shares or the right to purchase Common Shares or such convertible or exchangeable securities, except as described above.
- (h) *Rules of Calculation.* All calculations will be made to the nearest one hundredth of a cent. Except as explicitly provided herein, the number of Common Shares outstanding will be calculated on the basis of the number of issued and outstanding Common Shares. The Corporation shall not be required to issue fractional Common Shares upon the conversion of Series E Preferred Shares. Any fractional Common Share shall be rounded down to the nearest whole number.
- (i) *Waiver.* Notwithstanding anything in this Section 8 to the contrary, no adjustment need be made to the Conversion Rate for any event with respect to which an adjustment would otherwise be required pursuant to this Section 8 if the Corporation receives, prior to the effective time of the adjustment to the Conversion Rate, written notice from the holders representing at least a majority of the then outstanding Series E Preferred Shares that no adjustment is to be made as the result of a particular issuance of Common Shares or other dividend or other distribution on Common Shares. This waiver will be limited in scope and will not be valid for any issuance of Common Shares or other dividend or other distribution on Common Shares or any other event not specifically provided for in such notice.
- (j) *Reservation of Shares.* For the purpose of effecting the conversion of Series E Preferred Shares, the Corporation shall at all times reserve and keep available, free from any preemptive rights, out of its treasury or authorized but unissued Common Shares the full number of Common Shares deliverable upon the conversion of all outstanding Series E Preferred Shares after taking into account any adjustments to the Conversion Rate from time to time pursuant to the terms of this Section 8 and any increases to the Liquidation Preference from time to time and assuming for the purposes of this calculation that all outstanding Series E Preferred Shares are held by one holder.

All Common Shares delivered upon conversion of Series E Preferred Shares shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the holders) and free of preemptive rights.