

## AGENCY AGREEMENT

May 16, 2019

Ionic Brands Corp.  
2915 S. M St.  
Tacoma, WA 98409

Attention: John Gorst, Chief Executive Officer and Director

Dear Sir:

**Re: Private Placement of Debenture Units**

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Clarus Securities Inc. (“**Clarus**” or the “**Lead Agent**”), GMP Securities L.P., Cormark Securities Inc. and PI Financial Corp. (collectively with the Lead Agent, the “**Agents**”) understand that Ionic Brands Corp. (the “**Corporation**”) proposes to issue and sell, by way of private placement, a total of up to 20,000 debenture units of the Corporation (the “**Debenture Units**”) at a purchase price of \$1,000 per Debenture Unit (the “**Issue Price**”) for total gross proceeds of up to \$20,000,000. Each Debenture Unit shall consist of (i) \$1,000 principal amount 8.0% unsecured convertible debenture of the Corporation (each, a “**Debenture**”); and (ii) 1,333 common share purchase warrants of the Corporation (the “**Warrants**”).

The Debentures shall be created and issued pursuant to and governed by a debenture indenture (the “**Debenture Indenture**”) in a form acceptable to the Lead Agent, acting reasonably, between the Corporation and Odyssey Trust Company, as debenture trustee (the “**Debenture Trustee**”) dated as of the date of this Agreement. Each Debenture will mature on the date that is 36 months from the closing of the Offering (as defined below) (the “**Maturity Date**”) and shall be convertible, at the option of the holder, at any time prior to 5:00 p.m. (Vancouver time) on the business day immediately preceding the Maturity Date, into the number of common shares of the Corporation (the “**Debenture Shares**”) computed on the basis of the principal amount of the Debentures that is an integral multiple of \$1,000 divided by the conversion price of \$0.75 per Debenture Share (the “**Conversion Price**”), subject to adjustment and certain other restrictions on conversion pursuant to the terms of the Debenture Indenture. On or prior to 5:00 p.m. (Vancouver time) on the Maturity Date, the holders of Debentures will receive repayment in cash of the principal amount outstanding plus accrued, but unpaid, interest. Each Debenture will bear interest from the issue date thereof at a rate of 8.0% per annum calculated and payable semi-annually in arrears on the last business day of June and December of each year. The first interest payment will be made on June 28, 2019 and will consist of interest accrued from and including the Closing Date (as defined below) to June 28, 2019 and shall be paid in cash. Interest shall be computed on the basis of a 360-day year composed of 12 30-day months. The description of the Debentures in this Agreement is a summary only and is subject to the detailed provisions of the Debentures to be set forth in the Debenture Indenture. In the case of any inconsistency between the description of the Debentures in this Agreement and their terms and conditions as set forth in the Debenture Indenture, the provisions of the Debenture Indenture shall govern.

The Warrants shall be created and issued pursuant to and governed by a warrant indenture (the “**Warrant Indenture**”) in a form acceptable to the Lead Agent, acting reasonably, to be entered into on the Closing Date between the Corporation and Odyssey Trust Company, as the Warrant Agent (the “**Warrant Agent**”). Each Warrant shall be exercisable to purchase a Common Share (each, a “**Warrant Share**”) at an exercise price of \$0.90 for a period of 36 months following the Closing Date (“**Warrant Expiry Date**”). The description of the Warrants in this Agreement is a summary only and is subject to the detailed provisions of the Warrants to be set forth in the Warrant Indenture. In the case of any inconsistency between the description of the Warrants in this Agreement and their terms and conditions as set forth in the Warrant Indenture, the provisions of the Warrant Indenture will govern.

Subject to the terms and conditions of this Agreement, the Agents hereby agree to act, and upon acceptance of this Agreement, the Corporation hereby appoints the Agents, as exclusive agents of the Corporation under the Offering to offer the Debenture Units for sale to investors, on a commercially reasonable efforts basis, without underwriting liability, (a) by way of private placement to “accredited investors” and other purchasers exempt from the prospectus requirements in compliance with NI 45 106 in each of the provinces and territories of Canada; (b) in the “United States” (as defined below) and to U.S. Persons” (as defined below), by way of a private placement, solely to (i) U.S. Accredited Investors, and (ii) Qualified Institutional Buyers, in each case pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by section 4(a)(2) of the U.S. Securities Act and/or Rule 506(b) of Regulation D thereunder (“**Regulation D**”); and (c) such offshore jurisdictions as agreed upon by the Lead Agent and the Corporation pursuant to relevant prospectus or registration exemptions in accordance with Securities Laws. All offers and sales of Debenture Units outside the United States to non-U.S. Persons shall be made in accordance with the exclusion from the registration requirements of the U.S. Securities Act provided by Rule 903 of Regulation S (“**Regulation S**”) thereunder. It is understood that the Agents shall act as agents only and shall not at any time be obligated to purchase or to arrange for the purchase of any Debenture Units.

In consideration of the Agents’ services to be rendered in connection with the Offering, the Corporation agrees to pay to the Agents on Closing a commission (the “**Agents’ Commission**”) equal to (i) 6.0% of the aggregate gross proceeds realized by the Corporation in respect of the sale of the Debenture Units under the Offering, excluding Debenture Units which are sold to Purchasers on the President’s List; and (ii) 1.0% of the aggregate gross proceeds realized by the Corporation in respect of the sale of the Debenture Units under the Offering to Purchasers on the President’s List. The Corporation also agrees to pay to the Agents a corporate finance fee of consisting of \$25,320 (the “**Corporate Finance Fee**”) and 25 Broker Warrants (as defined below).

As additional consideration, the Corporation agrees to issue to the Agents on Closing that number of non-transferable broker warrants (the “**Broker Warrants**”) equal to 6.0% of the number of Debenture Units sold under the Offering; except that number of Debenture Units, not to exceed 2,000, which are sold to Purchasers under the President’s List, in respect of which the applicable Broker Warrants will be equal to 1.0% of the Debenture Units sold under the President’s List. Subject to regulatory approval, each Broker Warrant shall be exercisable to acquire one Debenture Unit at a price of \$1,000 for a period of 36 months from the Closing Date.

The Agents also understand that the Corporation intends to undertake a concurrent non-brokered private placement offering of up to 3,000 Debenture Units of the Corporation for gross proceeds of up to \$3,000,000 (the “**Concurrent Financing**”). The Debenture Units issued pursuant to the Concurrent Financing shall have the same terms and conditions as the Debenture Units sold under the Offering.

The offering of the Debenture Units, other than the Debenture Units issued pursuant to the Concurrent Financing, and the distribution of the Broker Warrants are hereinafter referred to as the “**Offering**”.

Capitalized terms used but not defined above have the meanings given to those terms in subsection 1(1) of this Agreement.

## 1. Definitions.

(1) Where used in this Agreement, or in any amendment to this Agreement, the following terms have the following meanings, respectively:

“**affiliate**”, “**distribution**”, “**material change**”, “**material fact**”, “**misrepresentation**”, and “**subsidiary**” have the respective meanings given to them in the *Securities Act* (Ontario);

“**Agents**” has the meaning given to such term in the first paragraph of this Agreement;

“**Agents’ Commission**” has the meaning given to such term above;

“**Agents’ Counsel**” means Borden Ladner Gervais LLP, legal counsel to the Agents;

“**Annual Financial Statements**” means the audited consolidated financial statements of the Corporation for the years ended December 31, 2018 and 2017, together with the notes to such financial statements, the report of the auditors of the Corporation on such financial statements and management’s discussion and analysis in respect of such financial statements;

“**Anti-Money Laundering Laws**” has the meaning given to such term in subsection 6(1)(jjjj);

“**Auditors**” means Dale Matheson Carr-Hilton LaBonte LLP;

“**Broker Warrant Certificate**” means the certificate evidencing the terms and conditions of the Broker Warrants, which shall be in a form to be mutually agreed upon by the Lead Agent and the Corporation;

“**Broker Warrants**” has the meaning given to that term on page 2 of this Agreement;

“**Business Day**” means any day other than a Saturday, Sunday or other day on which banking institutions in the provinces of Ontario and British Columbia are not open for business during normal business hours;

“**Canadian Offering Jurisdictions**” means each of the provinces and territories of Canada;

“**Canadian Securities Laws**” means Securities Laws applicable in the Canadian Offering Jurisdictions;

“**CDS**” means CDS Clearing and Depositary Services Inc., or its nominee;

“**Claims**” has the meaning given to such term in section 11;

“**Closing**” means the completion of the issue and sale by the Corporation of the Debenture Units pursuant to this Agreement;

“**Closing Date**” means May 16, 2019 or such other date as the Lead Agent and the Corporation may agree in writing;

“**Closing Time**” means 8:30 a.m. (Toronto time) on the applicable Closing Date, or any other time on the Closing Date as may be agreed to by the Corporation and the Lead Agent;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Concurrent Financing**” has the meaning given to such term above;

“**Confidential Information**” shall include any and all information relating to the business and affairs of the Corporation, including but not limited to: operations and methods of operating; business plans and projections; customers, suppliers, affairs, processes and personnel; financial, production, scientific and technical data and information, whether written, graphic or oral, as well as samples and specimens thereof, howsoever or whensoever obtained; excepting only the following:

- (a) information in the public domain (provided that it did not become part of the public domain through any act or omission, either direct or indirect, of the Agents);
- (b) information that becomes part of the public domain through no act or omission, either direct or indirect, of the Agents; and

(c) information that the parties to this Agreement agree in writing to release under the terms of this Agreement;

“**Conversion Price**” has the meaning given to such term above;

“**Corporation**” has the meaning given to that term in the first paragraph of this Agreement;

“**Corporation’s Counsel**” means McMillan LLP, legal counsel to the Corporation;

“**Corporate Finance Fee**” has the meaning given to such term above;

“**CSE**” means The Canadian Securities Exchange;

“**Debenture Indenture**” has the meaning given to that term in the first paragraph of this Agreement;

“**Debentures**” has the meaning given to that term in the first paragraph of this Agreement;

“**Debenture Shares**” has the meaning given to such term above and, for the avoidance of doubt, includes the Debenture Shares issuable upon the exercise of the Debentures comprising part of the Debenture Units issuable upon the exercise of the Broker Warrants in accordance with the terms of the Broker Warrant Certificate;

“**Debenture Unit**” or “**Debenture Units**” has the meaning given to that term in the first paragraph of this Agreement and, for the avoidance of doubt, includes the Debenture Units issuable upon the exercise of the Broker Warrants in accordance with the terms of the Broker Warrant Certificate;

“**Directed Selling Efforts**” means “directed selling efforts” within the meaning of Rule 902 of Regulation S;

“**DRS**” has the meaning given in subsection 8(2)(a);

“**Due Diligence Responses**” means the written and verbal responses provided by the Corporation together with all materials provided to the Agents and the Agents’ Counsel during or in connection with a Due Diligence Session, as given by any director or senior officer of the Corporation, at or in connection with a Due Diligence Session;

“**Due Diligence Session**” has the meaning given in subsection 6(1)(vvvv);

“**Engagement Letter**” means the letter agreement dated April 8, 2019, between the Corporation and the Lead Agent relating to the Offering;

“**Environmental Laws**” has the meaning given to such term in subsection 6(1)(zzz);

“**Financial Statements**” means, together, the Annual Financial and the Interim Financial Statements;

“**General Solicitation**” and “**General Advertising**” mean “general solicitation” and “general advertising” within the meaning of Rule 502(c) of Regulation D;

“**Governmental Authority**” means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other Law, regulation or rule-making entity (including, without limitation, any stock exchange, securities regulatory authority, central bank, fiscal or monetary authority or authority regulating banks), having jurisdiction in the relevant circumstances;

“**Indemnified Parties**” and “**Indemnified Party**” each have the meaning given to such terms in section 11;

“**Ionic Entity**” means Ionic, Inc.;

“**Ionic Entity Agreement**” has the meaning given to such term in section 6(1)(m);

“**Intellectual Property**” means, collectively, intellectual property, including all copyright, trademarks and patents (both issued and pending), copyright applications, trade mark applications, biological materials and patent applications, both domestic and foreign, owned, licenced, sub-licenced or applied for by the Corporation, or in which the Corporation otherwise has rights;

“**Interim Financial Statements**” means the unaudited condensed interim consolidated financial statements of the Corporation with respect to the three and nine months ended January 31, 2019 and 2018, together with the notes to such financial statements and the management’s discussion and analysis in respect of such financial statements;

“**Investor Presentation**” means the investor presentation prepared in connection with the Offering and dated April 26, 2019;

“**Knowledge of the Corporation**” and similar phrases means the actual knowledge of John Gorst, after making diligent inquiry of the appropriate officers or senior employees of the Corporation as reasonably necessary to inform themselves as to the relevant matters, but without any requirement to make any inquiries of third parties or governmental authorities or to perform any search of any public registry office or system;

“**Law**” means any and all applicable laws, including all federal, provincial, state and local statutes, codes, ordinances, decrees, rules, regulations and municipal by-laws and all judicial, arbitral, administrative, ministerial, or regulatory judgments, orders, directives, decisions, rulings or awards of any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court, all having the force of law, binding on or affecting the Person referred to in the context in which the term is used;

“**Lease Agreement**” mean the lease agreement between Blacklist Holdings, Inc. and the Ionic Entity dated January 1, 2019;

“**Lead Agent**” has the meaning given to such term above;

“**Licencing Agreement**” means the agreement between Blacklist Holdings, Inc. and the Ionic Entity dated January 1, 2019;

“**Licences**” has the meaning given to such term in subsection 6(1)(nn);

“**Lien**” means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition creating an interest in property which, in substance, secures payment or performance of an obligation;

“**Losses**” has the meaning given to such term in section 11;

“**Material Adverse Effect**” or “**Material Adverse Change**” means any effect on, or change to, the business of the Corporation, any Subsidiaries or the Ionic Entity, that alone or in conjunction with any other effects or changes: (i) is or is reasonably likely to be materially adverse to the results of operations,

condition (financial or otherwise), business, assets, properties, capital, liabilities (contingent or otherwise), cash flow, income or business operations of the Corporation or prospects of such business, or to the completion of the transactions contemplated by this Agreement; or (ii) would result in the Offering Documents or any amendments to the Offering Documents containing a misrepresentation;

“**Maturity Date**” has the meaning given to such term above;

“**NI 45-102**” means National Instrument 45-106 – *Resale Restrictions* of the Canadian Securities Administrators;

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

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

“**Offering Documents**” means, collectively, this Agreement, the Subscription Agreements, the Debenture Indenture, the Warrant Indenture, the Investor Presentation, the Term Sheet, the Broker Warrant Certificate and such other information or documentation as may be approved by the Corporation for distribution or provision to the Purchasers;

“**Offering Jurisdictions**” means the Canadian Offering Jurisdictions, the United States and such other foreign jurisdictions as may be agreed upon by the Lead Agent and the Corporation;

“**Permits**” has the meaning given to such term in subsection 6(1)(zzz);

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

“**President’s List**” means the Purchasers under the Offering that were introduced to the Corporation by the directors, officers and employees of the Corporation and/or its affiliates and/or the Subsidiaries and/or the Ionic Entity;

“**Public Record**” means all information filed by or on behalf of the Corporation with the Securities Commissions in Canada via SEDAR since January 1, 2016, including without limitation, any other information filed with any Securities Commission in Canada in compliance, or intended compliance, with any Securities Laws of the Offering Jurisdictions in Canada;

“**Purchaser**” means any Person who shall purchase Debenture Units pursuant to the Offering and, for the avoidance of doubt, may include the Agents;

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

“**Regulation D**” has the meaning given to such term above;

“**Regulation S**” has the meaning given to such term above;

“**SEC**” means the United States Securities and Exchange Commission;

“**Securities Commissions**” means the securities commissions or similar securities regulatory authorities in each of the Offering Jurisdictions;

“**Securities Laws**” means, collectively, all securities laws in each of the Offering Jurisdictions applicable in connection with the Offering and the respective rules and regulations made thereunder, together with applicable multilateral or national instruments, orders, rulings, rules and other regulatory instruments issued or adopted by each of the Securities Commissions;

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

“**Selling Firms**” has the meaning given to such term in subsection 2(2);

“**Significant Shareholder**” means a shareholder of the Corporation holding either directly or indirectly, 5.0% or more of the issued and outstanding Common Shares;

“**Subscription Agreement**” means each agreement among the Corporation and a Purchaser pursuant to which such Purchaser subscribes for and agrees to purchase Debenture Units in connection with the Offering;

“**Subsidiaries**” means, collectively, Blacklist Holdings, Inc., Blacklist Brands CA, Inc. and Blacklist Holdings OR, Inc. and “**Subsidiary**” means any one of them;

“**Supplementary Material**” means any amendment to the Offering Documents;

“**Term Sheet**” means the pricing term sheet delivered to investors in connection with the Offering;

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

“**U.S. Accredited Investor**” means an “accredited investor” within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act;

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

“**U.S. Cannabis Laws**” has the meaning given to such term in subsection 6(1)(kk);

“**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

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

“**Warrant Agent**” has the meaning given to such term on the first page of this Agreement;

“**Warrant Expiry Date**” has the meaning given to such term on the first page of this Agreement;

“**Warrant Indenture**” has the meaning given to such term on the first page of this Agreement;

“**Warrant Shares**” has the meaning given to such term above and, for the avoidance of doubt, includes the Warrant Shares issuable upon exercise of the Warrants comprising part of the Debenture Units issuable upon exercise of the Broker Warrants in accordance with the terms of the Broker Warrant Certificate; and

“**Warrants**” has the meaning given to such term on the first page of this Agreement and, for the avoidance of doubt, includes the Warrants comprising part of the Debenture Units issuable upon exercise of the Broker Warrants in accordance with the terms of the Broker Warrant Certificate.

- (2) Unless otherwise indicated, all references to monetary amounts in this Agreement are to lawful money of Canada.
- (3) Any reference in this Agreement to a schedule, section, paragraph, subsection, subparagraph, clause or subclause will refer to a schedule, section, paragraph, subsection, subparagraph, clause or subclause of this Agreement.
- (4) The schedules hereto are incorporated into this Agreement by reference and are deemed to be a part of this Agreement.
- (5) Unless otherwise expressly provided in this Agreement, words importing the singular number include the plural and vice versa and words importing gender include all genders and the gender neutral.

## **2. Appointment of the Agents.**

- (1) The Corporation hereby appoints the Agents as the Corporation’s exclusive agents to effect the Offering. Subject to the terms and conditions hereinafter provided, the Agents agree to act as the Corporation’s exclusive agents for such purpose and to use its commercially reasonable efforts to effect the sale of the Debenture Units on the Corporation’s behalf to Purchasers in the Offering Jurisdictions, at a price of \$1,000 per Debenture Unit. It is understood that the Agents shall act as agents only and shall not at any time be obligated to purchase or to arrange for the purchase of any Debenture Units.
- (2) The Corporation agrees that the Agents will be permitted to appoint other registered dealers (or other dealers duly licenced in their respective jurisdictions) as their sub agents (the “**Selling Firms**”) to assist in the Offering and that the Agents may determine the remuneration payable to such other dealers it appoints. Such remuneration shall be payable by the Agents. The Corporation grants all of the rights and benefits of this Agreement to any Selling Firm so appointed by the Agents and appoints the Lead Agent as trustee of such rights and benefits for such Selling Firms and the Lead Agent hereby accepts such trust and agrees to hold such rights and benefits for and on behalf of such Selling Firms.

## **3. Offering Restrictions.**

- (1) No selling or promotional expenses will be paid or incurred in connection with the Offering, except for professional services or for services performed by a registered dealer, as provided for herein.
- (2) The Agents shall not advertise the proposed offering or sale of the Debenture Units in printed media of general and regular paid circulation, radio or television or telecommunications (including electronic display).
- (3) None of the Corporation, the Agents nor any of their respective affiliates shall provide to prospective Purchasers any document or other material that would constitute an offering memorandum within the meaning of Canadian Securities Laws, other than the Investor Presentation or other documents agreed upon in writing by the Corporation and the Lead Agent and the Offering will not be advertised in any newspaper, magazine, printed media or similar medium of general and regular paid circulation, broadcast over radio or television or by means of the internet and no seminar or meeting relating to the Offering whose attendees have been invited by general solicitation or advertising will be conducted.



#### 4. Agents' Commission and Broker Warrants.

- (1) In consideration of the services to be rendered by the Agents to the Corporation under this Agreement, the Corporation agrees to pay to the Agents the Agents' Commission and the Corporate Finance Fee, as well as issue the Broker Warrants to the Agents, at the time and in the manner specified in this Agreement.
- (2) Subject to the terms and conditions of this Agreement, the obligation of the Agents under this Agreement shall be several and not joint and several. The percentage of the aggregate number of Debenture Units purchased pursuant to the Offering in respect of which each Agent shall act as agent under the terms of this Agreement shall be as follows:

Clarus Securities Inc.	60.0%
GMP Securities L.P.	20.0%
Cormark Securities Inc.	15.0%
PI Financial Corp.	5.0%
Total	<u>100.0%</u>

- (3) The Agents agree among themselves that the allocation of the Agents' Commission and the Corporate Finance Fee shall be in accordance with the above percentage allocation.
- (4) Each Agent acknowledges that the Broker Warrants, the Debenture Units issuable upon exercise the Broker Warrants, the Debentures and Warrants comprising the Debenture Units, the Debenture Shares issuable upon the exercise of the Debentures and the Warrant Shares issuable upon the exercise of the Warrants, have not been registered under the U.S. Securities Act or the securities laws of any state of the United States. In connection with the issuance of the Broker Warrants, the Debenture Units, the Debentures and Warrants comprising the Debenture Units, the Debenture Shares issuable upon the exercise of the Debentures and the Warrant Shares issuable upon the exercise of the Warrants, each of the Agents, on its on behalf, represents, warrants, and covenants that it is acquiring the Broker Warrants and will acquire the underlying Debenture Units, the Debentures and Warrants comprising the Debenture Units, the Debenture Shares issuable upon the exercise of the Debentures and the Warrant Shares issuable upon exercise of the Warrants as principal for its own account and not for the benefit of any other person. Each Agent, on its own behalf, represents, warrants, and covenants that (i) it is not a U.S. Person and are not acquiring the Broker Warrants in the United States, or on behalf of a U.S. Person or a person located in the United States; and (ii) this Agreement was executed and delivered outside the United States. Each Agent, on its own behalf, acknowledges and agrees that the Broker Warrants, the Debentures and the Warrants may not be converted or exercised, as applicable, 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 conversion or exercise, as applicable, is not subject to, or is exempt from, registration under the U.S. Securities Act and applicable U.S. state securities laws. Each Agent agrees that it (a) will not engage in any Directed Selling Efforts with respect to any of the Broker Warrants, the Debenture Units and Warrants issuable upon exercise the Broker Warrants, the Debentures and Warrants comprising the Debenture Units, the Debenture Shares issuable upon the exercise of the Debentures and the Warrant Shares issuable upon the exercise of the Warrants, and (b) will not offer or sell any Broker Warrants, Debenture Units, Debentures, Warrants, Debenture Shares or Warrant Shares in the United States except in compliance with an exemption from the registration requirements of the U.S. Securities Act and all applicable U.S. state securities laws.

## **5. Material Change.**

- (1) During the period of distribution of the Debenture Units and subject to Securities Laws, the Corporation will promptly inform the Lead Agent of the full particulars of:
  - (a) any material change (actual, anticipated or, to the Knowledge of the Corporation, threatened) in or affecting the business, operations, capital or long-term debt, properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Corporation, the Subsidiaries or the Ionic Entity;
  - (b) any change in any material fact contained or referred to in the Offering Documents or any Supplementary Material or in any information regarding the Corporation, the Subsidiaries or the Ionic Entity previously provided to the Lead Agent by the Corporation in writing, which has not otherwise been disclosed to the Lead Agent;
  - (c) the occurrence or discovery of a fact or event, which, in any such case, is, or may be, of such a nature as to result in a misrepresentation or in a material Securities Law breach in the Offering Documents or any Supplementary Material;
  - (d) the issuance by any Securities Commission of any order to cease or suspend trading of any securities of the Corporation or, to the extent permitted by Securities Laws, of the institution or threat of institution of any proceedings for that purpose; or
  - (e) the receipt by the Corporation of any order, request or communication of any Securities Commission preventing or suspending the use of, or otherwise relating to, the Offering Documents or any Supplementary Material, or preventing or suspending, or otherwise relating to, the Offering.
- (2) The Corporation shall in good faith discuss with the Lead Agent any change in a fact, events or circumstances (actual, proposed or prospective) which is of such a nature that there is reasonable doubt whether notice need be given to the Lead Agent pursuant to this section 5.
- (3) The Corporation shall deliver or cause to be delivered without charge to the Lead Agent and the Agents' Counsel, promptly upon the request of the Lead Agent or Agents' Counsel, copies of the Supplementary Material, if any, once prepared.
- (4) During the period of distribution of the Debenture Units, the Corporation will promptly provide to the Lead Agent drafts of any material press releases of the Corporation for review and approval by the Lead Agent and Agents' Counsel prior to issuance, such approval not to be unreasonably withheld or delayed. The Corporation will use its commercially reasonable efforts to provide the Lead Agent with 24 hours' advance notice of any other press release of the Corporation during such period.

## **6. Representations, Warranties and Covenants of the Corporation.**

- (1) The Corporation represents, warrants, covenants and agrees to and with the Agents (which representations and warranties shall survive the Closing in accordance with subsection 15(1) of this Agreement) that:
  - (a) since January 1, 2016, the Corporation has been and is in material compliance with its timely disclosure obligations under Canadian Securities Laws and the rules and regulations of the CSE; no confidential material change report has been filed by the Corporation under Canadian Securities Laws that remains confidential at the date of this Agreement; the Corporation has not completed a "significant acquisition", which would require the Corporation to file a

business acquisition report under Canadian Securities Laws; all of the material contracts and agreements of the Corporation and the Subsidiaries not made in the ordinary course of business, if required under the applicable Laws, have been filed with the applicable Securities Commissions in Canada;

- (b) the Corporation is, and will at the Closing Time be, in compliance in all material respects with the by-laws, policies, rules and regulations of the CSE existing on the date of this Agreement;
- (c) other than as disclosed in the Public Record, since January 1, 2016 (i) there has been no material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Corporation and the Subsidiaries, taken as a whole, (ii) there have been no transactions entered into by the Corporation or any of the Subsidiaries which are material with respect to the Corporation and the Subsidiaries, taken as a whole, other than those in the ordinary course of business, and (iii) there has been no dividend or distribution of any kind declared, paid or made by the Corporation on any class of its shares;
- (d) since January 1, 2018, there has not been any Material Adverse Change or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the Corporation's, Subsidiaries' or the Ionic Entity's business, affairs, capital, prospects or assets, or the right or capacity of the Corporation, any of the Subsidiaries or the Ionic Entity to carry on their business, such business having been carried on in the ordinary course;
- (e) it has been duly incorporated and organized and is a valid and subsisting corporation under the laws of British Columbia, and is duly qualified to carry on business in each of the jurisdictions in which it currently operates, and no proceedings have been instituted or, to the Knowledge of the Corporation, are pending for the dissolution or liquidation or winding-up of the Corporation;
- (f) the authorized capital of the Corporation consists of unlimited Common Shares without par value, unlimited Series A non-voting preferred shares without par value, unlimited Series B non-voting preferred shares without par value and unlimited Series C voting preferred shares without par value, of which, as at the date of this Agreement (prior to the completion of the Offering), 115,061,361 Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation and no Series A non-voting preferred shares, Series B non-voting preferred shares, or Series C voting preferred shares are outstanding;
- (g) Other than the securities issued pursuant to this Offering and as set out in SCHEDULE "SECTION 6(1)(G)" hereto, there are no outstanding rights, warrants, options, convertible debt or any other securities or rights capable of being converted into, or exchanged or exercised for, any Common Shares or other securities of the Corporation;
- (h) no current or proposed officer or director of the Corporation, nor to the Knowledge of the Corporation, any employee of the Corporation, is subject to any limitations or restrictions on their activities or investments, including any non-competition provisions, that would in any way limit or restrict their involvement with the Corporation or the business affairs of the Corporation as now conducted or presently proposed to be conducted;
- (i) the Subsidiaries and Blacklist Finco Inc. are the only subsidiaries or affiliates of the Corporation and each of the Subsidiaries has been duly incorporated and is validly existing and in good standing under the laws of its jurisdiction of incorporation and no proceedings have been instituted or, to the Knowledge of the Corporation, are pending for the dissolution or liquidation or winding-up of any of the Subsidiaries;

- (j) the Ionic Entity has been duly incorporated and is validly existing and in good standing under the laws of its jurisdiction of incorporation and no proceedings have been instituted or, to the Knowledge of the Corporation, are pending for the dissolution or liquidation or winding up of the Ionic Entity;
- (k) the authorized capital and issued capital of the Ionic Entity is set out in SCHEDULE “SECTION 6(1)(K)”;
- (l) all of the issued and outstanding shares of each of the Subsidiaries are, directly or indirectly, legally and beneficially owned by the Corporation, free and clear of all liens, charges and encumbrances of any kind whatsoever;
- (m) the Corporation has entered into an irrevocable purchase agreement (the “**Ionic Entity Agreement**”) with the Ionic Entity pursuant to which the Corporation has the irrevocable right to acquire all of the issued and outstanding shares of Ionic if the laws of Washington State are amended to permit cannabis licences to be held by non-Washington State residents and the Ionic Entity Agreement is in good standing, constitutes a valid obligation of the Corporation and the Ionic Entity, is legally binding on the Corporation and the Ionic Entity and is enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors’ rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults;
- (n) the Licencing Agreement and the Lease Agreement are in good standing, constitute valid obligations of each of the Corporation and the Ionic Entity are legally binding on each of the Corporation and the Ionic Entity and are enforceable in accordance with their terms subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforcement of creditors’ rights generally and to the fact that equitable remedies, including specific performance, are discretionary and may not be ordered in respect of certain defaults;
- (o) the Corporation has the full corporate right, power and authority to execute the Offering Documents and all other agreements, documents and certificates necessary or desirable in connection herewith, to issue the Debenture Units, the Debentures, the Warrants, the Debenture Shares, the Warrant Shares and the Broker Warrants, in accordance with the provisions of this Agreement, the Debenture Indenture, Warrant Indenture and the Broker Warrant Certificate, as applicable, and to perform all of its obligations pursuant to such agreements and documents;
- (p) this Agreement and all other agreements, documents and certificates delivered to the Agents, in connection herewith have been or will be on the Closing Date duly authorized by all necessary corporate action on the part of the Corporation and will constitute valid obligations of the Corporation legally binding upon the Corporation and enforceable in accordance with its respective terms, subject to the fact that enforceability may be affected by bankruptcy, insolvency, arrangement, liquidation, moratorium, reorganization or other similar laws of general application relating to or affecting the enforcement of creditors’ rights generally and by general principles of equity, including, without limitation, the fact that equitable remedies (such as specific performance and injunctive relief) may only be awarded in the discretion of a court;
- (q) the execution and delivery of this Agreement and all other agreements, documents and certificates delivered to the Agents in connection herewith, and the fulfilment of the terms of such documents by the Corporation, and the completion of the Offering, does not and will not require the consent, approval, authorization, registration or qualification of or with any Governmental Authority, stock exchange or other third party except (i) those which have been

obtained or those which may be required and shall be obtained prior to the Closing Time under Securities Laws or the rules of the CSE, including in compliance with the Securities Laws regarding the offer and sale of the Debenture Units in the Offering Jurisdictions, and (ii) such customary post-closing notices or filings required to be submitted within the applicable time frame pursuant to Securities Laws, as may be required in connection with the Offering;

- (r) the Debenture Units have been duly authorized for issuance pursuant to this Agreement;
- (s) the Debentures and the Warrants comprising the Debenture Units have been duly and validly created, authorized and issued and have attributes corresponding in all material respects to the description set forth in the Debenture Indenture, the Warrant Indenture and the Offering Documents, as applicable;
- (t) the Corporation will ensure that, at all times until the earlier of the date that all Debentures are converted for Debentures Shares and the Maturity Date, a sufficient number of Debenture Shares are allotted and reserved for issuance upon the exercise of the Debentures;
- (u) the Corporation will ensure that the Debenture Shares issuable upon the exercise of the Debentures shall, upon issuance in accordance with the Debenture Indenture, be duly issued as fully paid and non-assessable Common Shares;
- (v) the Corporation will ensure that, at all times until the earlier of the date that all Warrants are exercised for Warrant Shares and the Warrant Expiry Date, a sufficient number of Warrant Shares are allotted and reserved for issuance upon the exercise of the Warrants;
- (w) the Corporation will ensure that the Warrant Shares issuable upon the exercise of the Warrants shall, upon issuance in accordance with the Warrant Indenture, be duly issued as fully paid and non-assessable Common Shares;
- (x) the Broker Warrants have been duly authorized for issuance to the Agents pursuant to this Agreement and have attributes corresponding in all material respects to the description set forth in the Offering Documents, as applicable;
- (y) other than as may be specifically referenced in this Agreement, no consents or approvals are required from any Person whatsoever in connection with the transactions contemplated hereby;
- (z) neither the entering into nor the delivery of this Agreement nor the completion of the transactions and agreements contemplated hereby by the Corporation will in any respect conflict with or result in the breach or violation of any of the terms, conditions or provisions of, or constitute a default under or result in the creation of any encumbrance under or relieve any other person from its obligations under:
  - (i) any of the provisions of the constating documents of the Corporation, the Subsidiaries or the Ionic Entity;
  - (ii) any material agreement or other material instrument to which the Corporation, a Subsidiary, or the Ionic Entity is a party or by which the Corporation or a Subsidiary or any of their respective property or assets is bound including, without limitation, the Ionic Entity Agreement, the Licensing Agreement and the Lease Agreement; or
  - (iii) any applicable Law, rule, regulation, order, decree, judgment, injunction or other restriction of any government, governmental agency or court to which the Corporation, the Subsidiaries or the Ionic Entity are subject;

- (aa) no order ceasing or suspending trading in the Common Shares or any equity security of the Corporation nor prohibiting the sale of the Debenture Units or any equity security of the Corporation has been issued and is in effect in respect of the Corporation or its directors, officers or promoters and, to the Knowledge of the Corporation, no investigations or proceedings for such purposes are ongoing, pending or threatened;
- (bb) Odyssey Trust Company, at its principal office in Vancouver, British Columbia has been duly appointed as registrar and transfer agent for the Common Shares;
- (cc) the information and statements set forth in the Public Record are true, correct and complete in all material respects and do not contain any misrepresentation as of the date of such information or statements;
- (dd) the Corporation is a reporting issuer in Alberta, British Columbia and Ontario and is not in default of any requirement under Securities Laws, except when such default does not result in a Material Adverse Effect, and the Corporation is not included on a list of defaulting reporting issuers maintained by any of the Canadian Securities Commissions;
- (ee) the Corporation will use its commercially reasonable efforts to maintain its status as a reporting issuer (or the equivalent thereof) not in default of the requirements of the Canadian Securities Laws in in Alberta, British Columbia and Ontario;
- (ff) the Corporation will use its commercially reasonable efforts to maintain the listing of the Common Shares (including those issuable pursuant to the Offering) on the CSE or such other recognized stock exchange or quotation system as the Agents may approve, acting reasonably, for a period of at least 24 months following the Closing Date, provided that the foregoing requirement is subject to the obligations of the directors to comply with their fiduciary duties to the Corporation;
- (gg) the Corporation, the Subsidiaries and the Ionic Entity are not a party to any agreement, nor is the Corporation aware of any agreement, which in any manner affects the voting control of any of the securities of the Corporation, the Subsidiaries or the Ionic Entity;
- (hh) the Corporation, the Subsidiaries and the Ionic Entity are not affected by any commitment, agreement or document containing any covenant which expressly and materially limits the freedom of the Corporation, the Subsidiaries or the Ionic Entity to compete in any line of business, transfer or move any of their respective assets or operations or which adversely materially affects the business practices, operations or condition of the Corporation, the Subsidiaries or the Ionic Entity.
- (ii) the minute books and corporate records of the Corporation, the Subsidiaries and the Ionic Entity made available to Agents' counsel in connection with its due diligence investigation of the Corporation, the Subsidiaries and the Ionic Entity for the period from the date of their incorporation to the date of this Agreement are all of the minute books and corporate records of the Corporation, the Subsidiaries and the Ionic Entity from incorporation to present to the date of review of such records and minute books and contain copies of all material proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of the Corporation, the Subsidiaries and the Ionic Entity from their date of incorporation to the date of review of such corporate records and minute books other than those meetings, resolutions or proceedings of the shareholders, directors, or any committees of the directors of the Corporation, the Subsidiaries or the Ionic Entity which are not material to the Corporation, the Subsidiaries and the Ionic Entity, taken as a whole, or



otherwise dealt with matters not out of the ordinary course of business of the Corporation, the Subsidiaries and the Ionic Entity;

- (jj) the Corporation, each of the Subsidiaries and the Ionic Entity has the corporate power and capacity to own the assets owned by it and to carry on the business carried on and proposed to be carried on by it;
- (kk) other than in respect of certain United States federal laws relating to the cultivation, distribution or possession of cannabis in the United States, and other related judgments, orders or decrees (collectively, the “**U.S. Cannabis Laws**”), the Corporation, each of the Subsidiaries and the Ionic Entity has conducted and is conducting its business in material compliance with all applicable Laws and regulations of each jurisdiction in which it carries on business, and the Corporation, each of the Subsidiaries and the Ionic Entity holds all material requisite licences, registrations, qualifications, permits and consents necessary or appropriate for carrying on its business as currently carried on and all such licences, registrations, qualifications, permits and consents are valid and subsisting and in good standing in all material respects. Without limiting the generality of the foregoing, to the Knowledge of the Corporation, the Corporation, each of the Subsidiaries and the Ionic Entity has not received a written notice of non-compliance, nor does it know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations or permits (other than with respect to the U.S. Cannabis Laws);
- (ll) except for the U.S. Cannabis Laws, the Corporation is not aware of any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Corporation, the Subsidiaries or the Ionic Entity presently in force or any publicly disseminated or announced pending or contemplated change to any licensing or legislation, regulation, by-law or other lawful requirement of any Governmental Authority having lawful jurisdiction over the Corporation, the Subsidiaries or the Ionic Entity presently in force, that the Corporation anticipates the Corporation, the Subsidiaries or the Ionic Entity will be unable to comply with or which could reasonably be expected to materially adversely affect the business of the Corporation, the Subsidiaries or the Ionic Entity or the business environment or legal environment under which the Corporation, the Subsidiaries or the Ionic Entity operate;
- (mm) the Corporation, the Subsidiaries or the Ionic Entity or, to the Knowledge of the Corporation, any employee or agents thereof, have not made any unlawful contribution or other payment to any official of, or candidate for, any federal, state, provincial or foreign office, or failed to disclose fully any contribution, in violation of any law, or made any payment to any governmental officer or official in any jurisdiction, or other Person charged with similar public or quasi-public duties, other than payments required or permitted by applicable Laws;
- (nn) the Corporation, the Subsidiaries and the Ionic Entity each hold all material permits, licences and authorizations necessary or required to carry on their business as now conducted (the “**Licences**”). Each of the Corporation, the Subsidiaries and the Ionic Entity is in compliance with the terms and conditions of each such Licence and the Corporation does not anticipate any adverse variations or difficulties in renewing such Licences. The transactions contemplated pursuant to the Offering will not have any adverse impact on the Licences or require the Corporation, any of the Subsidiaries or the Ionic Entity, as applicable, to obtain any new licence or consent or approved thereunder.
- (oo) the Corporation, the Subsidiaries and the Ionic Entity are not party to any actions, suits or proceedings which could reasonably be expected to have a Material Adverse Effect on their

business or financial condition and, to the Knowledge of the Corporation and belief, no such actions, suits or proceedings have been threatened as at the date of this Agreement;

- (pp) none of the Corporation, the Subsidiaries and the Ionic Entity nor any of their directors or officers are in breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever where non-compliance would have a Material Adverse Effect;
- (qq) to the Knowledge of the Corporation, none of the directors or officers of the Corporation are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;
- (rr) the Corporation is not aware of any pending legislation or regulation not currently in force, which it reasonably expects would have a Material Adverse Effect;
- (ss) the Corporation is not aware of any proposed material changes to existing legislation, or proposed legislation published by a legislative body, which it reasonably expects would result in a Material Adverse Change;
- (tt) the Corporation, the Subsidiaries and the Ionic Entity have each complied and will comply in all material respects with the requirements of all applicable corporate and securities laws and administrative policies and directions, and in all matters relating to the Offering and the issuance of the Corporation's securities thereunder; all financial transactions of the business of the Corporation, the Subsidiaries and the Ionic Entity have been recorded in the financial books and records of the Corporation, respective Subsidiary or the Ionic Entity in accordance with good business practice, and such financial books and records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the business of the Corporation, respective Subsidiary or the Ionic Entity;
- (uu) the Financial Statements have been prepared in conformity with International Financial Reporting Standards applied on a consistent basis throughout the periods involved, contain no misrepresentations and present fairly in all material respects the financial position, results of operations and cash flows of the Corporation on a consolidated basis as at the respective dates of such Financial Statements;
- (vv) the Corporation maintains a system of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards and maintains a system of disclosure controls and procedures that is designed to provide reasonable assurances that information required to be disclosed by the Corporation under Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified under Canadian Securities Laws and to ensure that information required to be disclosed by the Corporation under Canadian Securities Laws is accumulated and communicated to the Corporation's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure;
- (ww) neither the Corporation nor any of the Subsidiaries has incurred any liabilities or obligations (whether accrued, absolute, contingent or otherwise) that continue to be outstanding except (i) as disclosed or contemplated in the Public Record, or (ii) as incurred in the ordinary course of business by the Corporation or the Subsidiaries, as the case may be;
- (xx) other than as disclosed in Schedule "Section 6(1)(xx)" attached hereto, there is no litigation or governmental or other proceeding or investigation at law or in equity before any Governmental



Authority, domestic or foreign, in progress, pending or, to the Knowledge of the Corporation, threatened (and the Corporation does not know of any basis therefor) against, or involving the assets, properties or business of, the Corporation, nor are there any matters under discussion with any Governmental Authority relating to taxes, governmental charges, orders or assessments asserted by any such authority and, to the Knowledge of the Corporation, there are no facts or circumstances which would reasonably be expected to form the basis for any such litigation, governmental or other proceeding or investigation, taxes, governmental charges, orders or assessments;

- (yy) the Auditors are, and were during the period covered by their reports, independent with respect to the Corporation in accordance with the rules of professional conduct applicable to auditors in Canada and applicable Canadian Securities Laws, and there has not been any reportable disagreement (within the meaning of NI 51-102) with such Auditors with respect to audits of the Corporation;
- (zz) there are no off-balance sheet transactions, arrangements, obligations or liabilities of the Corporation, the Subsidiaries or the Ionic Entity whether direct, indirect, absolute, contingent or otherwise;
- (aaa) the Corporation, the Subsidiaries and the Ionic Entity have not received any correspondence of notice from any Governmental Authority that has not been addressed to the applicable Governmental Authority's satisfaction, alleging or asserting material non-compliance with any applicable Law;
- (bbb) 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 due and payable by the Corporation, the Subsidiaries and the Ionic Entity on or prior to the date of this Agreement have been paid, other than any immaterial amounts as may have failed to have been remitted when due. All tax returns, declarations, remittances and filings required to be filed by the Corporation, the Subsidiaries and the Ionic Entity have been filed with all appropriate governmental authorities 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 materially misleading. No examination of any tax return of the Corporation, the Subsidiaries or the Ionic Entity is currently in progress to the Knowledge of the Corporation and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by the Corporation, the Subsidiaries or the Ionic Entity in any case;
- (ccc) all operations of the Corporation, the Subsidiaries and the Ionic Entity have been and continue to be conducted in accordance with good industry practices and are in material compliance with all applicable Laws, except with respect to the U.S. Cannabis Laws;
- (ddd) all planned and future operations of the Corporation, the Subsidiaries and the Ionic Entity will be conducted in accordance with good industry practices and in material compliance with all applicable Laws;
- (eee) since the date of their respective incorporation, the Corporation, the Subsidiaries and the Ionic Entity have each carried on business in the usual and ordinary course and the Corporation, the Subsidiaries and the Ionic Entity have not entered into any transaction out of the usual and ordinary course of business and there has been no Material Adverse Change in the affairs, assets, business, operations or condition of the Corporation, the Subsidiaries or the Ionic Entity,

financial or otherwise, whether arising as a result of any legislative or regulatory change, revocation of any licence or right to do business, fire, explosion, accident, casualty, labour dispute, flood, drought, riot, storm, condemnation, act of God, public force or otherwise, provided that any change or changes in general economic conditions or affecting corporations like the Corporation, the Subsidiaries or the Ionic Entity generally shall be excluded;

- (fff) no existing supplier, manufacturer or contractor of the Corporation, any Subsidiary or the Ionic Entity has indicated that it intends to terminate its relationship with the Corporation, any Subsidiary or the Ionic Entity, as applicable, or that it will be unable to meet supply, manufacturing or contracting requirements of the Corporation, any Subsidiary or the Ionic Entity, as applicable;
- (ggg) all agreements with third parties in connection with the respective businesses of the Corporation, any Subsidiary or the Ionic Entity, as applicable have been entered into and are being performed by the Corporation, the applicable Subsidiary, the Ionic Entity and all other third parties thereto in compliance with their terms. There exists no actual or, to the Knowledge of the Corporation, the applicable Subsidiary or the Ionic Entity, threatened termination, cancellation or limitation of, or any material adverse modification or material change in, the business relationship of the Corporation, the applicable Subsidiary or the Ionic Entity, with any investor, supplier, customer, lessor or franchisee, or any group of suppliers, lessors, customers or franchisee whose business with or whose purchases or inventories/components provided to the business of the Corporation that is material to the assets, business, properties, operations or financial condition of the Corporation, the Subsidiaries and the Ionic Entity, taken as a whole. All such business relationships are intact and mutually cooperative, and there exists no condition or state of fact or circumstances that would prevent the Corporation, any Subsidiary or the Ionic Entity from conducting such business with any such third parties in the same manner in all material respects as currently conducted or proposed to be conducted;
- (hhh) the Corporation, each of the Subsidiaries and the Ionic Entity are the owner of all of their respective properties and assets, free and clear of all Liens and encumbrances, other than (i) Liens and encumbrances for current taxes not yet due or being contested in good faith by appropriate proceedings; (ii) imperfections of title and Liens and encumbrances which do not adversely affect the value, or impair or affect the present use by the Corporation, each of the Subsidiaries and the Ionic Entity, as applicable, of the property or assets subject thereto; and (iii) Liens and encumbrances as described in this Agreement;
- (iii) no security interest or Lien has been granted on any of the assets or properties of the Corporation, the Subsidiaries or the Ionic Entity, and no security interest or Lien has been granted by the Corporation, the Subsidiaries or the Ionic Entity which would require a security interest or Lien be granted in connection with the issue of the Debentures or which would impair the ability of the Corporation to perform its obligations under the Debentures;
- (jjj) no event of default has occurred and is continuing in respect of any outstanding indebtedness of the Corporation, the Subsidiaries or the Ionic Entity;
- (kkk) the Corporation, the Subsidiaries and the Ionic Entity are not party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the constating documents of the Corporation and applicable Laws) or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person;
- (III) other than as provided for in this Agreement and finders' fees payable to certain finders under the Concurrent Financing, the Corporation has not incurred any obligation or liability,

contingent or otherwise, for brokerage fees, finders fees, agents' commissions or other similar forms of compensation with respect to the transactions contemplated herein;

- (mmm) the Corporation has not granted any rights of first refusal for an equity or debt financing;
- (nnn) there is no agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, for the purchase from the Corporation of its business or any of its assets, other than in the ordinary course of business consistent with past practice;
- (ooo) no director, former director, officer, shareholder, employee or former employee of the Corporation, or any other person not acting at "arm's length" (as such term is defined in the *Income Tax Act* (Canada)) to the Corporation or the Subsidiaries, is indebted to the Corporation or the Subsidiaries and neither the Corporation nor the Subsidiaries is indebted to any such persons, other than in respect of wages and benefits in the ordinary course;
- (ppp) to the Knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation held by it;
- (qqq) the Corporation, the Subsidiaries and the Ionic Entity are not a party to or bound by any contract or commitment to pay any material royalty, licence fee or management fee, except as disclosed to the Agents in writing;
- (rrr) the Corporation, the Subsidiaries and the Ionic Entity own or have all proprietary rights provided in law and at equity to all patents, trademarks, copyrights, industrial designs, software, trade secrets, know how, concepts, information and other intellectual and industrial property (collectively, "**Intellectual Property**") necessary to permit the Corporation, the Subsidiaries and the Ionic Entity to conduct their business as currently conducted. The Corporation, the Subsidiaries and the Ionic Entity have not received any notice nor is the Corporation aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interests of each the Corporation, the Subsidiaries and the Ionic Entity therein and which infringement or conflict (if subject to an unfavourable decision, ruling or finding) or invalidity or inadequacy would have a Material Adverse Effect;
- (sss) the Corporation, the Subsidiaries and the Ionic Entity have taken all reasonable steps to protect their Intellectual Property in those jurisdictions where, in the reasonable opinion of the Corporation, each carries on a sufficient business to justify such filings;
- (ttt) to the Knowledge of the Corporation, other than certain restrictions on the registration of trademarks related to cannabis at the U.S. federal level, there are no material restrictions on the ability of Corporation, the Subsidiaries and the Ionic Entity to use and explore all rights in the Intellectual Property required in the ordinary course of the business of Corporation, the Subsidiaries and the Ionic Entity. None of the rights of the Corporation, the Subsidiaries and the Ionic Entity in the Intellectual Property will be impaired or affected in any way by the transactions contemplated by this Agreement;
- (uuu) the Corporation, the Subsidiaries and the Ionic Entity have not received any notice or claim (whether written, oral or otherwise) challenging their ownership or right to use of any Intellectual Property or suggesting that any other Person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, nor to the Knowledge of the Corporation is there a reasonable basis for any claim that any Person other than the Corporation, the Subsidiaries and the Ionic Entity has any claim of legal or beneficial ownership or other claim or interest in any Intellectual Property;

- (vvv) other than certain restrictions on the registration of trademarks related to cannabis at the U.S. federal level, all registrations of Intellectual Property are in good standing and are recorded in the name of the Corporation, the Subsidiaries and the Ionic Entity in the appropriate offices to preserve the rights thereto. All such registrations have been filed, prosecuted and obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements. No registration of Intellectual Property has expired, become abandoned, been cancelled or expunged, or has lapsed for failure to be renewed or maintained;
- (www) the Corporation, the Subsidiaries and the Ionic Entity have never been in violation of any laws including, without limitation, any applicable statutes, regulations, ordinances, by-laws or codes relating to the protection and preservation of the environment, occupational health and safety, product safety, product liability or hazardous substances, and, to the Knowledge of the Corporation, there is no announced, pending or contemplated new law that would reasonably be expected to have a Material Adverse Effect on the Corporation, the Subsidiaries or the Ionic Entity;
- (xxx) there are no outstanding judgments, writs of execution, seizures, injunctions or directives against, nor any work orders or directives or notices of deficiency capable of resulting in work orders or directives with respect to any of the properties or facilities directly or indirectly owned or operated by the Corporation, the Subsidiaries and the Ionic Entity;
- (yyy) with respect to any leased premises, the Corporation, each Subsidiary and the Ionic Entity, as applicable, has the exclusive right to occupy and use the leased premises and each of the leases pursuant to which the Corporation, such Subsidiary or the Ionic Entity, as applicable, occupies the leased premise is in good standing and in full force and effect. The performance of obligations pursuant to and in compliance with the terms of this Agreement, and the completion of the transactions described herein by the Corporation, such Subsidiary or the Ionic Entity, as applicable, will not afford any of the parties to such leases or any other person the right to terminate such lease or result in any additional or more onerous obligations under such leases;
- (zzz) (i) the Corporation, the Subsidiaries and the Ionic Entity are in material compliance with any and all applicable Laws relating to health and safety, the protection or preservation of the environment or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, transport or handling of hazardous substances (collectively, “**Environmental Laws**”); (ii) there has not been any discharge, deposit, leak, emission, spill or other release of any hazardous substances on, at, under or from any real property of the Corporation, the Subsidiaries and the Ionic Entity (including relating to the collection, removal and disposal of wastes), which, in each case, has resulted in or may result in any material cost, damage or other liability, including the diminution in value of any property; and (iii) the Corporation, the Subsidiaries and the Ionic Entity (A) have received all material permits, licences or other approvals, and made all registrations, required of them under applicable Environmental Laws to conduct their businesses (“**Permits**”), and (B) are in compliance with all material terms and conditions of each Permit;
- (aaaa) all operations of the Corporation, the Subsidiaries and the Ionic Entity have been conducted in all material respects in accordance with all applicable workers’ compensation and health and safety and workplace laws, regulations and policies. Each of the Corporation, the Subsidiaries and the Ionic Entity has security measures and safeguards in place to protect personal information it collects from customers and other parties from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner that violates the privacy rights of third parties. The Corporation, the Subsidiaries and the Ionic Entity have complied, in all material respects, with all applicable privacy and consumer

protection legislation and have not collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner. The Corporation, the Subsidiaries and the Ionic Entity have taken all reasonable steps to protect personal information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse;

- (bbbb) no material labour dispute with the employees of the Corporation, the Subsidiaries or the Ionic Entity currently exists or, to the Knowledge of the Corporation is imminent. The Corporation, the Subsidiaries and the Ionic Entity are not a party to any collective bargaining agreement and, to the Knowledge of the Corporation, no action has been taken or is contemplated to organize any employees of the Corporation, the Subsidiaries or the Ionic Entity;
- (cccc) the Corporation, the Subsidiaries and the Ionic Entity maintain insurance policies with reputable insurers against risks of loss of or damage to their properties, assets and business of such types as are customary in the case of entities engaged in the same or similar businesses and the Corporation, the Subsidiaries and the Ionic Entity are not in default in a material respect with respect to any provisions of such policies and have not failed to give any notice or to present any material claim under any such policy in a due and timely fashion;
- (dddd) except pursuant to the rights otherwise available for employees of the Corporation, the Subsidiaries and the Ionic Entity at common law, there is presently no material plan in place for retirement bonus, pension benefits, unemployment benefits, deferred compensation, severance or termination pay, insurance, sick leave, disability, salary continuation, legal benefits, vacation or other employee incentives or compensation that is contributed to or required to be contributed to, by the Corporation, the Subsidiaries and the Ionic Entity for the benefit of any current or former director, executive officer, employee or consultant of the Corporation, the Subsidiaries and the Ionic Entity;
- (eeee) the Corporation, each Subsidiary and the Ionic Entity is insured by insurers who are, to the Knowledge of the Corporation, of recognized financial responsibility, against such losses and risks in such amounts that are appropriate to the operations, properties and assets of the Corporation, each Subsidiary and the Ionic Entity, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets; all policies of insurance and fidelity or surety bonds insuring the Corporation, each Subsidiary and the Ionic Entity, and their respective business, assets, employees, officers and directors are in full force and effect; the Corporation, each Subsidiary and the Ionic Entity is in compliance with the terms of such policies and instruments in all material respects, including but not limited to the payment of premiums thereunder, there are no material claims by the Corporation, a Subsidiary or the Ionic Entity under any such policies or instruments as to which any insurance company is denying liabilities or defending under a reservation of rights clause; and the Corporation, each Subsidiary and the Ionic Entity has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect;
- (ffff) all plants, buildings, erections, structures, improvements, fixtures (including fixed machinery and fixed equipment), vehicles, equipment and other tangible personal property which is material to the Corporation, the Subsidiaries and the Ionic Entity is structurally sound, in good operating condition and repair having regard to their use and age (subject to normal wear and tear) and are adequate and suitable for the uses to which they are being put, and have been maintained in the ordinary course of business, except, in any case, as would not be reasonably expected to result in a Material Adverse Effect;

- (gggg) none of the directors, officers or employees of the Corporation, or, to the Knowledge of the Corporation, any Person who beneficially owns, directly or indirectly, more than 10% of any class of securities of the Corporation, had or has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation, any of the Subsidiaries or the Ionic Entity which, as the case may be, materially affects or is material to the Corporation or would reasonably be expected to have a Material Adverse Effect;
- (hhhh) except as entered into or granted as part of the Offering (i) no person (except for the Agents under this Agreement) has any agreement (oral or written) or option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement for the purchase, subscription or issuance of any securities of the Corporation; and (ii) the Debenture Units, the Debentures, the Warrants, the Debenture Shares, the Warrant Shares and the Broker Warrants are not subject to any pre-emptive right or any right of first refusal or similar right in favour of any person that has not been waived;
- (iiii) the Corporation is not in breach in any material respect of any contracts material to the business of the Corporation to which the Corporation is a party;
- (jjjj) the operations of the Corporation, the Subsidiaries and the Ionic Entity are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations, rules and guidelines in their jurisdictions of incorporation and in each other jurisdiction in which such entities, as the case may be, conduct business (collectively, the “**Anti-Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Corporation, any Subsidiary or the Ionic Entity with respect to any of the Anti-Money Laundering Laws is pending or, to the Knowledge of the Corporation, threatened or contemplated;
- (kkkk) there are no material actions, suits, judgments, investigations or proceedings of any kind whatsoever outstanding or, to the Knowledge of the Corporation, pending or threatened against the Corporation, any Subsidiary or the Ionic Entity, or to the Knowledge of the Corporation, any of the respective directors or officers at law or in equity or before or by any Governmental Authority and, to the Knowledge of the Corporation, there is no basis therefor;
- (llll) the Corporation, the Subsidiaries or the Ionic Entity have not received any notice or communication from any customer or Governmental Authority alleging a defect or claim in respect of any products manufactured, supplied or sold by the Corporation, any Subsidiary or the Ionic Entity that would give rise to an obligation to issue any reports, recalls, public disclosure, announcement or customer communications in respect of any such defect or claim;
- (mmmm) all information and statements contained in the Investor Presentation (except information and statements relating solely to the Agents and furnished by them in writing specifically for use therein): (i) are true and correct in all material respects at the time of delivery of the Investor Presentation; (ii) contains no misrepresentation relating to the Corporation or the Offering as required by Canadian Securities Laws and the Investor Presentation complies with Canadian Securities Laws; and (iii) does not omit any material fact or information which is necessary to make the statements or information contained therein not misleading in light of the circumstances under which they were made;
- (nnnn) as of each date the Investor Presentation was provided to Purchasers, and as of the date of this Agreement, the underlying factors and assumptions relating to the forward-looking information, financial outlook and future-oriented financial information set out in the Investor Presentation were and are reasonable;



- (oooo) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiaries and the Ionic Entity or the businesses, properties and liabilities of the Corporation, the Subsidiaries and the Ionic Entity and made available to the Agents in response to any and all due diligence investigations, requests and enquiries made by, or on behalf of, the Agents was as of the date of such information, true and correct in all material respects, taken as a whole, and does not contain a misrepresentation. To the Knowledge of the Corporation, there is no undisclosed material fact or any untrue statement of a material fact, the inclusion or omission of which would cause any of the representations and warranties contained herein to be materially misleading;
- (pppp) there is no fact known to the Corporation which the Corporation has not disclosed to the Agents which would result in a Material Adverse Change;
- (qqqq) the Corporation has not withheld from the Agents any material fact relating to the Corporation, the Subsidiaries or the Ionic Entity;
- (rrrr) the Corporation will use its commercially reasonable efforts to obtain all necessary regulatory approvals to complete the Offering;
- (ssss) the Corporation will use its commercially reasonable efforts to fulfil or cause to be fulfilled, at or prior to the Closing Time, each of the conditions required to be fulfilled as set out in section 9;
- (tttt) the Corporation will use its commercially reasonable efforts to wind-up Blacklist Finco, Inc.;
- (uuuu) the Corporation will file or cause to be filed all forms or undertakings required to be filed by the Corporation in connection with the issue and sale of the Debenture Units and Broker Warrants, including, the filing of reports required under Part 6 of NI 45-106 with the applicable Securities Commissions in Canada, together with the applicable fees, such that the distribution of the Debenture Units and Broker Warrants may lawfully occur without the necessity of filing a prospectus or a registration statement in Canada, the United States or elsewhere;
- (vvvv) the Corporation will allow the Agents and their representatives and counsel to conduct all due diligence regarding the Corporation, the Subsidiaries and the Ionic Entity which the Agents may reasonably require to be conducted prior to the Closing Date. Without limiting the generality of the foregoing, the Corporation shall make available its directors, senior management and its legal counsel, as applicable, to answer any questions which the Agents may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the “**Due Diligence Session**”). The Lead Agent shall distribute a list of written questions to be answered during the Due Diligence Session, the recording of which is consented to by the Corporation if requested by the Agents. The responses given to the due diligence questions by the Corporation and its directors and officers to the Lead Agent will be true and correct where they relate to matters of fact, and the Corporation and its directors and officers will respond in as thorough and complete a fashion as possible. Where the responses reflect the opinion or view of the Corporation or its directors or officers, such opinions or views were honestly held at the time they were given;
- (wwww) the Corporation will promptly provide to the Lead Agent and the Agents’ Counsel during the period commencing on the date of this Agreement and until completion of the distribution of the Debenture Units drafts of any press releases and other public documents of the Corporation relating to the Corporation, the Subsidiaries, the Ionic Entity or the Offering, including without limitation, any financial statements, report to shareholders, information circular or material change report, for review by the Lead Agent and Agents’ Counsel prior to issuance, and give the Lead Agent and Agents’ Counsel a reasonable opportunity to provide comments on any

such press release or other public document, subject to the Corporation's timely disclosure obligations under Securities Laws in Canada. If required by Securities Laws, any press release announcing or otherwise referring to the Offering shall include an appropriate notation on the face page substantially as follows: "Not for distribution to news wire services in the United States or for dissemination in the United States". All press releases relating to the Offering will include a statement in substantially the following form: "The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold within the "United States" or to "U.S. person" (as such terms are defined in Regulation S under the U.S. Securities Act) absent such registration or an applicable exemption from such registration requirements. This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States or to U.S. persons nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful."

- (xxxx) until the Maturity Date, the Corporation will use commercially reasonable efforts to remain a corporation validly existing under the laws of British Columbia, licenced or registered in all jurisdictions where the Corporation determines such licensing or registration is necessary to carry on its business, provided that this clause shall not be construed as limiting or restricting the Corporation from completing a consolidation, amalgamation, arrangement, sale of all or substantially all of the Corporation's assets, takeover bid, merger or other similar transaction;
- (yyyy) the form and terms of each of the Debenture Indenture, the Warrant Indenture and the Broker Warrant Certificate have been duly approved by the Corporation and comply with all applicable Laws and the Corporation's constating documents;
- (zzzz) the form and terms of the certificates for the Debentures will be, prior to the Closing Date, approved and adopted by the Corporation and comply, in all material respects, with all legal requirements, and will not conflict with the Debenture Indenture;
- (aaaaa) the form and terms of the certificates for the Warrants will be, prior to the Closing Date, approved and adopted by the Corporation and comply, in all material respects, with all legal requirements, and will not conflict with the Warrant Indenture;
- (bbbbbb) the form of the certificate representing the Common Shares has been duly approved by the Corporation and complies with all applicable Laws as well as the Corporation's constating documents;
- (ccccc) the Corporation will duly execute and deliver the Debenture Indenture, the Warrant Indenture and the Broker Warrants at the applicable Closing Time and comply with and satisfy all terms, conditions and covenants therein contained to be complied with or satisfied by the Corporation;
- (dddddd) the Corporation will use the net proceeds of the Offering in the manner specified in the Term Sheet;
- (eeeee) other than the Corporation, there is no Person that is or will be entitled to demand any of the net proceeds of the Offering;
- (fffff) Odyssey Trust Company, at its principal office in Vancouver, British Columbia, has been duly appointed as the transfer agent and registrar for the Debenture Shares and the Warrant Shares;
- (ggggg) Odyssey Trust Company, at its principal office in Vancouver, British Columbia, has been duly appointed as the debenture trustee for the Debentures under the Debenture Indenture and the warrant agent for the Warrants under the Warrant Indenture;



- (hhhhh) prior to the Closing Date, the Corporation will make all necessary arrangements that are within the control of the Corporation and in compliance with applicable law for the electronic deposit of the Debentures and Warrants pursuant to the non-certificated issue system of CDS on the Closing Date; provided that all Debentures and Warrants issued to U.S. Accredited Investors (that are not also Qualified Institutional Buyers) will be issued as individual physical certificates registered in the names of the Purchasers. All fees and expenses payable to CDS and/or the transfer agent in connection with the electronic deposit and the fees and expenses payable to CDS and/or the transfer agent in connection with the initial or additional transfers as may be required in the course of the distribution of the Debenture Units shall be borne by the Corporation;
- (iiiiii) the Debenture Units, the Debentures and Warrants comprising the Debenture Units, the Debenture Shares issuable upon the exercise of the Debentures and the Warrant Shares issuable upon the exercise of the Warrants will be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, a registered disability savings plan and tax free savings accounts;
- (jjjjj) the Corporation will promptly notify the Lead Agent of the receipt by the Corporation or any Subsidiary of any notice by any judicial or regulatory authority or any stock exchange requesting any information, meeting or hearing relating to such entity for the Offering;
- (kkkkk) from the date of this Agreement to and including the completion of the distribution of the Debenture Units, the Corporation will forthwith notify the Lead Agent of any breach of any covenant of this Agreement by any party thereto, or upon it becoming aware that any representation or warranty of the Corporation contained in this Agreement is or has become untrue or inaccurate in any material respect; and
- (lllll) the Corporation will promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, such further acts, documents and things for the purpose of giving effect to this Agreement and the transactions contemplated herein.
- (2) It is further agreed by the Corporation that all representations, warranties and covenants contained in this Agreement made by the Corporation to the Agents shall also be deemed to be made for the benefit of Purchasers as if the Purchasers were also parties to this Agreement (it being agreed that the Agents are acting for and on behalf of the Purchasers for this purpose).

## **7. Representations, Warranties and Covenants of the Agents.**

- (1) The Agents hereby represent, warrant and covenant to the Corporation that:
- (a) the Agents and each U.S. Affiliate, as applicable, are valid and subsisting corporations duly incorporated and in good standing under the laws of the jurisdiction in which they are incorporated;
- (b) the Agents have all requisite power and authority and good and sufficient right and authority to enter into, deliver and carry out their obligations under this Agreement and complete the transactions contemplated under this Agreement on the terms and conditions set forth herein and upon such execution and delivery this Agreement shall constitute a legal, valid and binding obligation of the Agents, enforceable against the Agents in accordance with its terms, subject to bankruptcy, insolvency, moratorium or similar laws affecting creditors' rights generally and except as limited by the application of equitable remedies which may be granted in the

discretion of a court of competent jurisdiction and that enforcement of the rights to indemnity and contribution set out in this Agreement;

- (c) each Agent (or its U.S. Affiliate, as applicable) is, and will remain, until the completion of the Offering, appropriately registered under Securities Laws so as to permit it to lawfully fulfill its obligations hereunder, and will remain, until the completion of the Offering, so registered in each of the Offering Jurisdictions;
- (d) the Agents will not, in connection with the services provided hereunder, make any representations or warranties with respect to the Corporation or its securities;
- (e) the Agents and the U.S. Affiliate, as applicable, will conduct all their activities of, and in connection with, arranging for the sale of the Debenture Units in compliance with Securities Laws;
- (f) the Agents and the U.S. Affiliate, as applicable, are appropriately registered under the Securities Laws or are exempt from the requirements under Securities Laws under a category that permits them to lawfully fulfill their obligations hereunder;
- (g) the Agents will only offer Debenture Units, solicit subscriptions for Debenture Units and sell the Debenture Units to Purchasers resident in or otherwise subject to the laws of (as applicable) the Offering Jurisdictions; provided, however, that any such offer, solicitation or sale in the United States and to U.S. Persons shall only be through one or more U.S. Affiliates to Qualified Institutional Buyers and U.S. Accredited Investors in compliance with Section 4(a)(2) of the U.S. Securities Act and/or Rule 506(b) of Regulation D, in compliance with Schedule "A" hereto;
- (h) the Agents will effect the sale of the Debenture Units to Purchasers in a manner exempt from any prospectus, registration statement or offering memorandum filing or delivery requirements of Securities Laws and without the necessity of obtaining any order or ruling of the Securities Commissions. The Agents will notify the Corporation with respect to the identity and jurisdiction of residence of each Purchaser in the Offering as soon as practicable and with a view to affording sufficient time to allow the Corporation to secure compliance with all Securities Laws in connection with the sale of the Debenture Units to the Purchasers;
- (i) the Agents will obtain from each Purchaser in the Offering, and deliver to the Corporation at least 24 hours in advance of Closing, a properly completed and duly executed Subscription Agreement from such Purchasers, together with any additional documentation as may be reasonably requested by the Corporation;
- (j) the Agents will use their best efforts to cause Purchasers to complete any forms required by Securities Laws or other applicable securities laws. All fees payable in connection with such filings under all Securities Laws shall be at the expense of the Corporation;
- (k) the Agents shall obtain from each Purchaser an executed Subscription Agreement and all applicable forms required under Securities Laws;
- (l) the Agents acknowledge that none of the Debenture Units, the Debentures, the Warrants, the Debenture Shares or the Warrant Shares have been, and none of such securities will be, registered under the U.S. Securities Act or applicable securities laws of any state of the United States;

- (m) the Agents shall have the right to offer the Debenture Units in the United States and to U.S. Persons through one or more U.S. Affiliates in accordance with Schedule “A” attached hereto to Purchasers that are Qualified Institutional Buyers or U.S. Accredited Investors pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Section 4(a)(2) of the U.S. Securities Act and/or Rule 506(b) of Regulation D and in such other jurisdictions as are agreed upon between the Corporation and the Agents in which case such offer shall comply with applicable law; and
- (n) the Agents shall and shall require any Selling Firm to agree to comply with the Securities Laws in the Offering Jurisdictions in connection with the offer and sale of the Debenture Units and shall only offer the Debenture Units for sale upon the terms and conditions set out in this Agreement and in compliance with Securities Laws.

## **8. Closing.**

- (1) Closing will be completed at the Closing Time at the offices of McMillan LLP in Vancouver, British Columbia or at such other place and time as the Lead Agent and the Corporation agree upon, each acting reasonably, or by way of exchange of documents and funds on mutually agreeable trust conditions.
- (2) At the Closing Time, and subject to the terms and conditions contained in this Agreement, the Corporation will deliver to the Lead Agent:
  - (a) certificates representing the Debentures and Warrants or Direct Registration System (“DRS”) advices or DRS statements or confirmations of the electronic deposit of the Debentures pursuant to the non-certificated issue system maintained by CDS (other than certificates representing the Debentures and Warrants subscribed for by Purchasers that are U.S. Accredited Investors (but not also Qualified Institutional Buyers) pursuant to Rule 506(b) of Regulation D, which shall be represented by physical certificates bearing an appropriate legend and will be delivered to such Purchasers by the Corporation directly) registered in the name of the Purchasers, to the extent required hereunder, or as otherwise set forth in the Subscription Agreements; and
  - (b) all further documentation as may be contemplated in the Offering Documents, or as Agents’ Counsel may reasonably require.
- (3) At the Closing Time, and subject to the terms and conditions contained in this Agreement, the Lead Agent will deliver to the Corporation:
  - (a) the Subscription Agreements duly completed and executed by the Purchasers to the Offering;
  - (b) the purchase price for the Debenture Units, payable in cash by wire transfer and net of the Agents’ Commission and the Corporate Finance Fee, pursuant to instructions provided by the Corporation to the Lead Agent or as the Corporation may otherwise direct; and
  - (c) all further documentation to be signed by the Purchaser as may be contemplated in the Offering Documents or as Corporation’s Counsel may reasonably require.

## **9. Conditions of Closing.**

- (1) The Agents’ obligations hereunder shall be subject to the following conditions:

- (a) the Corporation will have complied in all material respects with all obligations and covenants and satisfied all terms and conditions contained in this Agreement on its part to be complied with or satisfied at or prior to each Closing Time;
- (b) the representations and warranties of the Corporation contained in this Agreement (i) that are qualified by references to materiality or Material Adverse Effect will be true and correct in all respects; and (ii) the representations and warranties not so qualified will be true and correct in all material respects, in each such case, as of the Closing Date as though made on and as of such Closing Date (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct as of that date);
- (c) the Lead Agent shall have received at the Closing Time, a certificate dated the Closing Date signed by the Corporation's Chief Executive Officer, addressed to the Agents and Agents' Counsel, with respect to:
  - (i) the constating documents of the Corporation,
  - (ii) all resolutions of the board of directors of the Corporation relating to the Offering and the transactions contemplated hereby and thereby, as applicable, and
  - (iii) the incumbency and specimen signatures of the signing officers relating to this Agreement and the Subscription Agreements, as applicable;
- (d) the Lead Agent shall have received at the Closing Time, a certificate dated the Closing Date, addressed to the Agents and Agents' Counsel and signed by the Corporation's Chief Executive Officer, certifying for and on behalf of the Corporation and without personal liability, after having made due enquiry, that:
  - (i) since the date of this Agreement, there has been no Material Adverse Change, except as disclosed in the Offering Documents or the Supplementary Material, if any;
  - (ii) the Corporation has complied with all obligations and covenants and satisfied all terms and conditions contained in this Agreement on its part to be complied with or satisfied at or prior to the Closing Time other than those which may have been waived in writing by the Lead Agent;
  - (iii) the representations and warranties of the Corporation contained in this Agreement: (A) that are qualified by references to materiality or Material Adverse Effect are true and correct in all respects, and (B) the representations and warranties not so qualified are true and correct in all material respects, in each such case, as of the Closing Date, as though made on and as of the Closing Date after giving effect to the transactions contemplated hereby and thereby (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct as of that date); and
  - (iv) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Common Shares or any other securities of the Corporation has been issued or made by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the Knowledge of the Corporation, contemplated or threatened by any Governmental Authority;

- (e) the Lead Agent shall have received at the Closing Time a favourable legal opinion of the Corporation's Counsel (who may rely, to the extent appropriate in the circumstances, on the opinions of local counsel acceptable to counsel to the Lead Agent as to matters governed by the laws of jurisdictions other than the provinces in Canada in which they are qualified to practice), addressed to the Agents, Agents' Counsel and Odyssey Trust Company and dated the Closing Date, in form and substance satisfactory to Agents' Counsel, acting reasonably, and based and relying on and subject to customary assumptions and qualifications, as to the following matters:
- (i) the existence of the Corporation under the laws of British Columbia;
  - (ii) the corporate power of the Corporation to own, lease or operate its properties and assets and carry on its activities or business as currently conducted;
  - (iii) the Corporation having all requisite corporate power, capacity and authority to (A) issue and sell the Debenture Units as contemplated by this Agreement; and (B) to perform its obligations under the Offering Documents;
  - (iv) the Debenture Units (and underlying securities) and Broker Warrants (and underlying securities) have been duly and validly authorized and:
    - (A) the Debentures and Warrants underlying each Debenture Unit, have been validly created and issued;
    - (B) the Broker Warrants have been validly created and issued;
    - (C) upon due exercise of the Broker Warrants in accordance with their terms, including full payment of the exercise price for each Broker Warrant, the Debentures and Warrants underlying each Debenture Unit will be validly created and issued;
    - (D) the Debenture Shares issuable upon conversion of Debentures (including, for greater certainty, Debentures underlying any Debenture Units issuable upon exercise of Broker Warrants) have been reserved for issuance to the holders of Debentures, and upon exercise of the Debentures in accordance with their terms, the Debenture Shares will be validly issued as fully paid and non-assessable shares of the Corporation; and
    - (E) the Warrant Shares underlying Warrants (including, for greater certainty, Warrants underlying any Debenture Units issuable upon exercise of Broker Warrants) have been reserved for issuance to the holders of Warrants, and upon due exercise of the Warrants in accordance with their terms, including full payment of the exercise price for each Warrant Share, the Warrant Shares will be validly issued as fully paid and non-assessable shares of the Corporation;
  - (v) each of the Offering Documents, other than the Investor Presentation and the Term Sheet, having been duly executed and delivered by the Corporation;
  - (vi) the authorized share capital of the Corporation, prior to the issue of the Debenture Units;

- (vii) the holders of the Debentures are entitled to the benefit of the Debenture Indenture (subject to the terms of the Debenture Indenture), and no registration, filing or recording of, or with respect to, the Debenture Indenture is necessary in order to preserve or protect the validity or enforceability of the Debenture Indenture or the Debentures issued under the Debenture Indenture;
- (viii) the holders of the Warrants are entitled to the benefit of the Warrant Indenture (subject to the terms of the Warrant Indenture), and no registration, filing or recording of, or with respect to, the Warrant Indenture is necessary in order to preserve or protect the validity or enforceability of the Warrant Indenture or the Warrants issued under the Warrant Indenture;
- (ix) none of the execution and delivery of the Offering Documents, or the performance by the Corporation of its obligations hereunder or thereunder or the issuance of the Debenture Units, the Debentures, the Warrants, the Debenture Shares, the Warrant Shares or the Broker Warrants, conflicts with or results in any breach of the constating documents of the Corporation or the *Business Corporations Act* (British Columbia), any judgment, order or decree of any court; agency, tribunal, arbitrator or other authority in British Columbia;
- (x) the issuance, sale and delivery of the Debenture Units, Debentures and Warrants by the Corporation to the Purchasers and the issuance of the Debenture Shares and Warrant Shares upon the conversion of the Debentures and the exercise of the Warrants, as applicable, are exempt from the prospectus requirements of applicable Canadian Securities Laws and no documents being required to be filed, no proceedings are required to be taken and no approvals, permits, consents or authorizations of any securities regulatory authority being required to be obtained by the Corporation or the Agents, as applicable, under applicable Canadian Securities Laws to permit the distribution of the Debenture Units by the Corporation in accordance with the Offering Documents; however, where required by Canadian Securities Law, the Corporation will be required to file with the applicable Securities Commissions completed reports to Part 6 of NI 45-106 together with payment of applicable fees and a copy of the Investor Presentation and any amendments or supplements thereto;
- (xi) the issuance and delivery of the Broker Warrants by the Corporation to the Agents, the Debenture Units upon the exercise of the Broker Warrants in accordance with terms of the Broker Warrant Certificate, the Debentures and Warrants underlying the Debenture Units issuable upon conversion of the Broker Warrants in accordance with the Broker Warrant Certificate, the Debenture Shares issuable upon exercise of the Debentures and the Warrant Shares issuable upon the exercise of the Warrants are exempt from the prospectus requirements of applicable Canadian Securities Laws and no documents being required to be filed, no proceedings are required to be taken and no approvals, permits, consents or authorizations of any securities regulatory authority being required to be obtained by the Corporation or the Agents, as applicable, under applicable Canadian Securities Laws to permit the distribution of the Broker Warrants by the Corporation in accordance with the Offering Documents; however, where required by Canadian Securities Law, the Corporation will be required to file with the applicable Securities Commissions completed reports to Part 6 of NI 45-106 together with payment of applicable fees and a copy of the Investor Presentation and any amendments or supplements thereto;
- (xii) the first trade by a Purchaser of the Debentures and Warrants underlying the Debenture Units (including the Debenture Units issuable upon exercise of the Broker Warrants),

the Debenture Shares issuable upon conversion of the Debentures (including, for the avoidance of doubt, Debentures underlying any Debenture Units issuable upon exercise of Broker Warrants), and the Warrant Shares issuable upon exercise of the Warrants (including, for the avoidance of doubt, Warrants underlying any Debenture Units issuable upon exercise of Broker Warrants), being exempt from the prospectus requirements of applicable Canadian Securities Laws and no prospectus, offering memorandum or other document is required to be filed, no proceeding is required to be taken and no approval, permit, consent or authorization of regulatory authorities is required to be obtained by the Corporation under applicable Canadian Securities Laws to permit such trade through registrants registered under Canadian Securities Laws who have complied with such laws and the terms and conditions of their registration, provided that at the time of such trade:

- (A) the Corporation is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the first trade;
- (B) at the time of the first trade, at least four months have elapsed from the “distribution date” (as such term is defined in NI 45-102) of the applicable security;
- (C) the certificates representing the securities that are the subject of the trade were issued with a legend stating the prescribed restricted period in accordance with Section 2.5(2)3(i) of NI 4-102 or if the securities are entered into a direct registration or other electronic book entry system, or if the purchaser did not directly receive a certificate representing the security, the purchaser received written notice containing the legend restriction notation set out in Section 2.5(2)3(i) of NI 45-102;
- (D) the trade is not a “control distribution” (as defined in NI 45-102);
- (E) no unusual effort is made to prepare the market or to create a demand for the security that is the subject of the trade;
- (F) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
- (G) if the selling security holder is an insider or officer of the Corporation, the selling securityholder has no reasonable grounds to believe that the Corporation is in default of “securities legislation” (as defined in National Instrument 14 101 – *Definitions and Interpretation*);

it being understood that Corporation’s Counsel may, to the extent appropriate in the circumstances, as to matters of fact not independently established or within the knowledge of Corporation’s Counsel, rely on certificates of government officials, the Auditors and officers of the Corporation, as applicable;

- (xiii) Odyssey Trust Company, at its principal office in Vancouver, British Columbia, has been duly appointed as registrar and transfer agent for the Common Shares;
- (xiv) Odyssey Trust Company, at its office in Calgary, Alberta, has been duly appointed as the trustee for the Debentures under the Debenture Indenture;



- (xv) Odyssey Trust Company, at its office in Calgary, Alberta, has been duly appointed as the trustee for the Warrants under the Warrant Indenture;
- (xvi) each of the Offering Documents, other than the Term Sheet and the Investor Presentation, constituting a legal, valid and binding agreement enforceable against the Corporation in accordance with its terms, subject to customary qualifications; and
- (xvii) in the event that any Debenture Units are offered and sold in the United States, and assuming (A) the representations of the Agents and the Corporation contained in this Agreement are true, correct and complete, and (B) compliance by the Agents and the Corporation with their respective covenants set forth in this Agreement, it is not necessary in connection with the offer and sale of the Debentures Units, in the manner contemplated by this Agreement, to register the Debentures Units under the U.S. Securities Act;

it being understood that U.S. counsel to the Corporation may, to the extent appropriate in the circumstances, as to matters of fact not independently established or within the knowledge of U.S. counsel to the Corporation, rely on certificates of government officials, the Auditors and officers of the Corporation, as applicable;

- (f) the Lead Agent shall have received legal opinions addressed to the Agents and the Purchasers, in form and substance satisfactory to the Lead Agent, acting reasonably, in respect of each of the Subsidiaries and the Ionic Entity dated as of the Closing Date, from counsel to the Corporation with respect to the following matters, and all such opinions may be subject to customary assumptions, reliance's and qualifications:
  - (i) the incorporation, existence and good standing of each of the Subsidiaries and the Ionic Entity under the laws of its jurisdiction of incorporation;
  - (ii) the authorized capital of the Subsidiaries and the Ionic Entity and the ownership thereof; and
  - (iii) that each of the Subsidiaries and the Ionic Entity has all necessary corporate power under the laws of its jurisdiction of incorporation to carry on its business as presently carried on and own and lease its properties and assets and to conduct its business;
- (g) at the Closing Time, a certificate dated as of the Closing Date of each of the Subsidiaries and the Ionic Entity signed by an appropriate officer of such Subsidiary and the Ionic Entity, as applicable, addressed to the Agents and Agents' Counsel, in form and substance satisfactory to the Lead Agent, acting reasonably, certifying for and on behalf of each of the Subsidiaries and the Ionic Entity and not in their personal capacities that, to the actual knowledge of the persons signing such certificate, after having made due and relevant inquiry, as to (i) the corporate good standing, and (ii) as to the authorized capital and ownership thereof, of such Subsidiary and the Ionic Entity, as applicable;
- (h) the Corporation having delivered the Debentures and Warrants to the Agents in accordance with section 8(2)(a);
- (i) the Agents shall have received a certificate of status or equivalent with respect to the Corporation, each of the Subsidiaries and the Ionic Entity;
- (j) all conditions precedent provided for in the Debenture Indenture relating to the creation, issuance, certification and delivery of the Debentures shall have been satisfied and no Event of



Default (as defined in the Debenture Indenture), or event which, with notice or lapse of time or both, would constitute an Event of Default, will have occurred and be continuing;

- (k) all conditions precedent provided for in the Warrant Indenture relating to the creation, issuance, certification and delivery of the Warrants shall have been satisfied and no Event of Default (as defined in the Warrant Indenture), or event which, with notice or lapse of time or both, would constitute an Event of Default, will have occurred and be continuing;
- (l) all registrations, recordings or filings required to be made in any public office of recording under the laws of Canada or any of the Offering Jurisdictions to preserve or protect the validity or enforceability of the Debenture Indenture and the Debentures shall have been made;
- (m) the Agents shall have received a fully executed Debenture Indenture;
- (n) the Agents shall have received a fully executed Warrant Indenture;
- (o) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Common Shares or any other securities of the Corporation has been issued or made by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the Knowledge of the Corporation, contemplated or threatened by any Governmental Authority;
- (p) the Agents receiving, at the Closing Time, a certificate from Odyssey Trust Company as to the number of Common Shares issued and outstanding as at the end of business day on the date prior to the Closing Date;
- (q) the Agents not having previously terminated, in accordance with the terms of this Agreement, their obligations pursuant to this Agreement; and
- (r) the Agents having received at each Closing Time such further certificates, opinions of counsel and other documentation from the Corporation contemplated herein, provided, however, that the Agents or Agents' Counsel shall request any such certificate or document within a reasonable period prior to the Closing Time that is sufficient for the Corporation to obtain and deliver such certificate, opinion or document.

## **10. Rights of Termination.**

- (1) **Non-Compliance with Conditions.** Any breach of or failure to comply with any material term, condition or covenant of this Agreement or any material representation or warranty which is for the benefit of the Agents shall entitle the Agents, at their option and in accordance with subsection 10(7), to terminate their obligations under this Agreement by written notice to that effect given to the Corporation prior to the Closing Time. The Agents may waive in whole or in part or extend the time for compliance with any of such conditions without prejudice to their rights in respect of any other of such conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Agents any such waiver or extension must be in writing and signed by the Agents.
- (2) **Litigation and/or Regulatory.** If prior to the Closing Time, any inquiry, action, suit, investigation or other proceeding, whether formal or informal, is instituted, threatened or announced, or any order is made by any Governmental Authority in relation to the Corporation, or there is any change of Law or the interpretation or administration thereof, in each case which, in the reasonable opinion of the Agents, operates to prevent, restrict or impede in any material respect the distribution of the Debenture Units or materially adversely affects or would reasonably be expected to have a significant adverse effect on the market price or value of the Common Shares, the Agents shall be entitled, at their option and in

accordance with subsection 10(7), to terminate their obligations under this Agreement by notice to that effect given to the other party any time prior to the Closing Time.

- (3) **Disaster-Out and Market Condition.** If prior to the Closing Time: (a) there should develop, occur or come into effect any occurrence of national or international consequence or any event, action, condition, Law, governmental regulation, enquiry or other development or occurrence of any nature whatsoever which, in the reasonable opinion of the Agents, materially adversely affects or would reasonably be expected to materially adversely affect the Canadian or U.S. financial markets or the business, operations or affairs of the Corporation; or (b) the state of the financial markets in Canada or the United States is such that, in the reasonable opinion of the Agents, the Debentures cannot be profitably marketed, the Agents shall be entitled, at their option, in accordance with subsection 10(7), to terminate their obligations under this Agreement by written notice to that effect given to the Corporation prior to the Closing Time.
- (4) **Material Change.** If prior to the Closing Time, there should occur any material change or a change in any material fact or the Agents becomes aware of an undisclosed material fact relating to the Corporation (other than a change or fact related solely to the Agents) which, in the opinion of the Agents, acting reasonably, could reasonably be expected to materially adversely affect the value or marketability of the Debenture Units, the Agents shall be entitled, at their option, in accordance with subsection 10(7), to terminate their obligations under this Agreement by written notice to that effect given to the Corporation prior to the Closing Time.
- (5) **Due Diligence.** If prior to the Closing Time, the Agents, acting reasonably, is not satisfied in its sole discretion with the due diligence review and investigations, the Agents shall be entitled, at their option, in accordance with subsection 10(7) to terminate their obligations under this Agreement by written notice to that effect given to the Corporation prior to the Closing Time.
- (6) **Cease Trade.** If prior to the Closing Time, any order, action, proceeding or cease trading order which operates to prevent or restrict the trading of the Common Shares or other securities of the Corporation is made or threatened by a securities regulatory authority, the Agents shall be entitled, at their option, in accordance with subsection 10(7) to terminate their obligations under this Agreement by written notice to that effect given to the Corporation prior to the Closing Time.
- (7) **Exercise of Termination Rights.** The rights of termination contained in subsections:
  - (a) 10(1), (2), (3), (4), (5) and (6) herein are in addition to any other rights or remedies the Agents may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise; and
  - (b) 10(2) and (3) herein are in addition to any other rights or remedies the Corporation may have in respect of any default, act or failure to act or non-compliance by the Agents in respect of any of the matters contemplated by this Agreement or otherwise.

In the event of any such termination, there shall be no further liability on the part of the Agents to the Corporation or on the part of the Corporation to the Agents except in respect of any liability which may have arisen prior to or arise after such termination under sections 11, 12 and 13.

## 11. Indemnity.

The Corporation agrees to indemnify and hold harmless the Agents, each of their subsidiaries and affiliates and each of their respective directors, officers, employees, partners, agents, shareholders, each other Person, if any, controlling any Agent, or any of their subsidiaries and affiliates (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”), from and against any and all losses,

expenses, claims (including shareholder actions, derivative or otherwise), actions, damages, obligations and liabilities, joint or several, including without limitation the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel but not including any amount for lost profits (collectively, the “**Losses**”) that may be suffered by, imposed upon or asserted against an Indemnified Party as a result of, in respect of, connected with or arising out of any action, suit, proceeding, investigation or claim that may be made or threatened by any Person or in enforcing this indemnity (collectively the “**Claims**”) insofar as the Claims relate to, are caused by, result from, arise out of or are based, directly or indirectly, upon the performance of professional services rendered to the Corporation by the Indemnified Parties hereunder or otherwise in connection with the Agents’ engagement under this Agreement and the Engagement Letter or the Offering, whether arising from actions occurring before or after the execution of this Agreement. The Corporation agrees to waive any right the Corporation 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 Corporation also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Corporation or any Subsidiary or any Person asserting Claims on behalf of or in right of the Corporation or any Subsidiary for or in connection with the Offering (whether arising from actions occurring before or after the execution of this Agreement). The Corporation will not, without the prior written consent of the Lead Agent, acting on behalf of the Agents, 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 under this indemnity unless the Corporation 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 negligence, misconduct, liability or responsibility by or on behalf of any Indemnified Party.

The Corporation also agrees that if any action, suit, proceeding or claim shall be brought against, or an investigation commenced in respect of the Corporation and the Agents and the personnel of the Agents shall be required to testify, participate or respond in connection with such action, suit, proceeding or claim, the Agents shall have the right to employ their own counsel in connection therewith and the Corporation will reimburse the Agents monthly for the time spent by their personnel in connection therewith at their normal per diem rates together with such disbursements and reasonable out-of-pocket expenses as may be incurred.

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 Corporation, the Agents or any such other Indemnified Party will notify the Corporation in writing of the particulars thereof, provided that the omission to so notify the Corporation shall not relieve the Corporation of any liability which the Corporation may have to any Indemnified Party. The Corporation shall have 14 days after receipt of the notice to undertake, conduct and control, through counsel of their own choosing and at their own expense, the settlement or defense of the Claim. If the Corporation undertakes, conducts or 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.

The Corporation also agrees to reimburse the Agents for the time spent by their personnel in connection with any Claim at their normal per diem rates. The Agents may retain counsel to separately represent the Agents in the defense of a Claim, which shall be at the Corporation’s expense if (i) the Corporation does not promptly assume the defense of the Claim no later than 14 days after receiving actual notice of the Claim (as set forth above), (ii) the Corporation agrees to separate representation of the Agents, or (iii) the Agents are advised by counsel that there is an actual or potential conflict in the Corporation’s and the Agents’ respective interests or additional defenses are available to the Agents, which makes representation by the same counsel inappropriate.

The foregoing indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable has determined that such Losses to which the Indemnified Party may be subject were caused primarily by the gross negligence, willful misconduct or fraud of the Indemnified Party or a breach of this Agreement by the Indemnified Party.

If for any reason the foregoing indemnity is unavailable (other than in accordance with the terms of this Agreement) 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 Corporation 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 Corporation on the one hand and the Agents or any other Indemnified Party on the other hand but also the relative fault of the Corporation, the Agents and any other Indemnified Party as well as any relevant equitable considerations; provided that the Corporation 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 by the Agents under this Agreement.

The Corporation hereby constitutes the Lead Agent as trustee for each of the other Indemnified Parties who are not parties to this Agreement of the Corporation's covenants under this indemnity with respect to those Persons and the Lead Agent agrees to accept that trust and to hold and enforce those covenants on behalf of those Persons.

The indemnity and contribution obligations of the Corporation shall be in addition to any liability which the Corporation may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties who are not signatories hereto and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Corporation and the Indemnified Parties.

The rights accorded to the Indemnified Parties hereunder shall be in addition to any rights an Indemnified Party may have at common law or otherwise.

## **12. Expenses.**

- (1) Whether or not the transactions contemplated by this Agreement are completed, except as specifically provided in subsection 12(2), all expenses of or incidental to the issue, sale and delivery of the Debentures and all expenses of or incidental to all other matters in connection with the Offering set out in this Agreement shall be borne directly by the Corporation including, without limitation, the fees and expenses of Corporation's Counsel and the reasonable fees and expenses relating to the marketing of the Debenture Units (including, without limitation, "road shows", marketing meetings and marketing documentation).
- (2) On the Closing, the Corporation shall reimburse the Agents for: (i) the reasonable out-of-pocket expenses of the Agents relating to the transactions contemplated by this Agreement including, without limitation, advertising, printing, travel, communication expenses, database service expenses, courier charges and other reasonable and documented expenses incurred by the Agents in connection with the Offering and (ii) fees and expenses of Agents' Counsel.
- (3) All expenses incurred by the Agents and the fees and disbursements of counsel to the Agents shall be payable on termination of this agreement by the Agents in accordance with the terms herein, or on the Closing Date as accrued, as applicable.
- (4) The Corporation shall be responsible for Canadian federal goods and services tax, provincial sales tax and harmonized sales tax in respect of any of the foregoing fees and expenses, as applicable.

**13. Confidential Information.**

- (1) The Agents agrees that they shall hold all Confidential Information in confidence and as strictly confidential and, subject to subsection 13(3), shall not disclose any Confidential Information to any Person (other than (i) to Agents' Counsel and (ii) Confidential Information previously disclosed by the Corporation to any prospective investor in writing, in person or telephonically, prior to such prospective investor signing a non-disclosure agreement with the Corporation, may be disclosed by Agents solely to prospective purchasers in connection with the Offering) and shall not use any Confidential Information directly or indirectly to the benefit of itself and/or the detriment of the Corporation or any of its affiliates, except as permitted by the Corporation in writing.
- (2) In the event that the Agents shall release or impart Confidential Information in violation of this section 13, it is acknowledged and agreed that any such breach or violation of this Agreement will result in immediate and irreparable harm to the Corporation, and that money damages would not be a sufficient remedy for any breach or threatened breach, and that the provisions of this Agreement are reasonable and no remedy at law for any breach or threatened breach of these provisions may be adequate, and that the Corporation, in addition to any claim that it may have by way of damages, shall be entitled to equitable relief by way of a temporary or permanent injunction restraining such breach or threatened breach as well as such other relief as any court may deem just and equitable.
- (3) In the event the Agents become legally compelled to disclose any of the Confidential Information, they shall provide to the Corporation prompt and prior written notice of such requirements so that the Corporation may seek a protective order or other appropriate remedy or waive compliance with the terms of this Agreement. In the event that such a protective order or other remedy is not obtained, or the Corporation waives compliance with the provisions of this Agreement, the Agents shall furnish only that portion of the Confidential Information which it is legally required to disclose.

**14. Notice.**

- (1) Unless otherwise expressly provided in this Agreement, any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be delivered to:

- (a) in the case of the Corporation:

Ionic Brands Corp.  
2915 S. M St.  
Tacoma, WA 98409

Attention: John Gorst  
E-mail: [john.gorst@ionicbrands.com](mailto:john.gorst@ionicbrands.com)

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

McMillan LLP  
1055 West Georgia Street, Suite 1500  
Vancouver, British Columbia V6E 4N7  
Canada

Attention: Desmond Balakrishnan  
E-mail: [desmond.balakrishnan@mcmillan.com](mailto:desmond.balakrishnan@mcmillan.com)

- (b) in the case of the Agents, then to the Lead Agent as follows:

Clarus Securities Inc.  
 130 King Street West. Suite 3640  
 Toronto, ON M5X 1A9  
 Canada

Attention: Robert Orviss  
 Email: [rorviss@clarussecurities.com](mailto:rorviss@clarussecurities.com)

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

Borden Ladner Gervais LLP  
 Bay Adelaide Centre, East Tower  
 22 Adelaide St West Suite 3400  
 Toronto, Ontario M5H 4E3

Attention: Andrew Powers  
 E-mail: [apowers@blg.com](mailto:apowers@blg.com)

The parties may change their respective addresses for notices by notice given in the manner set out above. Each notice shall be personally delivered to the addressee or sent by email to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by email shall be deemed to be given and received on the first Business Day following the day on which it is sent.

## 15. Miscellaneous.

- (1) **Survival of Representations, Warranties and Covenants.** The representations and warranties of the Corporation and the Agents contained in this Agreement or in any document delivered pursuant to or in connection with this Agreement shall survive the issue and sale of the Debenture Units and will continue in full force and effect for a period of two years following the last Closing Date.
- (2) **Relationship Among the Corporation and the Agents.** The Corporation (i) acknowledges and agrees that the Agents have certain statutory obligations as registered dealers under applicable Canadian Securities Laws and have relationships with their clients; and (ii) consents to the Agents acting hereunder while continuing to act for its clients. To the extent that the Agents' statutory obligations as registered dealers under applicable Canadian Securities Laws or relationships with their clients conflicts with their obligations hereunder, the Agents shall be entitled to fulfill their statutory obligations as registered dealers under applicable Canadian Securities Laws and their duties to their clients. The Corporation further acknowledges and agrees: (a) the sale of the Debenture Units contemplated by this Agreement, including the determination of the purchase price of the Debenture Units, Debentures and Warrants and any related fees, is an arm's-length commercial transaction between the Corporation, on the one hand, and the Agents, on the other hand; (b) in connection with the Offering contemplated hereby and the process leading to such transaction, the Agents are not the fiduciary of the Corporation, or its shareholders, creditors, employees or any other party; (c) the Agents have not assumed or will assume an advisory or fiduciary responsibility in favor of the Corporation with respect to the Offering contemplated hereby or the process leading thereto (irrespective of whether the Agents have advised or are currently advising the Corporation on other matters) and Agents do not have any obligation to the Corporation with respect to the Offering contemplated hereby except the obligations expressly set forth in this Agreement; (d) the Agents and their affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Corporation; and (e) the Agents have not provided any legal, accounting, regulatory or tax advice with respect to the Offering contemplated hereby and the

Corporation has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

- (3) **Authority of the Lead Agent.** The Lead Agent is hereby authorized by the other Agents to act on their behalf in respect of the matters set out in this Agreement and the Corporation shall be entitled to and shall act on any notice or instruction given by the Lead Agent, which represents and warrants that it has authority to bind the Agents, except in respect of any consent to an admission of liability which consent shall be given by each of the Agents, a notice of termination pursuant to Section 10, which notice may be given by any of the Agents, or any waiver which waiver must be signed by all of the Agents. To the extent practicable, the Lead Agent agrees to use commercially reasonable efforts to consult with the other Agents concerning any material matters which may arise under this Agreement before it binds the Agents with respect to any such matters.
- (4) **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the province of British Columbia and the federal laws of Canada applicable in the province of British Columbia.
- (5) **Time of Essence.** Time shall be of the essence of this Agreement and, following any waiver or indulgence by any party, time will again be of the essence of this Agreement.
- (6) **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.
- (7) **Entire Agreement.** This Agreement constitutes the entire agreement between the Agents and the Corporation relating to the subject matter of this Agreement and supersedes all prior agreements between the parties with respect to their respective rights and obligations in respect of the transactions contemplated under this Agreement, whether verbal or written.
- (8) **Successors.** The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Corporation, the Agents and their respective successors and assigns; provided that, except as otherwise provided in this Agreement, this Agreement will not be assignable by any party without the written consent of the other party and any purported assignment without such consent will be invalid and of no force and effect.
- (9) **Public Announcements.** Upon the request of the Lead Agent, acting on behalf of the Agents, the Corporation will include a reference to the Agents and their role in connection with the Offering in any press release or other public communication issued by the Corporation relating to the Offering outside of the United States. If the Offering is successfully completed, the Lead Agent, on behalf of the Agents, will be permitted to publish, solely outside of the United States, at its own expense, subject to Section 13 of this Agreement and subject to the Corporation's prior written approval of the publication and the details and wording of the publication, not to be unreasonably withheld, such advertisements or announcements relating to the services provided hereunder in such newspaper or other publications as the Lead Agent considers appropriate.
- (10) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement. Each of the parties to this Agreement will be entitled to rely on delivery of a facsimile or electronic copy of this Agreement and acceptance by each party of any such facsimile or electronic copy will be legally effective to create a valid and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.

- (11) **No Third Party Beneficiary.** This Agreement is made solely for the benefit of the Agents and the Corporation, and their respective successors and permitted assigns, and does not and is not intended to confer any rights or remedies upon any other Person.

*[signature page follows]*

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If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this Agreement where indicated below and returning the same to us, upon which this Agreement as so accepted shall constitute an agreement among us.

Yours very truly,

**CLARUS SECURITIES INC.**

By: "Robert Orviss"  
Robert Orviss  
Managing Director

**GMP SECURITIES L.P.**

By: "Kyle Gould"  
Kyle Gould  
Director, Investment Banking

**CORMARK SECURITIES INC.**

By: "Alfred Avanesy"  
Alfred Avanesy  
Managing Director, Investment Banking

**PI FINANCIAL CORP.**

By: "Blake Corbet"  
Blake Corbet  
Managing Director, Investment Banking

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

**IONIC BRANDS CORP.**

By: "John Gorst"  
John Gorst  
Chairman and Chief Executive Officer

## SCHEDULE “A”

### TERMS AND CONDITIONS FOR UNITED STATES OFFERS AND SALES

*This is Schedule “A” to the agency agreement (the “Agency Agreement”) dated May 16, 2019 among Ionic Brands Corp. and Clarus Securities Inc., GMP Securities L.P., Cormark Securities Inc. and PI Financial Corp. Unless otherwise defined herein, terms used in this Schedule that are defined in the Agency Agreement shall have the same meaning herein as in the Agency Agreement.*

As used in this Schedule and related exhibit, the following terms shall have the meanings indicated:

- Directed Selling Efforts** means “directed selling efforts” as that term is defined in Rule 902(c) of Regulation S, which without limiting the foregoing, but for greater clarity in this Schedule, includes, 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 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 the Securities;
- Disqualification Event** means any of the “Bad Actor” disqualifications described in clauses (d)(1)(i) to (viii) of Rule 506 of Regulation D;
- Foreign Issuer** means a “foreign issuer” as that term is defined in Rule 902(e) of Regulation S, which without limiting the foregoing, but for greater clarity in this Schedule, includes any issuer which is a corporation or other organization incorporated or organized under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (a) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (b) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;
- General Solicitation or General Advertising** means “general solicitation or general advertising”, as used under Rule 502(c) of Regulation D, including, without limitation, any advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or 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;

<b>Offshore Transaction</b>	means an “offshore transaction” as that term is defined in Rule 902(h) of Regulation S;
<b>Securities</b>	means the Debenture Units, the Debentures, the Warrants, the Debenture Shares and the Warrant Shares;
<b>Substantial U.S. Market Interest</b>	means “substantial U.S. market interest” as that term is defined in Rule 902(j) of Regulation S; and
<b>U.S. Exchange Act</b>	means the United States Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.
<b>U.S. Purchaser</b>	means a Purchaser that is, or is acting for the account or benefit of, a person in the United States or a U.S. Person, or that received or accepted an offer to purchase the Debentures in the United States.

***Representations, Warranties and Covenants of the Agents***

Each Agent acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or any applicable securities laws of any state of the United States, and may not be offered or sold to, or for the account or benefit of, any U.S. Person or any person within the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and all applicable U.S. state securities laws. Accordingly, each Agent severally (and not jointly) represents, warrants and covenants to and with the Corporation, on the date hereof and on any Closing Date, that:

1. It has offered and sold, and will offer and sell, the Debenture Units only (i) in Offshore Transactions in accordance with Rule 903 of Regulation S, or (ii) to, or for the account or benefit of, persons in the United States and U.S. Persons as provided in paragraphs 2 through 16 below. Accordingly, none of the Agent, its affiliates (including its U.S. Affiliate, if applicable) or any person acting on any of their behalf, has made or will make:
  - (a) except as permitted in paragraphs 2 through 16 below, any offer to sell or any solicitation of an offer to buy, any of the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons;
  - (b) except as permitted in paragraphs 2 through 16 below, any sale of Debenture Units to any Purchaser unless, at the time the buy order was or will have been originated, the Purchaser was outside the United States, or the Agent, its affiliates (including its U.S. Affiliate, if applicable) or any person acting on any of their behalf reasonably believed that such Purchaser was outside the United States and not a U.S. Person; or
  - (c) any Directed Selling Efforts.
2. It will not offer the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons except that it may offer the Debenture Units to persons who are either (i) Qualified Institutional Buyers, or (ii) Accredited Investors, in each case with which the Agent or the U.S. Affiliate has a pre-existing relationship, and who will, in each case, purchase the Debenture Units in compliance with Section 4(a)(2) under the U.S. Securities Act and/or Rule 506(b) of Regulation D and in the manner contemplated in this Schedule “A”.

3. It has not entered and will not enter into any contractual arrangement with respect to the offer and sale of the Debenture Units, except with its U.S. Affiliate, any Selling Firms or with the prior written consent of the Corporation. It shall require its U.S. Affiliate and each Selling Firm to agree in writing, for the benefit of the Corporation, to comply with, and shall use its commercially reasonable efforts to ensure that its U.S. Affiliate and each Selling Firm complies with, the same provisions of this Schedule "A" as apply to the Agent as if such provisions applied to such U.S. Affiliate and Selling Firm.
4. All of the Agent's offers of the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons have been and will be made through the U.S. Affiliate in compliance with Section 4(a)(2) under the U.S. Securities Act and/or Rule 506(b) of Regulation D.
5. It and its affiliates (including its U.S. Affiliate, if applicable) have not, either directly or through a person acting on any of their behalf, solicited and will not solicit offers for, and have not offered to sell and will not offer to sell, the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons:
  - (a) by any form of General Solicitation or General Advertising, or
  - (b) in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.
6. Any offer to sell or solicitation of an offer to buy the Debenture Units that has been made or will be made to, or for the account or benefit of, a person in the United States or a U.S. Person by the Agent through the U.S. Affiliate, was or will be made only to Qualified Institutional Buyers and U.S. Accredited Investors, as applicable, in transactions that are exempt from registration under the U.S. Securities Act and any applicable state securities laws and in accordance with any applicable U.S. federal or state laws or regulations governing the registration or conduct of securities brokers or dealers.
7. Immediately prior to soliciting such offerees, the Agent, its affiliates (including its U.S. Affiliate, if applicable), and any person acting on any of their behalf had reasonable grounds to believe and did believe that each offeree was either a Qualified Institutional Buyer or a U.S. Accredited Investor, as applicable, and at the time of completion of each sale by the Corporation to a U.S. Purchaser, the Agent, its affiliates (including its U.S. Affiliate, if applicable), and any person acting on any of their behalf will have reasonable grounds to believe and will believe, that each such offeree purchasing the Debenture Units is either a Qualified Institutional Buyer or a U.S. Accredited Investor, as applicable, as indicated in Exhibit 7 or Exhibit 8 of the Subscription Agreement executed by such offeree.
8. On the date of each offer and sale of Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons, its U.S. Affiliate is, was or will be duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and under the securities laws of each state in which such offers and sales were or will be made (unless exempted from the respective state's broker-dealer registration requirements), and a member in good standing with the Financial Industry Regulatory Authority, Inc.
9. As of any Closing Date, with respect to any Debenture Units to be offered and sold hereunder in reliance on Rule 506(b) of Regulation D, the Agent represents that none of (i) the Agent or its U.S. Affiliate, (ii) the Agent or its U.S. Affiliate's general partners or managing members, (iii) any of the Agent's or its U.S. Affiliate's directors, executive officers or other officers participating in the offering of the Debenture Units, (iv) any of the Agent's or its U.S. Affiliate's

- general partners' or managing members' directors, executive officers or other officers participating in the offering of the Debenture Units or (v) any other person associated with any of the above persons, that has been or will be paid (directly or indirectly) remuneration for solicitation of Purchasers in connection with sale of Debenture Units (each, a "**Dealer Covered Person**" and, collectively, the "**Dealer Covered Persons**"), is subject to any Disqualification Event.
10. It represents that it is not aware of any person (other than any Dealer Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of Purchasers in connection with the sale of any Debenture Units. It will notify the Corporation, prior to the Closing Date, of any agreement entered into between it and such person in connection with such sale.
  11. It will notify the Corporation in writing, prior to the Closing Date of (a) any Disqualification Event relating to any Dealer Covered Person not previously disclosed to the Corporation hereunder, and (b) any event that would, with the passage of time, become a Disqualification Event relating to any Dealer Covered Person.
  12. It agrees to deliver, through the U.S. Affiliate, to each U.S. Purchaser, a Subscription Agreement. No other written material will be used in connection with the offer or sale of the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons.
  13. Prior to completion of any sale of Debenture Units to, or for the account or benefit of, a person in the United States or a U.S. Person, each such U.S. Purchaser thereof that is purchasing Debenture Units will be required to provide to the Agent or the U.S. Affiliate offering and selling the Debenture Units to, or for the account or benefit of, a person in the United States or a U.S. Person, an executed Subscription Agreement, including Exhibit 7 or Exhibit 8 of the Subscription Agreement, as applicable, and shall provide the Corporation with copies of all such completed and executed Subscription Agreements and exhibits for acceptance by the Corporation.
  14. At least one business day prior to the time of delivery, the Corporation and its transfer agent will be provided with a list of all U.S. Purchasers.
  15. At the Closing Time, the Agent (together with its 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 Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons. Failure to deliver such a certificate shall constitute a representation by the Agent that neither it, nor and its U.S. Affiliate, nor anyone acting on their behalf has offered or sold Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons.
  16. None of the Agent, its affiliates (including its U.S. Affiliate, if applicable) or any person acting on any of their behalf 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 Offering.
  17. Neither the Agent nor its U.S. Affiliate will solicit the exercise of the Debentures for the Debenture Shares and will not pay, give or receive any commission or other remuneration, directly or indirectly, for soliciting the exchange of the Debentures for the Debenture Shares in reliance upon Section 3(a)(9) of the U.S. Securities Act.

***Representations, Warranties and Covenants of the Corporation***

The Corporation represents, warrants, covenants and agrees to and with the Agents, on the date hereof and on any Closing Date, that:

1. The Corporation is a Foreign Issuer and reasonably believes that there is no Substantial U.S. Market Interest with respect to its equity or debt securities.
2. The Corporation is not, and following the application of the proceeds from the sale of the Debenture Units contemplated hereby will not be, registered or required to be registered as an “investment company” under the United States Investment Company Act of 1940, as amended.
3. None of the Corporation or any of its predecessors has had the registration of a class of securities under the U.S. Exchange Act revoked by the U.S. Securities and Exchange Commission pursuant to Section 12(j) of the U.S. Exchange Act and any rules or regulations promulgated thereunder.
4. Except with respect to (i) sales in accordance with this Schedule “A” pursuant to offers made by the Agents to Qualified Institutional Buyers and U.S. Accredited Investors, as applicable, in reliance upon an exemption from registration available under Section 4(a)(2) of the U.S. Securities Act and/or Rule 506(b) of Regulation D, and (ii) offers and sales in the Concurrent Financing, neither the Corporation nor any of its affiliates, nor any person acting on any of their behalf (other than the Agents, the U.S. Affiliates, their respective affiliates or any person acting on any of their behalf, in respect of which no representation, warranty or covenant is made), has made or will make:
  - (a) any offer to sell, or any solicitation of an offer to buy, any Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons; or
  - (b) any sale of Debenture Units unless, at the time the buy order was or will have been originated:
    - (i) the Purchaser is outside the United States and not a U.S. Person; or
    - (ii) the Corporation, its affiliates, and any person acting on any of their behalf reasonably believe that the Purchaser is outside the United States.
5. During the period in which the Debenture Units are offered for sale, neither it nor any of its affiliates, nor any person acting on any of their behalf (other than the Agents, the U.S. Affiliates, their respective affiliates or any person acting on their behalf, in respect of which no representation, warranty or covenant is made):
  - (a) has engaged in or will engage in any Directed Selling Efforts,
  - (b) has taken or will take any action in violation of Regulation M under the U.S. Exchange Act,
  - (c) has taken or will take any action that would cause the exemptions afforded by Rule 506(b) of Regulation D and/or Section 4(a)(2) of the U.S. Securities Act to be unavailable for offers and sales of Debenture Units to, or for the account or benefit of, person in the United States or U.S. Persons in accordance with this Schedule “A”, or



- (d) has taken or will take any action that would cause the exclusion from registration afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Debenture Units in Offshore Transactions in accordance with the Agency Agreement, including this Schedule “A”.
- 6. None of the Corporation, any of its affiliates or any person acting on any of their behalf (other than the Agents, the U.S. Affiliates, their respective affiliates or any person acting on any of their behalf, in respect of which no representation, warranty or covenant is made) has offered or will offer to sell, or has solicited or will solicit offers to buy, the Debenture Units to, or for the account or benefit of, persons in the United States or U.S. Persons:
  - (a) by means of any form of General Solicitation or General Advertising, or
  - (b) in any manner involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act.
- 7. None of the Corporation or any of its affiliates or any persons acting on any of their behalf (other than the Agents, the U.S. Affiliates, their respective affiliates, or any person acting on any of their behalf, in respect of which no representation, warranty or covenant is made) has offered or sold, or will offer or sell,
  - (a) any of the Debenture Units to, or for the account or benefit of, person in the United States or U.S. Persons, except for offers and sales made through the Agents and the U.S. Affiliates in reliance on the exemption from registration under Section 4(a)(2) of the U.S. Securities Act and/or Rule 506(b) of Regulation D; or
  - (b) any of the Debenture Units to, or for the account or benefit of, persons not in the United States and who are not U.S. Persons, except for offers and sales made in Offshore Transactions in accordance with Rule 903 of Regulation S.
- 8. With respect to any Debenture Units to be offered and sold hereunder in reliance of Rule 506(b) of Regulation D, none of the Corporation, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Corporation participating in the Offering, any beneficial owner of 20% or more of the Corporation’s outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the U.S. Securities Act) connected with the Corporation in any capacity at the time of sale (each, a “**Corporation Covered Person**” and, together, “**Corporation Covered Persons**”) is subject to any Disqualification Event, except for a Disqualification Event covered by subparagraph (d)(2) or (d)(3) of Rule 506 of Regulation D. The Corporation has exercised reasonable care to determine whether any Corporation Covered Person is subject to a Disqualification Event. The Corporation has complied, to the extent applicable, with its disclosure obligations under Rule 506(e) of Regulation D, and has furnished to the Agents a copy of any disclosures provided thereunder, if applicable.
- 9. The Corporation is not aware of any person (other than any Dealer Covered Person (as defined above)) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Debenture Units pursuant to Rule 506(b) of Regulation D.
- 10. The Corporation will notify the Agents in writing, prior to the Closing Date of (a) any Disqualification Event relating to any Corporation Covered Person and (b) any event that would, with the passage of time, become a Disqualification Event relating to any Corporation Covered Person.

11. None of the Corporation or 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.
12. Except with respect to the offer and sale of the Debenture Units offered hereby, the Corporation has not, for a period of six months prior to the commencement of the offering of the Debenture Units, sold, offered for sale or solicited any offer to buy any of its securities in the United States in a manner that would be integrated with the offer and sale of the Debenture Units and would cause the exemptions from registration set forth in Section 4(a)(2) of the U.S. Securities Act and/or Rule 506(b) of Regulation D to become unavailable with respect to the offer and sale of the Debenture Units.
13. The Corporation shall duly prepare and file with the SEC a Form D within 15 days after the first sale of Debenture Units in reliance on Rule 506(b) of Regulation D, and will file such notices and other documents as are required to be filed under the state securities or “blue sky” laws of the states in which Debenture Units are sold to satisfy the requirements of applicable exemptions from registration or qualification of the Debenture Units under such laws.
14. None of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, their U.S. Affiliates and any persons acting on their behalf, as to which no representation, warranty or covenant is made) will (i) take an action that would cause the exemption provided by Section 3(a)(9) of the U.S. Securities Act to be unavailable for the exercise of the Debentures for Debenture Shares, or (ii) pay or give any commission or other remuneration, directly or indirectly, for soliciting the exercise of the Debentures for Debenture Shares.

**THE CORPORATION HAS CONDUCTED AND WILL CONDUCT THE CONCURRENT FINANCING (I) IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH RULE 903 OF REGULATION S, AND/OR (II) TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSON IN THE UNITED STATES AND U.S. PERSONS IN COMPLIANCE WITH RULE 506(B) OF REGULATION D.**

**EXHIBIT I  
TO SCHEDULE “A”**

**AGENTS’ CERTIFICATE**

In connection with the private placement in the United States of debenture units (the “**Debenture Units**”) of Ionic Brands Corp. (the “**Corporation**”) pursuant to the Agency Agreement dated effective May 16, 2019 by and between the Corporation and the Agents (the “**Agency Agreement**”), the undersigned do hereby certify to the Corporation as follows:

1. **[●]** (the “**U.S. Affiliate**”) is, on the date of this Agreement and the date on which each offer was made by it in the United States, a duly registered broker-dealer under the U.S. Exchange Act and under the securities laws of each state in which such 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. and all offers and sales of the Debentures in the United States have been effected by the U.S. Affiliate in compliance with all U.S. federal and state broker-dealer requirements;
2. immediately prior to making any offers to each prospective Purchasers in the United States (each, a “**U.S. Offeree**”), we had reasonable grounds to believe and did believe that each U.S. Offeree was a U.S. Accredited Investor, and, on the date of this Agreement, we continue to believe that each U.S. Offeree purchasing the Debentures is a U.S. Accredited Investor;
3. no form of General Solicitation or General Advertising was used by us, including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or 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 or sale of the Debentures to U.S. Offerees;
4. prior to any sale of the Debenture Units to a U.S. Offeree, we caused each such U.S. Offeree to execute and deliver a Subscription Agreement in the appropriate form;
5. all U.S. Offerees purchasing the Debenture Units have been informed that the Debentures, the Debenture Shares, the Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and are being offered and sold to such purchasers without registration in reliance on exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws;
6. none of the undersigned, nor any of their directors, executive officers, general partners, managing members or other officers participating in the Offering, or any other person associated with the Agents who will receive, directly or indirectly, remuneration for solicitation of Purchasers of the Debentures pursuant to Rule 506(b) of Regulation D (each, a “**Dealer Covered Person**”), is subject to any Disqualification Event;
7. the undersigned are 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 of the Debentures pursuant to Rule 506(b) of Regulation D;
8. neither we nor the U.S. Affiliate, have taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act; and
9. the offering of the Debenture Units in the United States has been conducted by us in accordance with the terms of the Agency Agreement.

Terms used in this certificate have the meanings given to them in the Agency Agreement unless otherwise defined herein.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, 2019.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE "SECTION 6(1)(G)"**

**CONVERTIBLE SECURITIES OF IONIC**

As of the date hereof, the Corporation has the following convertible securities of the Corporation's outstanding:

- 252,880 common share purchase warrants exercisable at \$0.50 per share until September 22, 2020;
- 11,000,000 common share purchase warrants exercisable at \$0.05 per share until June 30, 2021;
- 3,000,000 common share purchase warrants exercisable at \$0.05 per share until June 30, 2020;
- 2,000,000 common share purchase warrants exercisable at \$0.55 per share until March 22, 2022; and
- 5,700,000 stock options exercisable at \$0.65 per share until April 12, 2024.

**SCHEDULE "SECTION 6(1)(K)"**

**SHARE CAPITAL OF IONIC ENTITY**

The authorized capital of Ionic, Inc. is 100,000 common stock in the capital of Ionic, Inc. of which 100,000 common stock in the capital of Ionic, Inc. are issued and outstanding as of May 16, 2019.

**SCHEDULE "SECTION 6(1)(WW)"**

**LITIGATION**

[REDACTED]

[REDACTED]